

Impact Factor : 2.532

Karnataka Reg. No. : 48/159/CE/0103/2013

Print ISSN: 2321-3604

Online ISSN: 2321-3612

# INTERNATIONAL JOURNAL OF COMMERCE AND MANAGEMENT RESEARCH (PIJCMR)

Volume No. III

Issue No. 3

Oct -December 2015

**" UNLOCK your Knowledge"**



[www.primaxijcmr.com](http://www.primaxijcmr.com)

• Research Papers

• Articles

• Case studies

PR  
I  
M  
A  
X

<b>Sl.No.</b>	<b>Title of the Articles</b>	<b>Page No.</b>
<b>19</b>	A Paper on Paradigm Shift In The Education System In India - <b>Supriyaa</b>	<b>95 - 104</b>
<b>20</b>	A Study on Investment Perspective of Salaried People (Private Sector) - <b>Dr. R.Santhurusankara Velsamy &amp; P.Amalorpavamary</b>	<b>105 - 115</b>
<b>21</b>	Servqual Dimensions In Select Private Banks With Special Reference To Chennai Region - <b>S. Saravana Mahesan &amp; Dr.R.Tamilarasan</b>	<b>116 - 125</b>
<b>22</b>	Bancassurance - Problems And Challenges In India - <b>Shigihalli V.G &amp; Dr. Shobha C</b>	<b>126 - 130</b>

# A STUDY ON INVESTMENT PERSPECTIVE OF SALARIED PEOPLE (Private Sector)

Dr. R. Santhurusankara Velsamy<sup>1</sup>

P. Amalorpavamary<sup>2</sup>

## Abstract

*This research aims to study and understand the behavioral pattern of investment among the salaried people working in private sector and the difference in perception of an individual related to various investment alternatives. It also aims to provide an insight into factors considered for an appropriate investment. and gives a wider scope to understand various issues related to investment by salaried people.*

**KEYWORDS :** Investment, Private sector, Salaried and Saving.

## Introduction

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. Thus, it is a reward for waiting for money. So the first step to investment is savings. In common usage, saving generally means putting money aside, for example, by putting money in the bank or investing in a pension plan. In a broader sense, saving is typically used to refer to economizing, cutting costs, or to rescuing someone or something. In terms of personal finance, saving refers to preserving money for future use - typically by putting it on deposit - this is distinct from investment where there is an element of risk.

The main elements of Investments are Return, Risk and Time.

## Objectives

1. To study the behavioral pattern of investments among salaried people working in private sector.
2. To study the difference in perception of an individual related to various investment alternatives.
3. To provide an insight into factors considered for an appropriate investment.

## Hypothesis

There are no differences in the consumption and saving pattern of the sample test.

## Limitations

- The study shall be limited to salaried people who are employed in private sector.
- The study is limited to Thanjavur down only.

## Methodology

- It is an exploratory research.
- Primary and secondary data will be collected.

- Purposive sampling will be used to collect primary data.
- Sample size shall be total 50 salaried employees.

## Sample

The study sample comprised of 50 salaried people in private sector. Using stratified random sampling method the salaried people were classified into two categories on the criterion of sex. 25 were male and 25 were female. Both the respondents male as well as female were salaried employees employed in various Companies in manufacturing, trading and service providing sectors.

## Tools

A questionnaire was framed consisting of 20 closed end questions and open end questions covering the personal and demographic profile, the awareness related to methods, modes, reasons of saving and investment and other related data were collected.

## Data

Using the survey method primary data was obtained from the respondents by administering the questionnaire and evaluating the feedback. Personal interviews was also conducted with few respondents who provided valuable information inputs

Secondary data included information collected from various Internet download, Books, publications and various journals.

## Saving

Saving differs from savings in that the first refers to the act of putting aside money for future use, whereas the second refers to the money itself once saved. For example: you may decide to start saving 10% of your income; because you aim for your savings to grow into an amount sufficient to buy an automobile. In common usage, saving generally means putting money aside, for example, by putting money in the bank or investing in a

<sup>1</sup>. Assistant Professor , H.H. The Rajahs College (Autonomous), Pudukkottai

<sup>2</sup>. Research Scholar, Department of Commerce, Bon Secours College for Women, Thanjavur.

pension plan. In a broader sense, saving is typically used to refer to economizing, cutting costs, or to rescuing someone or something. In terms of personal finance, saving refers to preserving money for future use - typically by putting it on deposit - this is distinct from investment where there is an element of risk. Saving is closely related to investment. By not using income to buy consumer goods and services, it is possible for resources to instead be invested by being used to produce fixed capital, such as factories and machinery. Saving can therefore be vital to increase the amount of fixed capital available, which contributes to economic growth.

### Saving In Personal Finance

Within personal finance, the act of saving corresponds to nominal preservation of money for future use. A deposit account paying interest is typically used to hold money for future needs, i.e. an emergency fund, to make a capital purchase (car, house, vacation, etc.) or to give to someone else (children, tax bill etc.).

Within personal finance, money used to purchase shares, put in a collective investment scheme or used to buy any asset where there is an element of capital risk is deemed an investment. This distinction is important as the investment risk can cause a capital loss when an investment is realized, unlike cash saving(s). Cash savings accounts are considered to have minimal risk. In the United States, all banks are required to have deposit insurance, typically issued by the Federal Deposit Insurance Corporation or FDIC. In extreme cases, a bank failure can cause deposits to be lost as it happened at the start of the Great Depression. However, since the FDIC was created, no deposits in the United States have been lost due to a bank failure.

In many instances the terms saving and investment are used interchangeably. For example many deposit accounts are labeled as investment accounts by banks for marketing purposes. To help establish whether an asset is saving(s) or an investment you should ask yourself, "Where is my money invested?" If the answer is cash then it is savings, if it is a type of asset which can fluctuate in nominal value then it is investment.

### Elements of Investments

- A. RETURN :** Investors buy or sell financial instruments in order to earn return on them. The return includes both current income (current yield) and capital gain (capital appreciation).
- B. RISK :** Risk is the chance of loss due to variability of returns on an investment. In case of every investment, there is a chance of loss. It may be loss of investment;

however risks and returns are inseparable.

- C. TIME :** Time is an important factor in investment. Time period depends on the attitude of investors who follow a 'buy' & 'hold' policy.

A serious minded investor will have to consider the following important categories of investment opportunities :-

- Protective investments.
- Tax oriented investment.
- Fixed income investment.
- Speculative investment.
- Emotional investment.
- Growth investment.

