



An Empirical Study of Saving and Investment Pattern of Salaried Class persons with Special Reference To Meerut City (India)

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Abstract

Investment is a form of activity that individuals who have to save engage in, i.e. investments are made with their savings, or in other words, people invest their money in banks, gold, real estate, post services, mutual funds, and a number of other investment possibilities are all accessible. Investors invest their money for a variety of reasons and objectives, including profit, security, appreciation, and income stability. The researcher investigated the many types and channels of investment, as well as the elements that must be considered when choosing an investment, using a sample size of 100 salaried employees and performing a survey in the city of Meerut, India, through a questionnaire. In fact, the current study uses a self-assessment questionnaire to determine which investment paths are favored by individual investors. The researcher discovered that paid employees value safety and a decent return on investment when making frequent investments. Except for female investors, respondents are far more knowledgeable of the many investment options available in India. The current research looks at the savings and investment habits of people in the salaried class, with a focus on Meerut (India).

Key Words: Investment, Savings, Security, Commodity, investor etc.

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Introduction

The emerging countries of the globe, such as India, face a significant challenge in obtaining adequate finance to fund their development initiatives. Most countries are finding it difficult to break free from the vicious cycle of poverty that is characterized by low income, poor savings, low investment, low employment, and so on. With such a high capital output ratio, it is clear that India requires very high rates of investment to propel her forward in her efforts to maintain high levels of growth.

The safety of the principal amount, liquidity, income and its stability, appreciation, and last but not least, easy transferability are the main characteristics of an investment. There are numerous investment paths and types accessible, including stocks, banks, companies, gold and silver, real estate, life insurance, and postal savings. All investors who choose to invest do so in the above-mentioned avenues, which are available to them based on their risk-taking attitude and capacity to tolerate risk.

Investment Option Available

Today, there are a plethora of financial options available. People must choose the best path among the options offered, based on their unique needs, risk preferences, and expected returns. The following headings can be used to categorize various investment options.

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1. Equity Shares
2. Debt Instruments
3. Mutual Funds
4. Debentures
5. Company Fixed Deposits Schemes
6. Fixed Deposits in Banks
7. Post office Savings Schemes
8. Public Provident Fund
9. Real Estate
10. Life Insurance Policies
11. Derivatives (Gold/Silver/Others)

Objective and Scope of Study

- a. To study the investment preference among the salaried persons working in different sectors in Meerut City, Uttar Pradesh, India.
- b. To understand the factors that influence people's investment behaviour.
- c. To look into the investment and saving habits of salaried investors.
- d. To identify the issues that investors are confronted with.
- e. To learn about the ways in which salaried respondents invest in various investment outlets.

Scope of the Study

This study focuses solely on the preferences of salaried class people in Meerut, and it will be useful in identifying the many and superior investment possibilities accessible in the market.

Need of the Study

Salaried employees, on the whole, have a predictable income stream, and their investment habits are diverse. In this regard, the researcher attempted to ascertain the investment habits of salaried

investors in Meerut area. Understanding investor investing preferences will be beneficial. The study paper will aid research scientists and students in their pursuit of further education in their respective fields.

Review of Literature

V. K. Somasundaram (1999) has looked into the savings and investment habits of salaried workers. The study examined the level of knowledge, variables influencing saving, average savings of investors, pattern of saving, conversion of savings into investments, and investment preferences, as well as specific topics such as why people save and whether savings are used to invest or not. The study addressed the issues that investors and savers confront, as well as their expectations. Finally, the study presented important recommendations for instilling a healthy, welcoming, and appealing investment climate for the investing community.

Avinash Kumar Singh (2006) the study looked at people's investing patterns in Bangalore and Bhubaneswar, and the results were examined using the survey method. After analysing and interpreting the data, it was shown that investors in Bangalore are better knowledgeable about various investment options and the risks associated with them.

