A STUDY OF SAVING AND INVESTMENT PATTERN OF SALARIED CLASS PEOPLE WITH SPECIAL REFERENCE TO CHANDIGARH (INDIA)

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ABSTRACT

The objective of the study was to determine the relationship between the savings and investments pattern among the salaried class people of Chandigarh (India). The data was collected through structured questionnaire distributed to 200 peoples working in different sectors at Chandigarh. It was found from the analysis there is relationship between Annual Savings and Age, Income, Sector wise Employment, Education of people at Chandigarh. Analysis has been done through One Way ANOVA. It was propounded here that the most preferred investment options are LIC and bank deposits and most of the factors influencing investment decisions were high returns, tax benefit and safety.

Keywords: Annual income, Annual savings, Investment, Salaried people.

INTRODUCTION

Money Attitude of the people towards money in today's world is that everybody wants to enjoy the benefits of money because they have earned by hard work and efforts made on it. That's great but spending all your money is not the smartest thing to do. Saving of money help people in the long run. There could be the uncertainties of future which resist people to save for future. What happens if you lose your job tomorrow? Or the car breaks down, or the plumbing leaks through your walls? If somebody have savings for future than the uncertainties can be faced by people and stress will be less. Without money put away in savings and/or investments, people may open themselves up to other risks as well. There are many ways through people can save money one is controlling the extra expanses. For this make a list of the things which shows necessity and purchase things according to it and don't buy extra things that exceeds peoples expanses and also stop going to shopping complexes and malls that also reduces the cost and improves saving structure .Secondly reduce the telephone expanses. Thirdly, reduce electricity expanses. Electricity one can save lot if one remains alert and switch off lights and fans and other electronic item immediately after their use. Similarly in case of telephone you can save by buying an affordable model and talking less on phone. Thus, your saving not only benefits you but also helps in preserving the environment by preventing wastage and contributes to the economic growth of country.

Thinking before doing about the few reasons why saving has great importance for people. Firstly, for emergency, this could be a new roof for the house, out-of-pocket medical expenses, or a job layoff and sudden loss of income. One needs money set aside for these emergencies Secondly, Retirement is the second stage on thinking, one intends to retire someday, so needs money kept as savings and investments to take the place of the income when one is no longer get from your job. Thirdly, Average Life Expectancy plays a great role, with more advances in medicine and public health; people are now living longer and therefore needing more money. Fourthly, security of money for future intends one to think upon it. Fifthly, Education - The costs for private and public education are rising every year, and it's getting tougher to meet these demands. So, saving is the necessary. Sixthly, to make a house for residential purpose is the reason and to save money is for a down payment on a house. One's negotiating power goes a lot farther when one has a significant down payment towards home. One will receive better interest rates, and be able to afford a bigger home. One can determine how much you save towards this each month depending on his circumstances.

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Seventhly, Save for Vacations and Other Luxury Items- A Seventh reason to save money is to have fun. One can save up for tour of Europe. Additionally one can be saving for fun One's negotiating power is stronger if you have cash in hand on bigger purchases. Day by day trends are changing so there is the need for change in luxury items according to status, job and business. Eighthly, save for a New Car, an eight reason is to purchase a car with cash. Ninthly, Save for Sinking Funds is to set up your sinking funds. A sinking fund is money one can set aside for future repairs or improvements on one's car, home or other possessions.

Investment involves making of a sacrifice in the present with the hope of getting future benefits. Investment has many facets. The two important elements of investments are current sacrifice and future benefits. There can be the identification of various activities which displays the two features of investment. For example, A portfolio manager buys 1000 shares of reliance industries Ltd., One could acquire the fixed deposit scheme of oriental bank of commerce for years or more and a corporate firm expanding Rs. 40 lakh for expansion programme, A father purchase jewellary for daughters marriage and so on. All these constitute investment   because they involve current sacrifice of consumption and hope of future gain.

In other words investment, investment refers to a commitment of funds to one or more assets that will be held over some future time period. Anything not consumed for today saved for future use can be termed as Investment. The act of committing money or capital to an endeavor with the expectation of obtaining an additional income or profit. It's actually pretty simple: investing means putting your money to work for you. Essentially, it's a different way to think about how to make money.

Investing is not gambling. Gambling is putting money at risk by betting on an uncertain outcome with the hope that you might win money. At this point ,it is necessary to distinguish between certain activities which are in the nature of gambling and those which are genuine investments .For example, if one purchase in Rs. 500 lottery ticket ,one may be sacrificing current consumption in the hope of winning high rate of returns ,but one may not investing there. In gambling everything is uncertain and a purchaser of lottery knows that one losses money if he doesn't win in any situation because to win it is not in his hands. However the Investor, not being a speculator, does not proceed with the assumption that he would lose his money because the act of investment decision making process is there. The genuine investors would always have appropriate information, which is well analyzed in relation to risk- return

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profile of the investor, and therefore the investment options/avenues are selected. However in real life it is very difficult to draw a conclusion to separate gambling or speculative motives from genuine investment motives and the difference is purely a matter of opinion.