### Investor Profile

An investor profile or style defines an individual's preferences in investment decisions, for example:

1. Short term trading (active management) or long term holding (buy and hold)
2. Risk averse or risk tolerant / seeker
3. All classes of assets or just one (stocks for example)
4. Value stock, growth stocks, quality stocks, defensive or cyclical stocks...
5. Big cap or small cap stocks,
6. Use or not of derivatives
7. Home turf or international diversification
8. Hands on, or via investment funds and so on

### What Determine An Investor Profile

The style / profile is determined by objective personal or social traits such as age, gender, income, wealth, family, tax situation...

Subjective attitudes, linked to the temper (emotions) and the beliefs (cognition) of the investor.

Generally, the investor's financial return / risk objectives, assuming they are precisely set and fully rational.

### Speculation

In finance, speculation is a financial action that does not promise safety of the initial investment along with the return on the principal sum.[1] Speculation typically involves the lending of money or the purchase of assets, equity or debt but in a manner that has not been given thorough analysis or is deemed to have low margin of safety or a significant risk of the loss of the principal investment. The term, "speculation," which is formally defined as above in Graham and Dodd's 1934 text, *Security Analysis*, contrasts with the term "investment," which is a financial operation that, upon thorough analysis, promises safety of principal and a satisfactory

return. In a financial context, the terms "speculation" and "investment" are actually quite specific. For instance, although the word "investment" is typically used, in a general sense, to mean any act of placing money in a financial vehicle with the intent of producing returns over a period of time, most ventured money—including funds placed in the world's stock markets—is actually not investment, but speculation.

**Investment Vs. Speculation**

Identifying speculation can be best done by distinguishing it from investment. According to Ben Graham in Intelligent Investor, the prototypical defensive investor is "...one interested chiefly in safety plus freedom from bother." He admits, however, that "...some speculation is necessary and unavoidable, for in many common-stock situations, there are substantial possibilities of both profit and loss, and the risks therein must be assumed by someone." Many long-term investors, even those who buy and hold for decades may be classified as speculators, excepting only the rare few who are primarily motivated by income or safety of principal and not eventually selling at a profit. Speculators can be increasingly distinguishable by shorter holding times, the use of leverage, by being willing to take short positions as well as long positions. A degree of speculation exists in a wide range of financial decisions, from the purchase of a house to a bet on a horse; this is what modern market economists call "ubiquitous speculation."

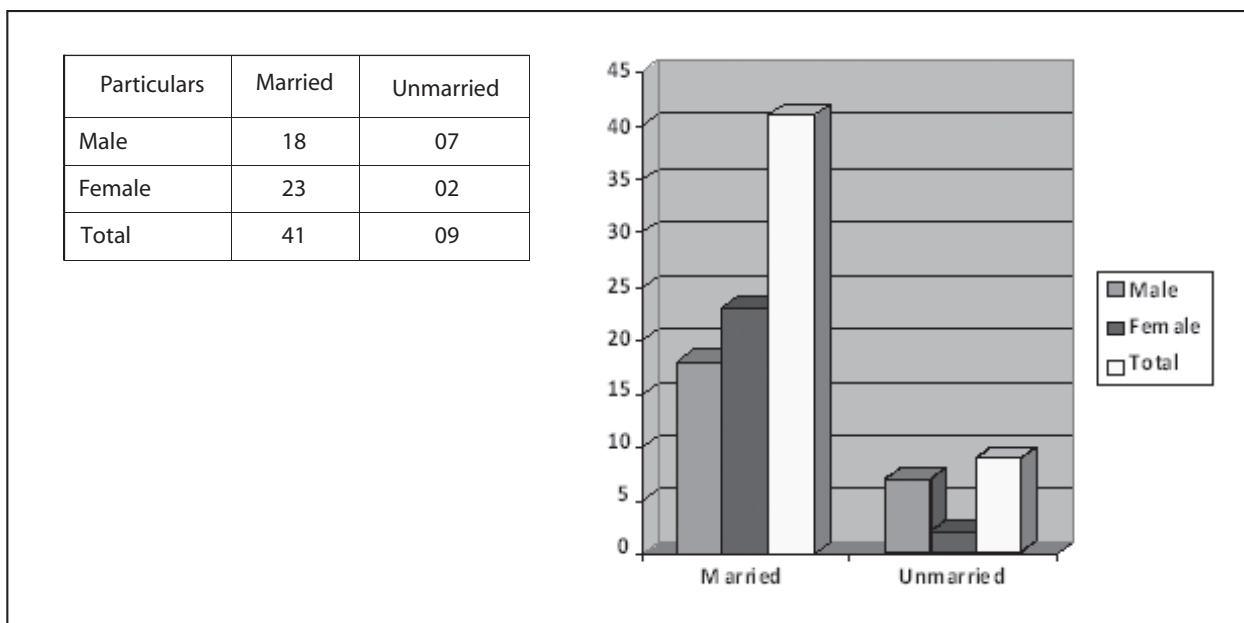
**Data Analysis**

The survey conducted to investigate ?The Investment perspective of the salaried people in the Private Sector. which discloses the reasons, methods, types and modes of investment followed by these people. The sample size of 50 respondents was surveyed out of which 25 were male and 25 were female. The graph below depicts the same.

- 1. PERSONAL PROFILE
- 2. SAMPLE SIZE

It is evident from the chart that the number of male and female respondents were equal in number

