Humanities and Social Science Studies

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A STUDY ON" SAVINGS AND INVESTMENT PATTERN AMONG THE WORKING CLASS PEOPLE IN BELAGAVI CITY

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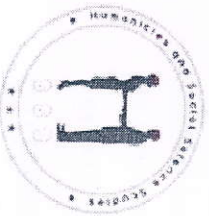
Published in

Humanities and Social Science Studies journal

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A STUDY ON" SAVINGS AND INVESTMENT PATTERN AMONG THE WORKING CLASS PEOPLE IN BELAGAVI CITY"

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Abstract :

Investment is an economic activity and it is fascinated by people as a sphere of intense activity. The main aim of any saver is to do investment as these small investments made today are to meet their upcoming expenditures. The amount of outlay and proportion of savings largely depends upon the income levels of people. Investments are made out of savings, or in other words, people invest their savings. The investor has a number of investment substitutes, from traditional investments to emerging options of recent years. The present study is focused on savings and investment pattern among the working class people in Belagavi city to analyze their investment pattern and create awareness among people in savings for a better living. A sample size of 60 salaried respondents has been selected using simple random sampling technique. The Data has been collected using a structured questionnaire. The findings of the study highlights that majority of respondents prefer to invest in bank deposits and LIC, and consider it a safe and secured investment for future.

Keywords: Avenues, Investment, risk , Savings , etc.

INTRODUCTION

Economic growth of a country is regulated by savings and its transformation into investment. Investment is a term with several closely related meaning in finance and economics. It refers to the accumulation of some kind of asset in hope of getting a future return from it. Behavior of individuals towards investment relates to how they use their savings to attain their financial objective.

According to Reddy and Krishnudu " Investment Behaviour refers to the attitudes, perceptions and willingness of the individuals in planning their savings in various assets ".The objective of the investment includes demographic factors like age, occupation, gender and income of the savers. The main objective of this research paper is to know and comprehend the investor's investment awareness about different investment choices, and to provide an idea about all the factors considered by investors for an appropriate investment.

Investment is defined by Fisher and Jordon as " A commitment of funds made in the expectation of some positive rate of return". Return on investment is an essential element of an investment. As the return is expected to be realized in future period, there is a possibility that the return actually realized is

lower than the return expected to be realized. The possibility of imbalance in the actual return is known as investment risk. Thus, every investment involves risk and return.

A few of the investments like bank deposits, post office certificates, company deposits, life insurance, mutual fund, chit fund and real estate and so on, yield only income. If the investments are in the form of assets such as shares in companies, land and buildings and the like, they record capital appreciation. Investment made in the government securities, listed on a recognized stock exchange are easily transferable and marketable. A part of investments whose value fluctuates widely and returns are uncertain are regarded as risky investments. Investment in marketable securities is regarded as financial investment, expected to yield income in the form of interest or dividend along with appreciation in their values.

OBJECTIVES OF STUDY

The objective of the study is to understand the investment pattern and awareness towards working class investors in Belagavi City. The following are the objectives of the research work :

- To know the investment pattern among working class people.
- To create awareness about various avenues of investment
- To encourage savings habit among various groups.
- To analyze the investment motives and pattern among risky and risk averse Investor based on time period.
- To compare and interpret between traditional and emerging avenues.

NEED OF THE STUDY

Salaried employees in general fix the flow of income & their investments pattern. In connection with this, researcher has tried to find out investment behavior of salaried investors in Belagavi city. It will be helpful to recognize the investment preferences of investors.

RESEARCH METHODOLOGY

RESEARCH DESIGN

The research paper is based on exploratory study as well as descriptive study. An expository research is carried out to describe about the phenomenon. This study is hence done to understand the investment behavior of the different salaried groups and its approach towards investment avenues.
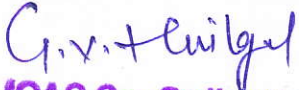
SAMPLE SIZE

The study sample comprised of 60 salaried people in Belagavi city. Out of 60 employees only 52 respondents filled the questionnaire completely. Thus, the sample was limited to only 52 employees.

SAMPLING TECHNIQUE

Sampling technique is a technique used to select the sample size. Convenient sampling technique is used in this research. Investors were selected according to the convenience of the research study.

SAMPLING DESIGN: As the information is to be taken from Investors, a questionnaire has been prepared for studying the saving habits and investment pattern of salaried class people at Belagavi city.

DATA COLLECTION SOURCE: The research paper is based on both secondary and primary data. The secondary information has been collected from different published materials vis. Books, Journals, magazines & websites etc. Primary data is collected through a structured questionnaire.

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STATISTICAL TOOLS AND TECHNIQUES:

The collected data were analyzed by using statistical tools like SPSS16, Tables, Percentages, charts and diagrams.

LIMITATIONS OF THE STUDY

- They survey was limited to a particular region only.
- The research has been confined to a limited number of respondents and it may not be generalized.
- Non- response of some of the respondents for the questionnaire required for the study.