Raghu Palat (2005) has sought to provide detailed information on a variety of topics that are necessary for successful tax preparation, allowing salaried employees to reduce their tax burden and maximize their take-home pay.

V. K. Bhalla (2011): The author discusses investment techniques, vehicles that drive investments, strategies for best investment planning, implantation procedure for investment avenues, and overseeing the optimal allocation of funds of individuals or institutions in a challenging investment environment in this book. Book has divided into six parts such as Investment Environment, Alternative Investment Outlets for Funds, Security Analysis, Portfolio Analysis and Management, Financial Derivatives and International Financial Flows. Under first part i.e. under investment environment covered operations of the stock market, with its structure, regulatory framework and financial development in India

Manish Mittal and Vyas (2008) Investors have cognitive and emotional flaws that cause them to make poor financial decisions. Behavioral finance academics have demonstrated scientifically over the last few years that investors do not always act logically. They have behavioral biases that cause them to make systematic errors while processing information for financial decisions. Many scholars have attempted to categorize investors based on their risk tolerance and the type of investment they make. Age, income, education, and marital status, according to empirical research, all influence an individual's investment decision. This paper divides Indian investors into personality types and investigates the relationship between numerous demographic characteristics and the investors' investment personalities.

Sunil Gupta (2008) It has presented a vivid and complicated picture of Shimla's investment pattern among various classes. People are unaware of the numerous types of investment opportunities accessible in the financial sector, and, as a result, they have not responded positively. It was difficult for them to understand superior investing opportunities due to a lack of understanding. The majorities of Shimla's investors prefer to put their money in banks, post offices, and fixed deposits. When it comes to investing options, most wealthy Shimla residents

prioritise safety and suitability, preferring bank fixed deposits, provident funds, and post office savings.

Bhardwaj Rajesh, Raheja Rekh and Priyanka (2011) Teachers in both government and private schools have been studied for their savings patterns. Salary for government instructors and tuition fees for private teachers are the two main sources of income. For the most part, they invested their savings in bank accounts and life insurance. The primary goal of government teachers' savings is to provide for an emergency and security, while the primary goal of private teachers' savings is to provide for children's education.

Research Design

This research paper is based on both exploratory and descriptive research. Descriptive research is being conducted here in order to describe the phenomenon. As a result, the purpose of this research is to better understand the investment behaviour of various paid groups and their approaches to various investment channels.

Sampling Unit

The responders from the salaried class/investor are referred to as the sampling unit.

Sample Size

For simplicity, the sampling size is set at 100 persons, which means that 100 people will complete the survey form.

Sampling Technique

The sampling methodology is the method for determining the sample size. In this study, a convenient sampling strategy was adopted. Investors were chosen for this study based on the research study's convenience.

Sampling design

Because the data will be gathered from investors, a questionnaire has been created to investigate the saving habits and investing patterns of Meerut salaried class.

Data collection source

The research was conducted using both secondary and primary data. Secondary data will be gathered from a variety of published sources, such as books, journals, magazines, and websites. Furthermore, primary data will be gathered by connecting with respondents via a structured questionnaire. The research was carried out utilizing primary data and a questionnaire to examine the investment and its behaviour. Because the survey's main goal is to allow everyone to express their thoughts on various investing options. On a five-point Likert scale, a closed ended questionnaire was also produced with a total of numerous characteristics of qualities to study and assess the relative relevance of each of the statements. Secondary data was gathered from a variety of websites and publicly available data sources. The study on the preferred investment avenues that are available and selected among the salaried people has been undertaken with the key objectives of such as to find preferred investment avenues & also to know the awareness level of the investors. Analysis of this study was undertaken with the help of survey that was undertaken and conducted in January 2021 to June 2021.

Statistical Tools

Various statistical tools are used in analyzing data such as table, percentage, diagram, charts etc.

Applying Chi square test

Testing Of Hypothesis No 01: There is no statistically significant link between gender and investment awareness.