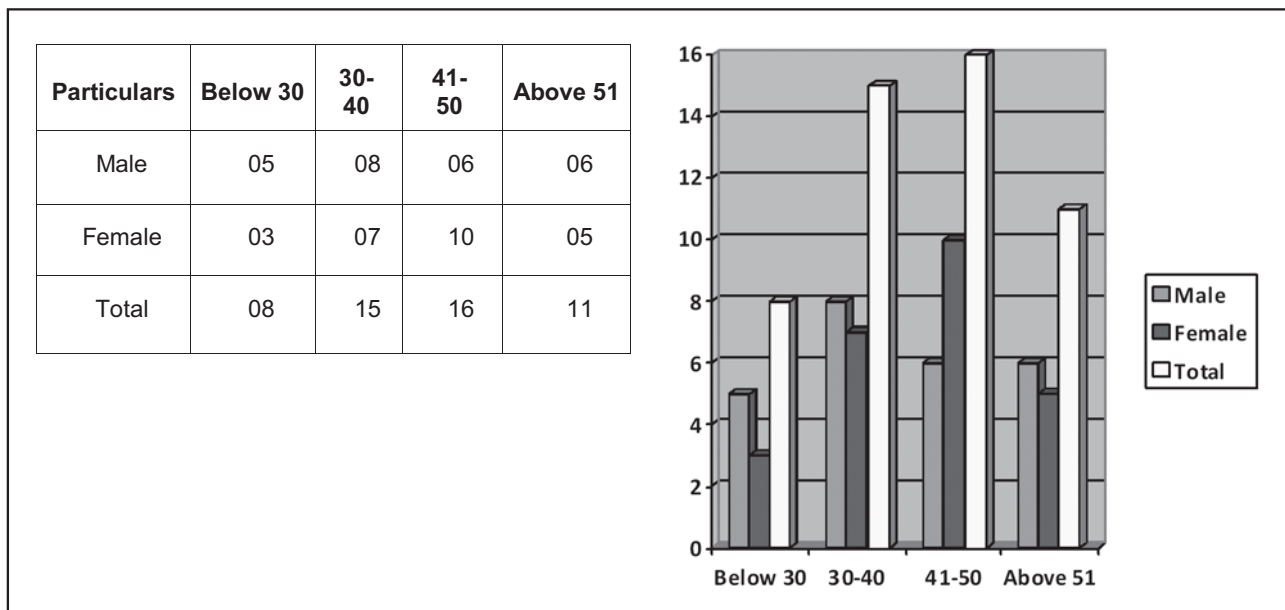
**Table - 1**



It is evident from the chart above that most of the respondents, male as well as female are all married.

4) AGE GROUP

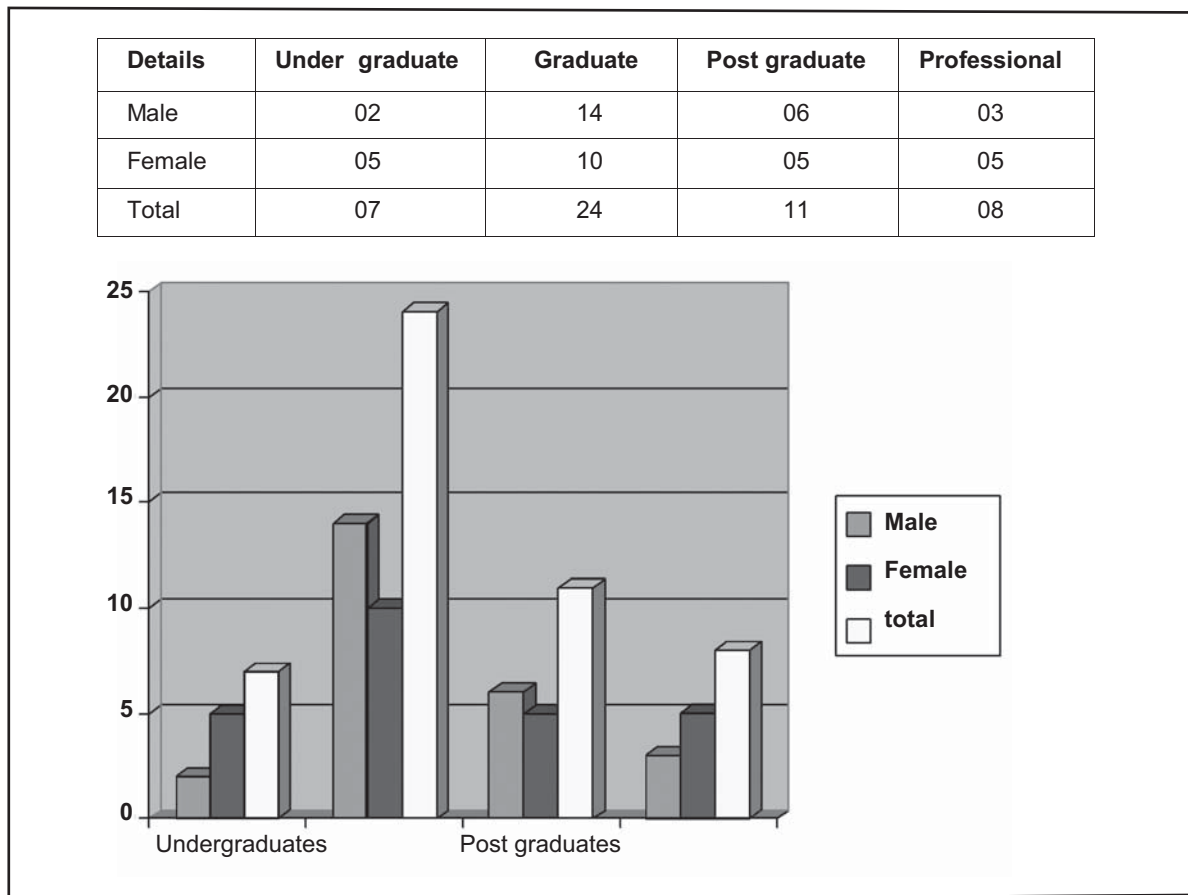
Table - 2



It is evident from the chart above that majority of the respondents fall in the age group of 41 to 50 years and minimum in below 30.

5) EDUCATION

Table - 3

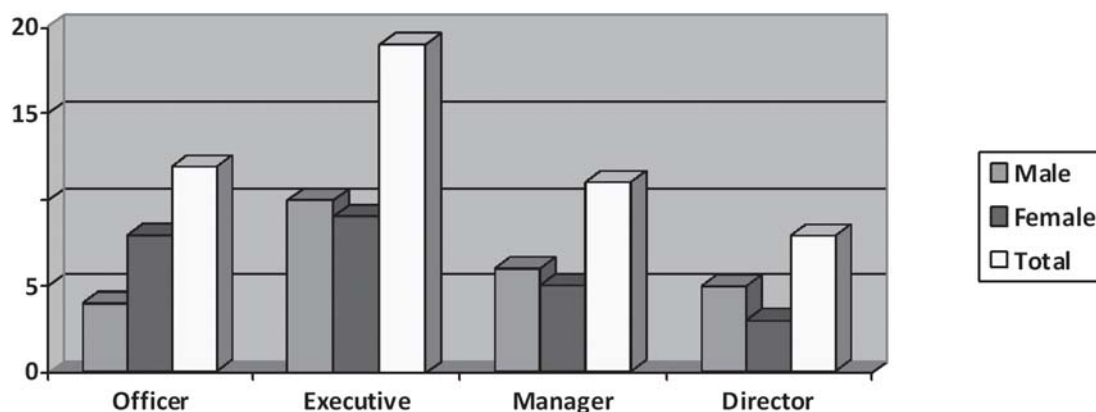


It is observed that maximum of the respondents are graduates, followed by post graduate and professionals whereas the minimum are undergraduates.