REVIEW OF LITERATURE

Prof. Sanket L.Charkha (2018) explored "A Study of Saving And Investment Pattern Of Salaried Class People With Special Reference To Pune City (India), it is observed by the researcher that investment avenues are selected by the individuals based on self- assessment test. It is found that safety of investment followed by good return is the major factor for investment. The sample size chosen by the respondents is 60 salaried employees.

Dr. Aparna Samudra and Dr. M. A. Burghate (2012) in the article" A Study on Investment Behaviour of Middle Class Households in Nagpur" identifies whether there has been any increase in their savings and the reasons for the same. Thus, bank deposits remain the most popular instrument of investment followed by insurance whereas post office saving deposits are the third preferred investment option. Thus, it was found that most of the investors invest in bank Deposits.

Dr. M.Ramesh and N.Geetha (2011) in the article entitled "A Study on People's Preferences in Investment Behaviour" have identified that the person dealing with the planning must know all the various investment options and how these can be chosen for the purpose of attaining the overall objectives. This study examined on the factor that influences investment behaviour of the people and to study the attitude of the respondents towards different investment choices.

C.S.Sathiyamoorthy &K.Krishnamurthy, 2015 The study reveals that bank deposit still remains the most preferred investment avenue of the households and main purpose of investment is for children education, marriage and security after retirement.

DATA ANALYSIS AND INTERPRETATION

Monthly Income

Table 1: Table showing the monthly income of the respondents.

Monthly_Income					
		Frequency	Percent	Valid Percent	Cumulative Percent
	<10,000	5	9.6	9.6	9.6
	10,000- 20,000	28	53.8	53.8	63.5
	20,000 - 30,000	6	11.5	11.5	75.0
	30,000- 40,000	8	15.4	15.4	90.4
	>50,000	5	9.6	9.6	100.0
	Total	52	100.0	100.0	

Source: Primary data

From the above table, it shows that out of 52 respondents, 28(53.85%) respondents have monthly income between Rs.10000- Rs20000, 8(15.38%) respondents have monthly income between Rs30000-Rs40000, 6 (11.5%) respondents have monthly income between Rs20,000- Rs 30,000 , 5(9.6%) respondents have monthly income more than Rs 50,000 and 5(9.6%) respondents have monthly income of less than Rs. 10,000 .So it is interpreted that majority of respondents earning range is between 10000-20000 per month.

CONSUMPTION OF INCOME

Table 2 : Table showing percentage of income spend for consumption

Percentage of Income spent		Frequency	Percent	Valid Percent	Cumulative Percent
	10-20%	8	15.4	15.7	15.7
	20-30%	9	17.3	17.6	33.3
	30-40%	10	19.2	19.6	52.9
	40-50%	24	46.2	47.1	100.0
	Total	51	98.1	100.0	
Missing	System	1	1.9		
Total		52	100.0		

Source: Primary data

From the above table it is clear that out of 51 respondents, 24(46.2%) respondents have a monthly expenditure of 40-50%, 10(19.2%) respondents spend between 30-40% for monthly expenses, 9(17.3%) respondents spend in the range between 20-30% and 8(15.4%) respondents spend only 10-20% for monthly expenses.

PERCENTAGE OF INCOME SAVED

Table 3 : Table showing percentage of income saved

Percentage of Income Saved		Frequency	Percent	Valid Percent	Cumulative Percent
	0-10%	8	15.4	15.4	15.4
	10-20%	14	26.9	26.9	42.3
	20-30%	14	26.9	26.9	69.2
	30-40%	16	30.8	30.8	100.0
	Total	52	100.0	100.0	

Source: Primary data

From the above table, it shows that out of 52 respondents, 16(30.8%) respondents save between 0-10% of monthly income, 14(26.9%) respondents save between 20-30% and 30-40% respectively. It is

interpreted that higher the income, greater is the percentage of savings.

SAVINGS INVESTED

Table 4 : Table showing percentage of savings Invested

Investment_of_savings		Frequency	Percent	Valid Percent	Cumulative Percent
	Yes	37	71.2	72.5	72.5
	No	14	26.9	27.5	100.0
	Total	51	98.1	100.0	
Missing	System	1	1.9		
Total		52	100.0		

Source: Primary data

From the above table it is evident that out of 51 respondents, 37 respondents(71.2%) have invested the savings and only 14 respondents have not invested their savings so far.

FACTORS CONSIDERED FOR INVESTMENT

Table 5 : Table showing Factors considered for Investment

$factors Frequencies		Responses		Percent of Cases
		N	Percent	
Factor	Income and low invest-ment risk	22	39.3%	46.8%
	moderate income and moderate risk invt avenue	15	26.8%	31.9%
	high income and high risk investment avenue	16	28.6%	34.0%
	Traditional investment avenue	3	5.4%	6.4%
Total		56	100.0%	119.1%

Source: Primary data

From the above table it shows that out of 52 respondents, 22(39.3%) respondents   consider income and low risk factor towards investment, 16(28.6%) respondents consider high income and high risk, 15(26.8%) respondents moderate risk and moderate income (i.e are risk averse investors and 16 respondents (28.6%) are ready to bear a high risk for higher returns.

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Note: The respondents are given with the multiple options to choose for the factors influencing for investment. The Value of N is 56 in the above table.