Obviously, everybody wants more money. It's pretty easy to understand that people invest because they want to increase their personal freedom, sense of security and ability to afford the things they want in life. However, regardless of why one invests, one should seek to manage oneselves wealth effectively, obtaining most from it. This includes protecting the assets from inflation, taxes, and other factors.

Investment is important Because of financial interdependence, increases wealth, fulfilling personal goals and Reduces future risk.

OBJECTIVES OF THE STUDY

1. To evaluate the saving habits and investment pattern of salaried class people at Chandigarh
2. To analyze investment selection behaviour of salaried class people at Chandigarh.

REVIEW OF LITERATURE

An empirical study of "Indian Individual Investors Behavior" by **Syed Tabassum Sultana (2010)** was an attempt to know the profile of the investors and also to know their characteristics so as to know their preference with respect to their investments. The study also tried to unravel the influence of demographic factors like gender and age on risk tolerance level of the investors.

Bhardwaj Rajesh, Raheja Rekh and Priyanka (2011), propounded in their study that saving and investment pattern of salaried class school teachers of govt. and private schools has depended upon income and they both get salary but the scale of the salaries are different and saving patterns that's why is so different. Govt. teachers prefer to invest the money for emergency purposes and private teacher's emphasis on children marriage and education.

Dr. S. Mathivannan and Dr. M. Selvakumar (2011) examined the saving and investment patterns of salaried teachers of Sivakasi Taluk, Tamilnadu and they found that there is great importance of money and money's worth for them and They are regularly preparing budgets for Expenditures and compare it with the actual expenditure and take necessary actions if there are any deviations has arrived so far and they are influenced by fashionable and costly items.

Dr. Dhiraj Jain and Parul Jain (2012) concluded that the majority of the teachers the money plays a big role and they initiated to prepare budgets and future forecasting for income and expenditure and there is comparison between future and Standard budgets to find out the deviations to meet certain money constraints It has been evident from the study that most of the school teachers are saving their money for the purpose of their children's education, marriage and as security after retirement.

Dr. Ananthapadhmanabha Achar (2012) studied "Saving and Investment Behaviour of Teachers - An empirical study". In the analysis individual characteristics of teachers such as age, gender, marital status, and lifestyle determined the savings and investment behaviour of teaching community in the study region. They considered monthly family income, stage of family life cycle, and upbringing status emerged as determinants of their savings and investment behaviour

Dr. Varsha Virani (2012) propounded in her study that In spite of low income the teachers have been saving for future needs. The major impact on savings is due to the level of income of the school teachers. The research shows that majority of the respondents are saving money as Bank deposits for the safety of an unpredictable future. The main avenues of investment are Bank deposits and the main purpose of investment is for children education, marriage, and security after retirement.

RESEARCH METHODOLOGY

Research Design: This project is based on exploratory study as well as descriptive study.

Sampling Unit: Sampling unit implies that who are the respondents from the salaried class people/Investor.

Sample Size: Sampling size is taken to be 200 for convenience i.e. 200 people fill the questionnaire for the survey.

Sampling Technique: Sampling technique is the technique used to select the sample size. Convenient sampling technique is used. In this, Investors were taken according to the convenience of the research study.

Sampling design: Since the information was to be taken from Investors, a questionnaire was prepared for studying the saving habits and investment pattern of salaried class people at Chandigarh.

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Data collection source: The study is based on both secondary and primary data. The secondary information is collected from different published materials vis. Books, Journals, magazines & websites etc. And primary data collected by communicating with respondents through a structured questionnaire.

Analyses to be used: a) Diagrams and Tables: Tables are used to describe the performance of different financial instruments.

b) SPSS: Analysis has been done through Statistical package for Social science by applying various techniques

Analysis and Discussion

According to the survey ,there are 200 salaried class people has selected and out of them 56.5% are males and 43 % are females and they are from different age groups i.e. 31% are from less than 25 age ,40.55 are of 25-40 age range and 15% are of 40-50 and 10% are of 50-60%. Their educational qualification matters a lot and 27% have post graduate Qualification only and 19% are Professionals. Out of 200, 66% are married and 445 are unmarried. Annual Income of these peoples is ranging from less than 240000 Rs. to more than 500000 Rs. savings ranging from less than 20000 to 80000 and above and maximum people saves between 40000-60000 respectively as shown in Table no.1.