**Designation**

**Table - 4**

Details	Officer	Executive	Manager	Director
Male	04	10	06	05
Female	08	09	05	03
Total	12	19	11	08

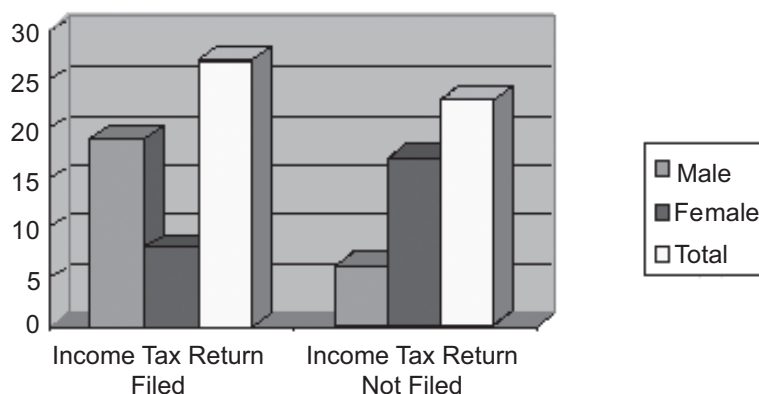


It is observed that the majority of the respondents both male and female are employed as Executive whereas minimum are on the post of Director.

**Filing of Income Tax Return**

**Table - 5**

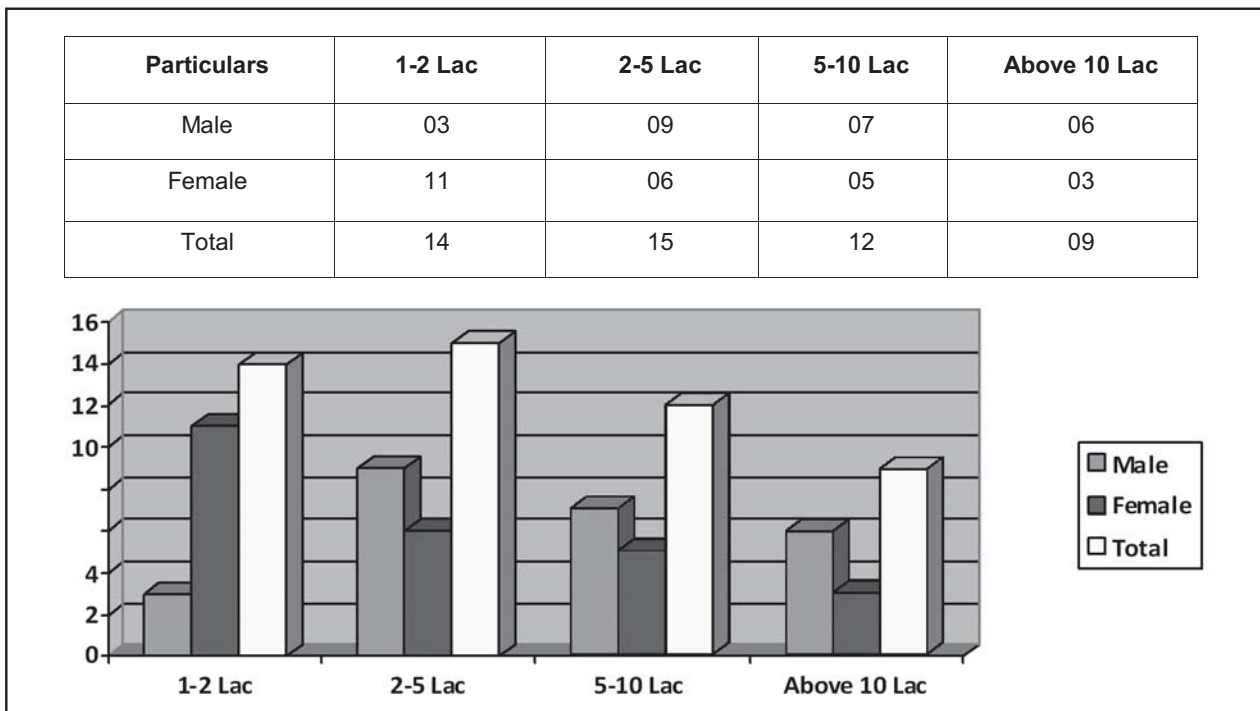
Particular	Income Tax Return Filled	Income Tax Return Not Filled Trading
Male	19	06
Female	08	17
Total	27	23



It is observed that the majority of the male respondents file their Income Tax Returns while majority of female respondents do not file their Income Tax Returns.

Annual Income

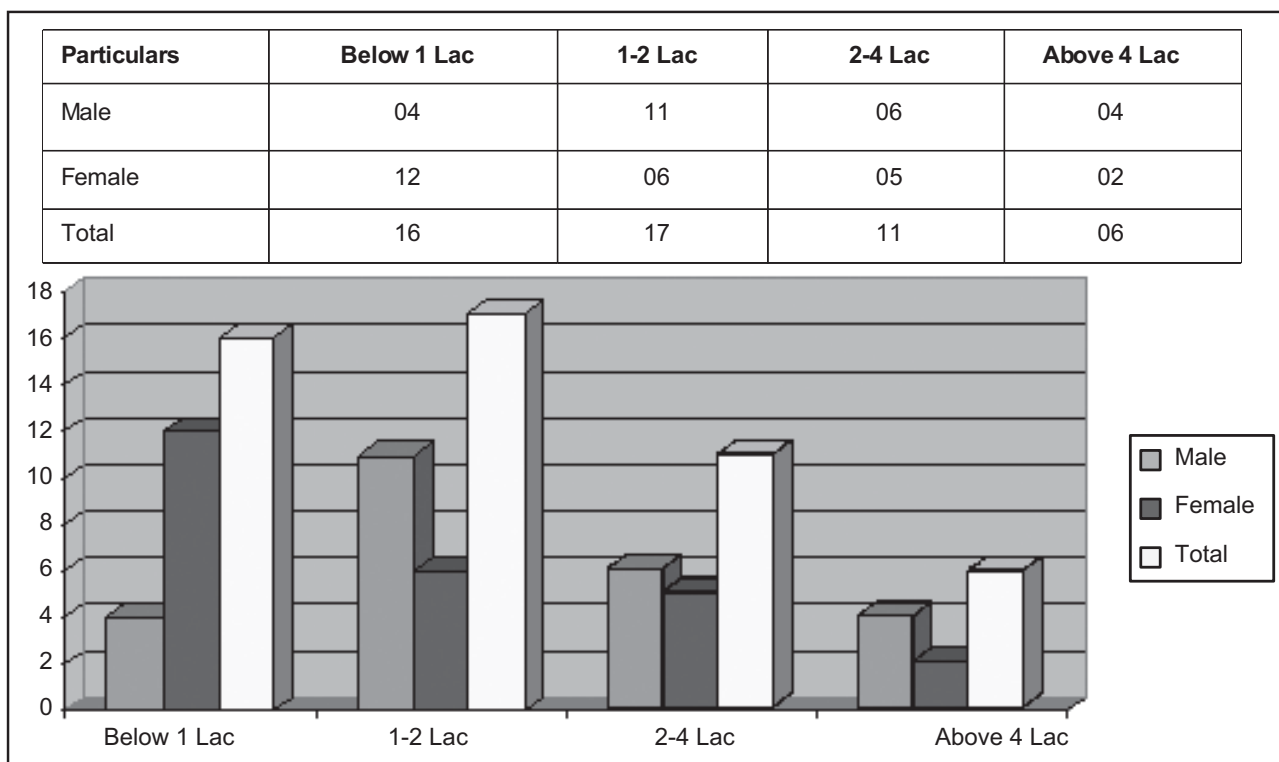
Table - 6



It is observed that majority of the Male respondents have annual Income in range of 2-5 Lac while majority of Female respondents have annual income in range of 1-2 Lac.