INVESTMENT AVENUES

Table 6 : Table showing Pattern of Investment avenues

Investment Avenue Frequencies				
Avenue		Responses		Percent of Cases
		N	Percent	
	Insurance	20	17.7%	41.7%
	Bank	34	30.1%	70.8%
	Post office savings	14	12.4%	29.2%
	Real estate	5	4.4%	10.4%
	Govt Securities	3	2.7%	6.2%
	Gold and Silver	13	11.5%	27.1%
	Mutual funds	17	15.0%	35.4%
	Equities	7	6.2%	14.6%
Total		113	100.0%	235.4%
Dichotomy group tabulated at value 1. Note: As multiple options are given to the respondents for investment in different investment avenues, the total value of N is increased to 113.				

FACTORS INFLUENCING THE INVESTMENTS

In order to use factor analysis the data should satisfy KMO and Bartlett's Test

The data is said to satisfy KMO test if the measures of sampling adequacy value is approximately greater than or equal to 0.5.

The data is said to satisfy Bartlett's Test of Sphericity if the significant value is less than 0.05.

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.424
Bartlett's Test of Sphericity	Approx. Chi-Square	31.765
	Df	10
	Sig.	.000

The data satisfies Bartlett's Test of Sphericity as the significant value is 0.000 which is less than 0.05. Thus, we can proceed with factor analysis.

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.594	31.875	31.875	1.594	31.875	31.875
2	1.311	26.230	58.105	1.311	26.230	58.105
3	1.131	22.617	80.722	1.131	22.617	80.722

4	.594	11.875	92.597			
5	.370	7.403	100.000			
Extraction Method: Principal Component Analysis.						

Here the factors are classified into three components, the first component shows a variance of 31.875%, second component shows a variance of 26.230% and third component shows a variance of 22.617%.

The total variance of entire group is 80.722%.

FINDING

As per factor analysis, investors give first priority to safety of their principal amount. The second priority is for regular income. And the third priority is towards secured future.

LONG TERM GOALS OF INVESTMENT

Table no 7 : Table showing Long term goals of Investment

Longterm Frequencies				
		Responses		Percent of Cases
		N	Percent	
Long term[a]	Retirement corpus	25	32.5%	52.1%
	Children Education	24	31.2%	50.0%
	Children Marriage	8	10.4%	16.7%
	Dream House	20	26.0%	41.7%
Total		77	100.0%	160.4%
a. Dichotomy group tabulated at value 1.				

Source: Primary data

From the above table, it is clear that almost 25(32.5%) respondents save and invest towards retirement corpus, 24(31.2%) invest for a good education of children, 20(26%) respondents invest for a dream house and only 8(10.4%) invest with the goal of children's marriage.

FINDINGS

- It is inferred that 15% of respondents save 0-10% of their income, 30% save 10-20%, 30% of respondents save 20-30% and 31% of respondents save 30-40% .
- In the study the researcher has investigated 52 respondents of Belagavi city & it reveals that (i.e.82.69%) are aware about modern investment avenues whereas 17.31% are unaware.
- The study reveals that 72.5% of respondents invest their savings and 27.45% of have not taken the initiative to park their savings.
- The study show that, 39.3% of respondents are risk-averse investors who consider Income and low investment risk as the main factor before making an investment, 28.6% of respondents are risky investors, who consider high risk for high income as the main factor before investing.

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- The study also reveals that 30.1% of respondents opted to invest in Bank deposit, 17.7% of respondents prefer to invest in LIC, 15% in Mutual fund, 12 % in post office savings, 11.5% in gold and silver, 6.2% in Equities and 4.4% in Real estate.

- The study indicate that majority of the respondents invest in short term avenues like Fixed deposit and Recurring deposit which constitute 35.1% and 32.4% respectively, with a short term goal of investment to ensure return and liquidity.

- It is inferred that Fixed deposit and LIC is given top priority for medium and long term avenues of investment with 18.9% each respectively. Mutual funds is another contributing avenue towards modern investment option of 16.2% followed by PPF 13.5%, Gold and silver 11.7% because of rich cultural tradition in India.

- The long term investment is made by respondents towards retirement corpus which constitute 32.5% of respondents for a healthy post retired life, children education with 31.2%, Dream house with 26% and children marriage 10.4%.

- As majority of respondents are aware of modern avenues and it found that 34.1 of respondents invest in SIP, 26% of respondents invest in mutual funds, 15.9% in equities, 11.4% in health insurance, 8% in NSC and 4.5% in chit fund.

- Researcher has found that 54.8% and 25.8% of respondents prefer to invest their money for monthly and yearly basis respectively.

CONCLUSION

After the analysis & interpretation of data it is concluded that investors are very well aware about investment avenues that are available ,but still majority of investors are preferring to invest their money in bank deposit, LIC etc . It is found that most of the respondents have the habit of investment and frequently they are investing in bank deposit. Investment in mutual funds through the way of Systematic Investment Plan (SIP) is the most favored investment option by the youngsters. Hence, it is concluded that most of the investors prefer secured regular income on investment in the study Area.

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