Table 1: Observed Frequency

Gender	Awareness	Unawareness	Total	%(Awareness)	%(Unawareness)	Total
Male	41	11	52	78.85%	21.15%	100%
Female	18	10	28	64.29%	35.71%	100%
Total	59	21	80	73.75%	26.25%	100%

(Source: Primary Data)

Table 2: Chi-Square Test

O	E	(O-E)	(O-E) ²	(O-E) ² /E
41	38.35	2.65	7.0225	0.1832
11	13.65	-2.65	7.0225	0.5145
18	20.65	-2.65	7.0225	0.3401
10	7.35	2.65	7.0225	0.9554
			Total	1.9932

1. $fe(1, 1) = (52 \times 59)/80 = 38.35$

3. $fe(2, 1) = (28 \times 59)/80 = 20.65$

2. $fe(1, 2) = (52 \times 21)/80 = 13.65$

4. $fe(2, 2) = (28 \times 21)/80 = 7.35$

Degree of freedom: $v = (r-1)(c-1)$, $v = (2-1)(2-1)$, $v = 1$

Our calculated Chi-squared score (1.9932) is less than the 0.05 level significance (3.841). So, Null hypothesis is accepted.

Conclusion: As a result, it may be inferred that there is no substantial link between gender and investment awareness.

Testing of Hypothesis No 02: There is no significant relationship between the income level & awareness of the investments

Table: 3

Sr. No.	Income Group	Awareness	Unawareness	Total
1.	Less Than Rs. 100000	2	3	5
2.	Rs. 100000 to Rs. 300000	7	9	16
3.	Rs. 300000 to Rs. 600000	28	6	34
4.	Rs. 600000 to Rs. 1000000	16	6	22
5.	Above Rs. 1000000	3	0	3
	Total	56	24	80

(Source: Primary Data)



Table: 4 Chi-Square Test

O	E	(O - E)	(O - E) ²	(O - E) ² /E
2	3.5	-1.5	2.25	0.6429
3	1.5	1.5	2.25	0.6429
7	11.2	-4.2	17.64	1.575
9	4.8	4.2	17.64	3.675
28	23.8	4.2	17.64	0.7426
6	10.2	-4.2	17.64	1.7294
16	15.4	0.6	0.36	0.0234
6	6.6	-0.6	0.36	0.0545
3	2.1	0.9	0.81	0.3857
0	0.9	-0.9	0.81	0.9
			Total	10.3714

$$fe(1, 1) = (5 \times 56) / 80 = 3.5$$

$$fe(1, 2) = (5 \times 24) / 80 = 1.5$$

$$fe(2, 1) = (16 \times 56) / 80 = 11.2$$

$$fe(2, 2) = (16 \times 24) / 80 = 4.8$$

$$fe(3, 1) = (34 \times 56) / 80 = 23.8$$

$$fe(3, 2) = (34 \times 24) / 80 = 10.2$$

$$fe(4, 1) = (22 \times 56) / 80 = 15.4$$

$$fe(4, 2) = (22 \times 24) / 80 = 6.6$$

$$fe(5, 1) = (3 \times 56) / 80 = 2.1$$

$$fe(5, 2) = (3 \times 24) / 80 = 0.9$$

Degree of freedom: $v = (r-1)(c-1)$, $v = (5-1)(2-1)$, $v = 4$

Our calculated Chi-squared score (10.3714) is greater than the 0.05 level significance (9.488). So, Null hypothesis is rejected.

Conclusion: Hence it is concluded that there is significant relationship between the income level & awareness about the investments avenues.