Annual Savings

Table - 7

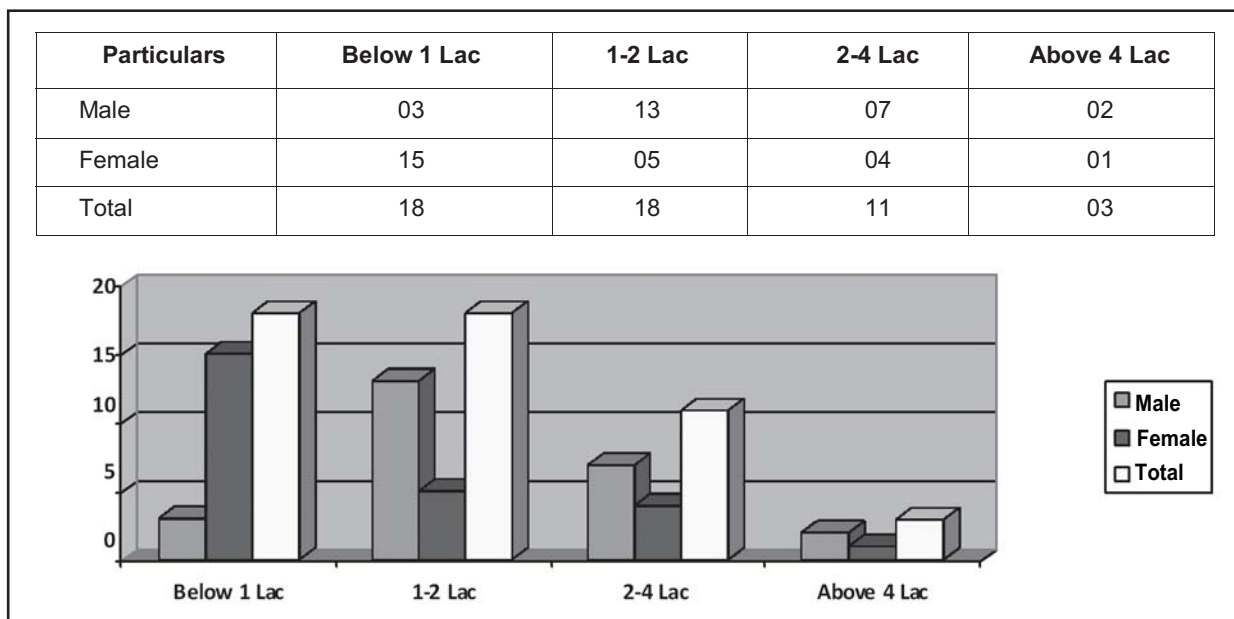




It is observed that majority of the Male respondents have annual Savings in range of 1-2 Lac while majority of Female respondents have annual savings below 1 Lac.

**Annual Investment**

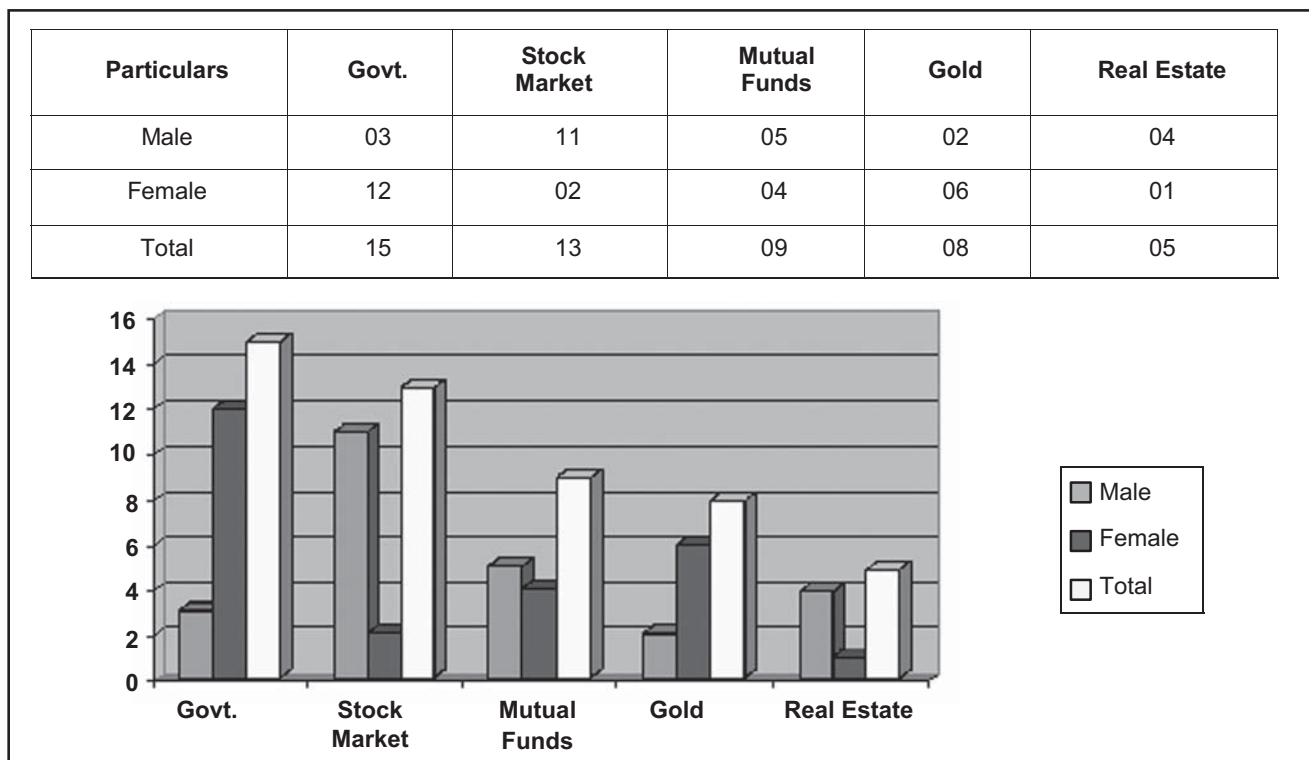
**Table - 8 (Considering The Total of All The Avenues)**



It is observed that majority of the Male respondents have annual Investment in range of 1-2 Lac while majority of Female respondents have annual Investment below 1 Lac.