As per the categorization of Job, in the table no. 2, 57% are working in Govt. sector and 32.5 are in private sector respectively.

According to the Survey, out of 200 people 79 belong to education sector, 58 to Banking and Insurance sector, 48 out of 200 are of manufacturing sector.

As per Table No. 4, preference of Investment options has specified according to survey. Here maximum preference has given to LIC and after that to PPF and RE.

Maximum No. of Respondents (69 out of 200) wants to invest because of Returns from the investment is their objective and 60 invest for Tax benefits and 40 for emergency purposes and subsequently 10 for future needs etc.

From a view generated from Table No. 6 , 65 people take their decisions their selves, on 30thier is reference from spouse and 43 are through family and 42 people said that their father takes the investment decision for them.

According to Table No. 7 , for 65 people High Rate of return is the one of the factor that influencing investment decision , for 40 people tax benefit is the main factor and safety for future is for 35 people and regular returns is for 25 people and so on.

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As per Table No. 8, out of 200, 50 people expected 7% rate of return, 30 prefers 8-12% Rate of return and 95 expected 13-18% with 25 above 18%.

According to Table No. 9, relationship between Age and Annual savings has specified which is as follows: **Null Hypothesis:** There is no significant relationship between Age and the Annual savings.

Analysis through F –Test (One Way ANOVA)

Sources of variations	Sum of squares	Degree of freedom	Mean sum of square	F-ratio
Between samples	1153.5	4	288.5	4.74
Within samples	1145.5	19	60.763	
Total	2308	23		

Since the calculated value of F -Ratio 4.74 is more than the table vale at 5% level of significance which is 2.90 at V1=4,V2=19; there is significant relationship between the Age and Annual Savings. Hence the Null Hypothesis has rejected.

According to Table no. 10, there is an effort to find out the relationship Income and Annual Savings

Null Hypothesis: There is no significant relationship between Income and the Annual savings.

Analysis through F –Test (One Way ANOVA)

Sources of variations	Sum of squares	Degree of freedom	Mean sum of square	F-ratio
Between samples	1153.5	4	288.5	17.42
Within samples	314.5	19	16.55	
Total	1468	23		

Since the calculated value of F -Ratio 17.42 is more than the table vale at 5% level of significance which is 2.90 at V1=4,V2=19; there is significant relationship between the Income and Annual Savings. Hence the Null Hypothesis has rejected.

As per Table no. 11, Relationship between Education and Annual Savings is propounded:

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Null Hypothesis: There is no significant relationship between Education and the Annual savings.

Analysis through F –Test (One Way ANOVA)

Sources of variations	Sum of squares	Degree of freedom	Mean sum of square	F-ratio
Between samples	1153.5	4	288.5	3.2
Total	2864	23		

Since the calculated value of F -Ratio 3.2 is more than the table vale at 5% level of significance which is 2.90 at V1=4,V2=19; there is no significant relationship between the Education and Annual Savings. Hence the Null Hypothesis has rejected.

According to Table no. 12, there is an effort to find out relationship between Employment and Annual Savings

Null Hypothesis: There is no significant relationship between Employment and the Annual savings.

Analysis through F –Test (One Way ANOVA)

Sources of variations	Sum of squares	Degree of freedom	Mean sum of square	F-ratio
Between samples	1153.5	4	288.5	5.205
Within samples	1052.5	19	55.394	
Total	2206	23		

Since the calculated value of F -Ratio 5.20 is more than the table vale at 5% level of significance which is 2.90 at V1=4,V2=19; there is significant relationship between the Employment and Annual Savings. Hence the Null Hypothesis has rejected.

SUGGESTIONS

1. Today there are so many special investment schemes in market which encourage people for the saving.

2. The investors have to identify the market situation and price fluctuations in the precious metals.

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3. Most of the teachers prefer Bank F.D and Govt. Securities as the investment option, there is lack of awareness about other avenues like equity, and mutual fund etc. so if they want to invest in them they should regularly read newspapers, journals and articles related to stock market.

4. To enhance the saving habits, the saving mode must attract people by providing many offers and new attractive schemes.

CONCLUSION

Today, the living standard of the people increasing day by day so salaried class community has started realizing the importance of savings and proper investment of their savings. They avoid spending money on heavy luxurious life style and preferring the normal living standard. It is evident from the study undertaken that most of the people are saving their money for children's education, marriage and to fulfill the other goals of life. There is bright chances to increase the saving and investment habits of salaried class people at Chandigarh.