Table: 5 Percentage Wise Monthly Saving of Salaried Class People

Saving Range	No. of Respondents	Percentage
10% to 20%	5	6.25%
21% to 30%	16	20%
31% to 40%	34	42.5%
41% to 50%	22	27.5%
Above 50%	3	3.75%
Total	80	100%

(Source: Primary Data)

Table: 6 Factors to Consider When Making Investment Decisions

Sr. No	Factors influence to Investment	No. of Respondents	%
1.	Future Planning	45	29.22%

2.	Liquidity(Emergency Need)	33	21.43%
3.	Tax Saving Purpose	29	18.83%
4.	Diversification	19	12.34%
5.	Children Career	28	18.18%
	Total	154	100%

(Source: Primary Data)

Most Preferable Investment Options

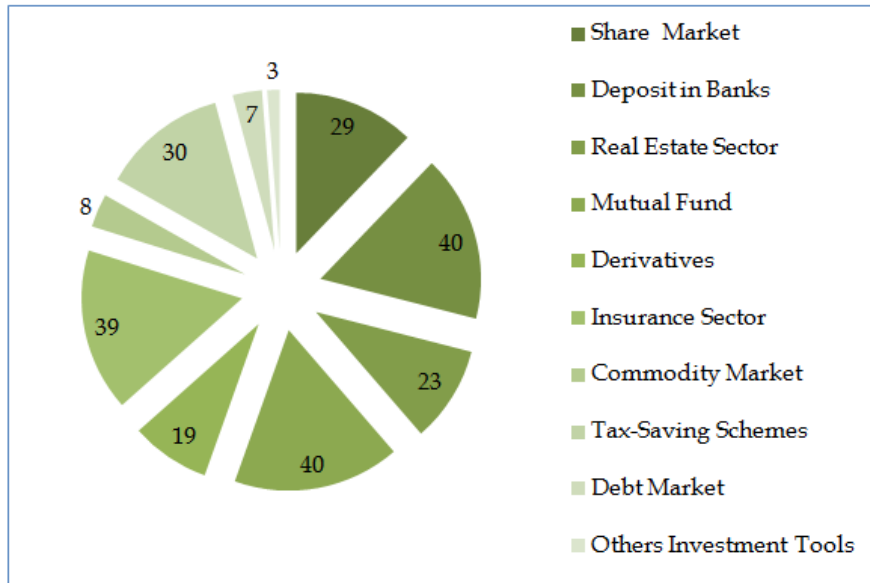


Table: 7

Sr. No	Investment Options	No. of Respondents	Percentage
1.	Share Market	29	12.18%
2.	Deposits in Bank	40	16.80%
3.	Real Estate Sector	23	9.66%
4.	Mutual Funds	40	16.81%
5.	Derivatives	19	7.99%
6.	Insurance Sector	39	16.39%
7.	Commodity Market	08	3.36%
8.	Tax-Saving Schemes	30	12.61%
9.	Debt Market	07	2.94%
10.	Others Investment Tools	03	1.26%
	Total	238	100%

(Source: Primary Data)