**Avenues of Investment**

**Table - 9**



It is observed that majority of Investment of Male respondents is in the Stock market followed by Mutual Fund , Real Estate and Government Securities while the minimum is in Gold. Whereas the majority of Investment of Female respondents is in the Government Securities followed by Gold, Mutual Fund and Stock Market while the minimum is in Real Estate theas the first

**Return On Investment**

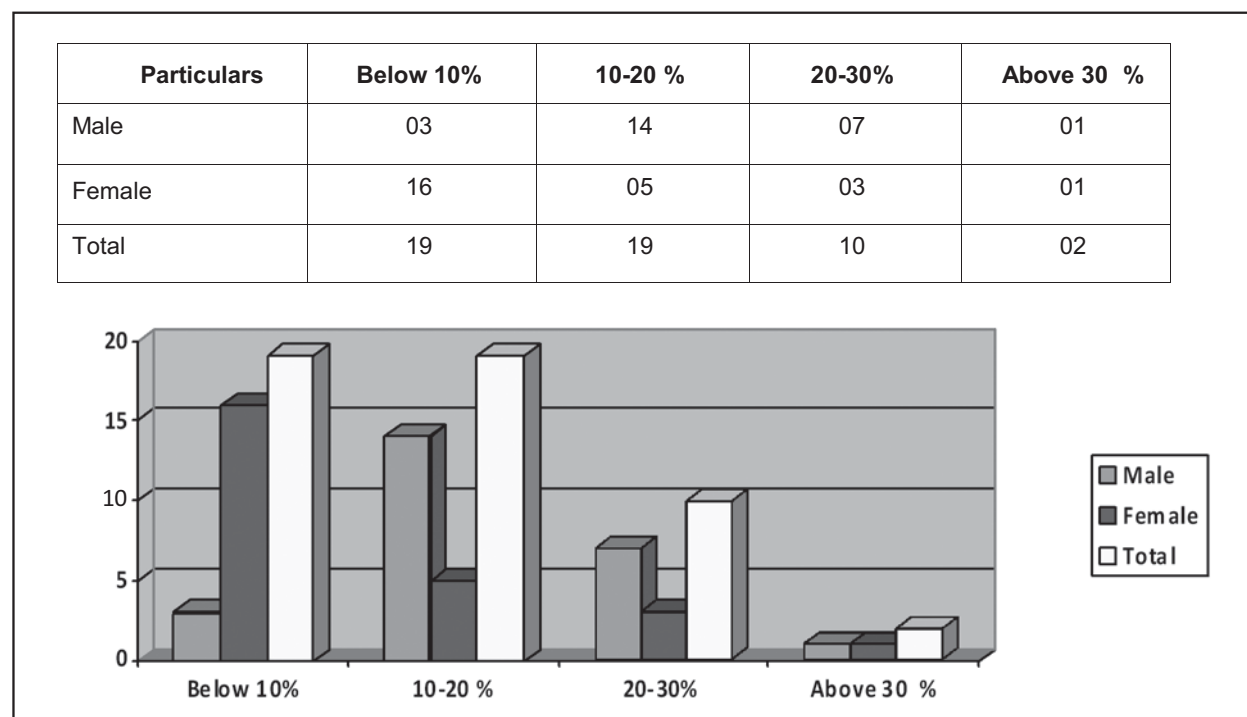
**Table - 10**

Particulars	Less than or equal to the prevailing Market Return	More than the prevailing Market Return
Male	10	15
Female	19	06
Total	29	21

It is observed that the majority of Male respondents invest in those Avenues of Investment where the Return on Investment is more than the Prevailing Market Return. Whereas the majority of Female respondents invest in those Avenues of Investment where the Return on Investment is Less than or Equal to the Prevailing Market Return

**Proportion of Savings To Income**

**Table - 11**

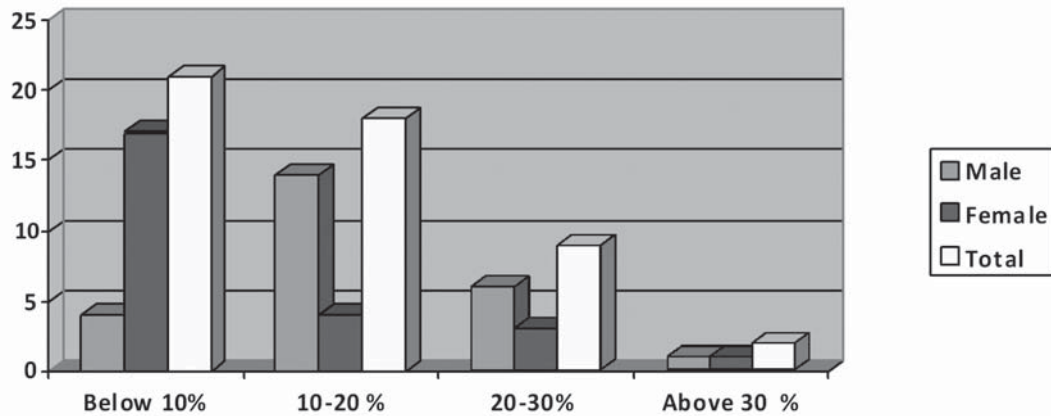


It is observed that majority of the Male respondents have proportion of savings to income in range of 10-20% while majority of Female respondents have proportion of savings to income in range of Below 10%.