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APPENDICES

Table 1 : Sample of Demographic Information about people at Chandigarh

Demographic Variable	Particulars	Total	%
Gender	Male	113	56.5
	Female	87	43
Total		200	100
Age(years)	Less than 25	62	31
	25-40	81	40.5
	40-50	30	15
	50-60	20	10
	60& Above	7	3
Total		200	100
Education	Graduate	100	50
	Post graduate	54	27
	Professional	38	19
	Others	8	4
Total		200	100
Marital Status	Married	132	66
	Unmarried	68	34
Total		200	100
Annual income(Rs.)	Less than 240000	45	22.5
	240000-360000	58	29
	360000-500000	65	32.5
	500000 & above	32	15

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Total		200	100
Annual savings (Rs.)	Less than 20000	70	35
	20000-40000	41	20.5
	40000-60000	77	37
	60000-80000	10	5
	80000& above	2	1
Total		200	100

Table 2 : Sample classification of job allocation and apportionment of people at Chandigarh

Particular	No. of Respondents	%
Govt.	**114**	**57**
Private	**65**	**32.5**
Semi – govt.	**21**	**10.5**
Total	**200**	**100**

Table 3: Sample classification (Sector Wise) of people at Chandigarh

Particular	No. of Respondents
Education sector	**79**
Banking and Insurance Sector	**58**
Manufacturing Sector	**48**
Others	**15**
Total	**200**

Table 4: Preference of Investment Options

Particular	Eq	Deb.	SD	P.S.	MF	DI	PS	LIC	PPF	RE	PD	RIB	OTH	Total
No. of respondents	15	10	5	4	15	10	10	52	40	20	5	4	10	200

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Table 5: Objectives of Investment

Particular	No. of Respondents
Returns	69
Tax Benefits	60
Emergency	40
Need	10
Child Education	5
Child Marriage	7
Retirement	9
Total	200

Table 6: Investment selection decision making

Particular	No. of Respondents
Self decision	65
Spouse	30
Family	43
Father	42
Others	20
Total	200

Table 7: Factors Influencing Investment Decisions

Factors	
High rate of return	65
Tax benefit	40
Safety	35
Regular return	25
Liquidity	15
Good services	15
Convenience	5
Total	200

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Table 8: Expected Rate of Returns

Sr. No.	Expected rate of return (%)	No. of respondents
1	Below 7%	50
2	8-12%	30
3	13-18%	95
4	Above 18%	25

Table 09: Relationship between Annual Savings and Age of people at Chandigarh

S. No.	Age (years)	Annual Savings (Rs.)					
		Less than 20000	20000-40000	40000-60000	60000-80000	80000& above	Total
1	Less than 25	32	13	10	5	2	62
2	25-40	22	15	44	0	0	81
3	40-50	8	7	11	4	0	30
4	50-60	7	5	7	1	0	20
5	60& Above	1	1	5	0	0	7
	Total	70	41	77	10	2	200

Table10: Relationship between Annual Savings and Income of people at Chandigarh.

S.No.	Income(Yearly)	Annual Savings (Rs.)					
		Less than 20000	20000-40000	40000-60000	60000-80000	80000& above	Total
1	Less than 240000	20	9	16	0	0	45
2	240000-360000	16	19	15	8	0	58
3	360000-500000	23	11	27	2	2	65
4	500000 & above	11	2	19	0	0	32
	Total	70	41	77	10	2	200

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Table11: Relationship between Annual Savings and Education of people at Chandigarh.

		Annual Savings (Rs.)					
		Less than 20000	20000-40000	40000-60000	60000-80000	80000& above	Total
Education	Graduate	42	20	30	7	1	100
	Post graduate	17	20	17	0	0	54
	Professional	8	1	26	2	1	38
	Others	3	0	4	1	0	8
	Total	70	41	77	10	2	200

Table12: Relationship between Annual Savings and Sector wise employment (Job)of people at Chandigarh.

	Annual Savings (Rs.)					
Sector wise job	Less than 20000	20000-40000	40000-60000	60000-80000	80000& above	Total
Education sector	32	20	16	9	2	79
Banking and Insurance Sector	26	14	17	1	0	58
Manufacturing Sector	10	6	32	0	0	48
Others	2	1	12	0	0	15
Total	70	41	77	10	2	200

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Table13: Relationship between Investment Options and Annual income of people at Chandigarh.

		Investment Options												
		Equity	Deb.	SD	P.S.	MF	DI	PS	LIC	PPF	RE	PD	RIB	OTH	Total
Annual income(Rs.)	Less than 240000	5	2	1	1	2	2	1	12	7	2	1	1	8	45
	240000-360000	4	4	1	1	2	3	5	19	10	4	1	3	1	58
	360000-500000	3	2	1	2	5	2	4	20	18	5	3	0	0	65
	500000 & above	3	2	2	0	6	3	0	1	5	9	0	0	1	32
	Total	15	10	5	4	15	10	10	52	40	20	5	4	10	200