Level of Risk Involved in the Investment Schemes

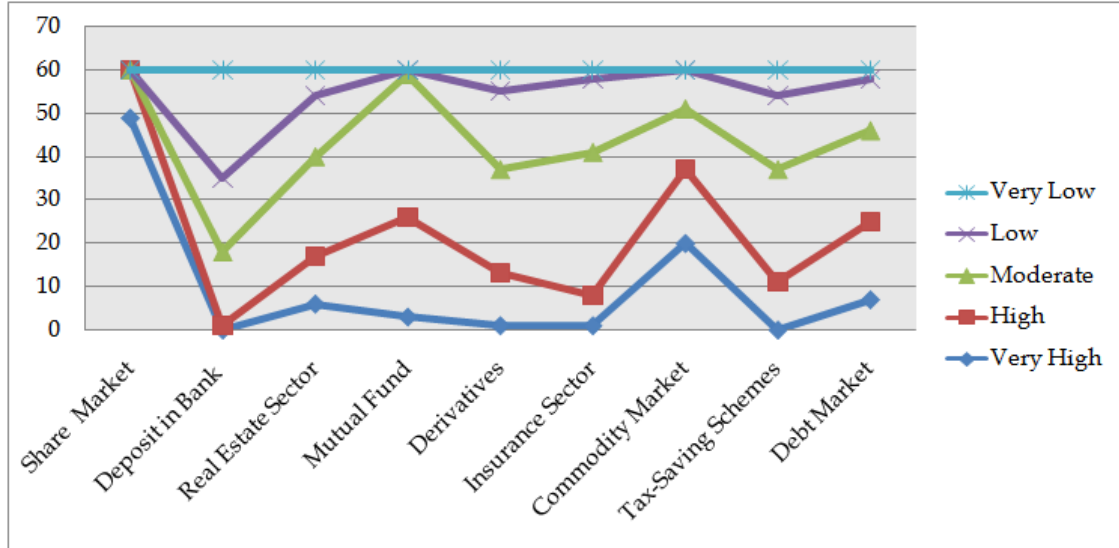


Table: 8

Investment Options	Very High	High	Moderate	Low	Very Low
Share Market	85.67%	14.33%	-	-	-
Deposit in Bank	-	1.67%	26.33%	27.33%	44.67%
Real Estate Sector	11%	17.33%	37.33%	24.33%	10%
Mutual Fund	4%	39.33%	54%	2.67%	-
Derivatives	1.67%	22%	38%	29%	9.33%
Insurance Sector	1.67%	10.67%	54%	30.33%	3.33%
Commodity Market	30.33%	31.33%	25.33%	13%	-
Tax-Saving Schemes	-	17.33%	44.33%	26.33%	12%
Debt Market	10.67%	31%	33%	22%	3.33%

(Total number of respondents is 70) (Source: Primary Data)

Findings

1. The researcher interviewed 70 people in Meerut and discovered that 73.30 percent of investors are aware of investing opportunities, while 26.70 percent are oblivious.

2. As a result, there is no significant association between gender and investment awareness, as 65.22 percent of female respondents and 78.37 percent of male respondents, respectively, are aware of various investment options.
3. There is a considerable association between income level and investment awareness among respondents, with respondents from higher income classes being more aware of different investment options than those from lower income classes.
4. According to the study, 75 percent of the 70 respondents believe that educational qualifications have an impact on investment avenue selection. According to the findings, 60 respondents save an average of 20% of their monthly pay.
5. Safety is a big consideration when making investments, with 26.34 percent of respondents investing their money for the sake of safety and 16.10 percent investing in tax saving schemes for the sake of tax benefits.
6. Investors' primary goals are good returns, followed by future security on investments, with percentages of 26.87 and 24.38, respectively.
7. The researcher discovered that self-awareness is the primary source of investment, accounting for 26.88 percent of the total. Investors' first choice for investment is mutual funds, with an 18.83 percent preference.
8. According to the study, 33.33 percent of respondents prefer to invest their money on an annual and half-yearly basis, respectively.

Suggestions

It is critical to save what you make, to have a plan for your future, and to avoid spending money that you do not have. Mutual funds are also the most popular choice among today's youth. The use of a Systematic Investment Plan (SIP) to invest in mutual funds is a popular choice among young people.

Because the majority of respondents, i.e. investors, believe that these routes are loss-making and provide no good return, stock broking businesses should run awareness initiatives. As a result, the researchers came to the conclusion that the majority of investors prefer a guaranteed consistent return on investment in the study area.

Conclusion

After the researcher has analysed and interpreted the data, it has been concluded that while investors are aware of the various investment options available in Meerut, India, they still prefer to put their money in bank deposits and real estate. The data analysis of the research suggests that investors believe safety to be an important element while making investments, therefore the remaining routes are considered less important by investors.

The data analysis of the research suggests that investors believe safety to be an important element while making investments, therefore the remaining routes are considered less important by investors.

Saving what you make, having a plan for your future, and resisting the temptation to spend money you don't have is absolutely necessary.

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