Proportion of investment to income

Table - 12

Particulars	Below 10%	10-20 %	20-30%	Above 30 %
Male	04	14	06	01
Female	17	04	03	01
Total	21	18	09	02

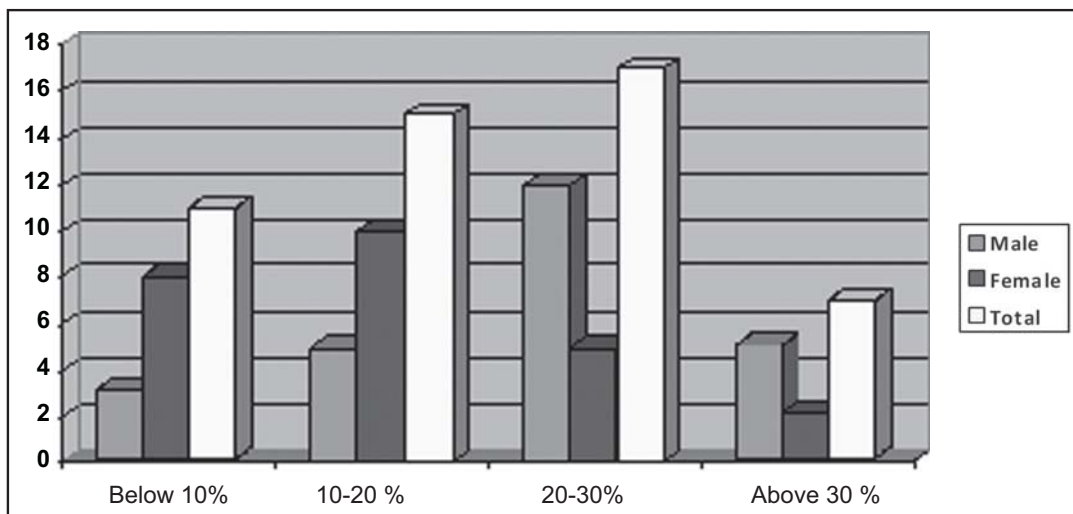


It is observed that majority of the Male respondents have proportion of investment to income in range of 10-20% while majority of Female respondents have proportion of investment to income in range of Below 10%.

Proportion of Investment To Savings

Table - 13

Particulars	Below 40%	40-50 %	50-60%	Above 60 %
Male	03	05	12	05
Female	08	10	05	02
Total	11	15	17	07



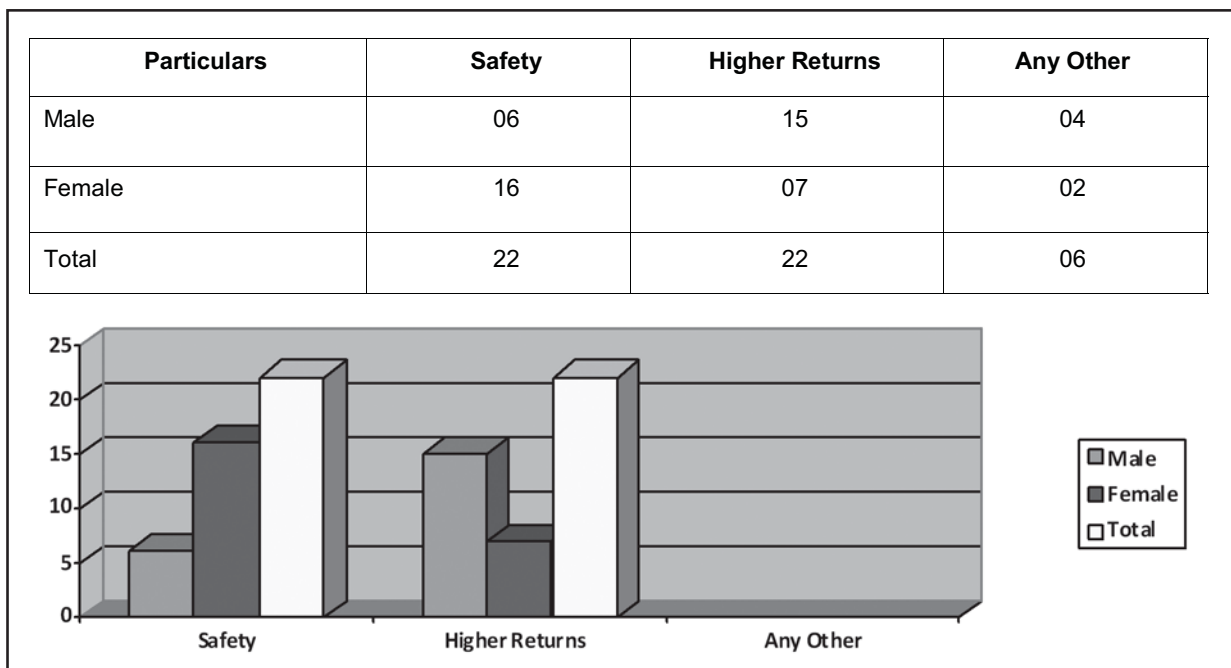
IRJC

Asia Pacific Journal of Marketing & Management Review Vol.1 No. 2, October 2012, ISSN 2319-2836

It is observed that majority of the Male respondents have proportion of investment to savings in range of 50- 60 % while majority of Female respondents have proportion of investment to savings in the range of 40-50% .

**Reason for Investment**

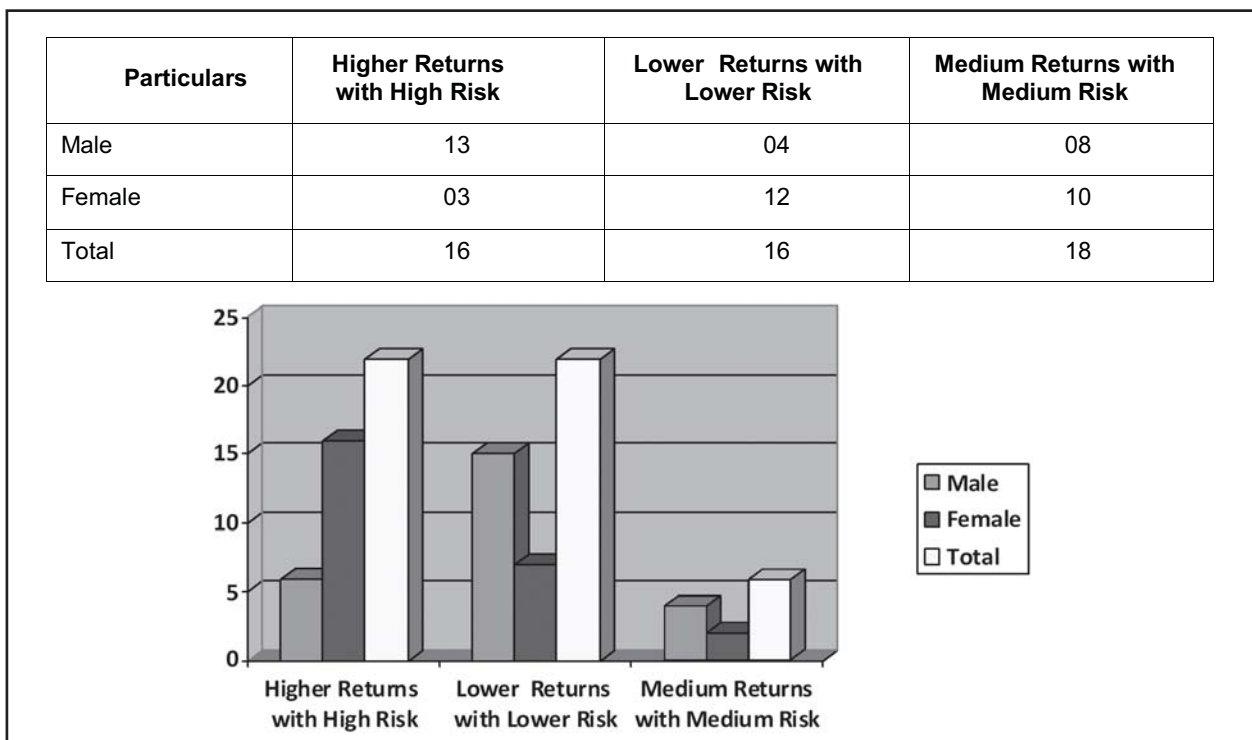
**Table - 14**



It is observed that the majority of Male respondents invest for getting higher returns on their funds/savings where as majority of female respondents invest for safety of their funds/savings.

**Preference of Investment**

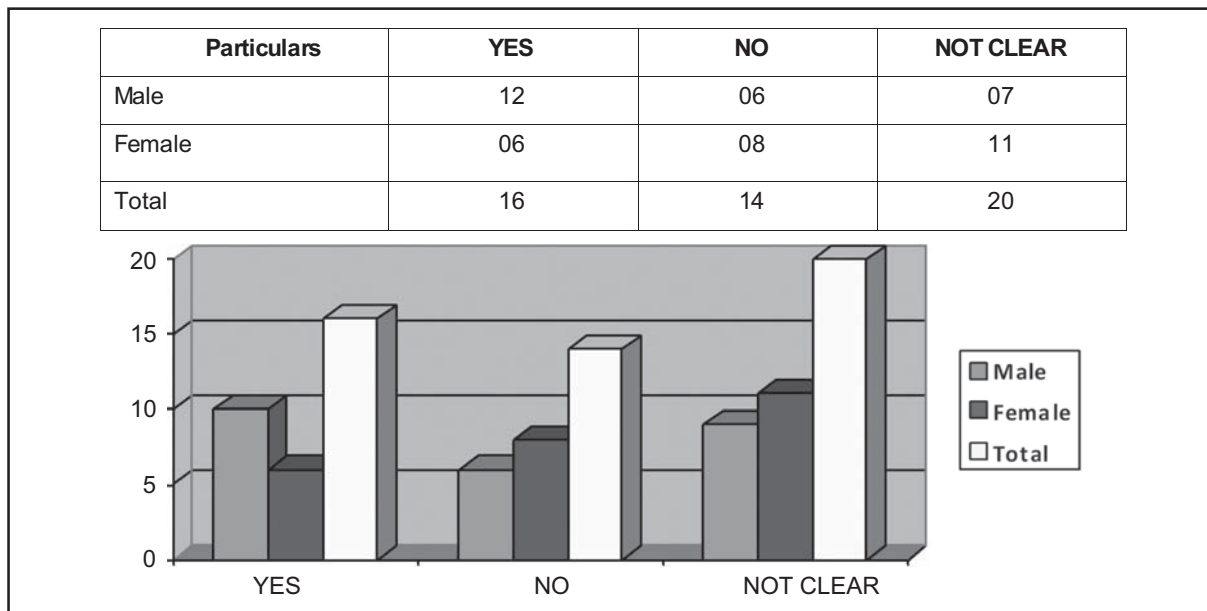
**Table - 15**



It is observed that the male respondents prefer Higher Returns with High Risk while the female respondents prefer Lower Returns with Lower Risk.

**Satisfaction from Investment**

**Table - 16**



It is observed that the Male respondents are satisfied with their savings and investments while the female respondents are not clear on the matter.

**Conclusions**

The economy is prospering, the job market is booming and salaries are touching a new high. The new breed of Indian youth has its pockets full and is intelligent enough not to let its money rust in bank accounts. Investment is on their mind and an option that has the potential to multiply their savings and provide maxi-mum tax rebate is the one they crave. Traditional saving options like post office schemes and fixed deposits are now passé. ?Options like post office schemes and fixed deposits are not very popular with the youth as the rate of interest on them is lower as compared to other in-vestment options available. Safety and security which were once upon a time the main reasons for investment are no longer the major criteria that determine the choice of investment. With money in hand and age on their side, the young investors are not hesitant in taking risk. ?Fixed deposits are not a very attractive investment option for youngsters these days. Most of the people who opt for fixed deposits are senior citizens is revealed in one of the surveys conducted in India. Saving tax is one of the major reasons behind investment by the youth. Traditional saving schemes do not provide any tax benefits and are, therefore, keeping the youngsters away from them. ?Why should I invest in fixed deposits and post office schemes when they provide no tax rebates and the rate of return on

them is fixed and also lower than other investment options, is what Young saver and investor has to say.

**REFERENCE BOOKS**

1. Francis, J C; Taylor, R W (2004) – Schaum’s Outline of Theory and Problems of Investments New Delhi : Tata McGraw Hill.
2. Alexander, G J (2002) – Fundamentals of Investments. New Delhi: Prentice – Hall of India.
3. Chandra, Prasanna (2004)– Managing Investments New Delhi: Tata McGraw Hill.
4. Avadhani, VA (1995)- Investment for Beginners Bombay : Himalaya Publishing House.
5. Avadhani, VA (1996)- Investment Management Bombay : Himalaya Publishing House.
6. Chandra, Prasanna (1995)– The Investment Game : How to Win. New Delhi : Tata McGraw Hill.
7. Tier, Mark (2006)– The Winning Investment Habits of Warren Buffet and George Saros New Delhi : Kogan Page.

**WEBSITES**

1. [www.wikipedia.com](http://www.wikipedia.com)
2. [www.icai.org](http://www.icai.org)
3. [www.thehindubusinessline](http://www.thehindubusinessline)



**Prof. T. Rajeswari,**  
Managing Editor,



**PRIMAX INTERNATIONAL JOURNAL OF  
COMMERCE AND MANAGEMENT RESEARCH**

No.25/A, Boothappa Temple Road, 80 Feet Ring Road,  
Jnanabharathi Post, Nagadevanahalli, Bangalore -56,  
Karnataka, India. Ph: 08971725451

Email: [primaxecf@gmail.com](mailto:primaxecf@gmail.com), [kvr08@rediffmail.com](mailto:kvr08@rediffmail.com)  
[www.primaxijcmr.com](http://www.primaxijcmr.com)

ISSN 2321360-4



9 772321 360002