A STUDY OF PREFERENCE OF SAVING AND INVESTMENT AVENUES BASED ON RISK & RETURN WITH REFERENCE TO SALARIED INDIVIDUALS

Dr. Meenakshi Sharma[*]
Mehak Gulati[**]

ABSTRACT

Saving and investment are part and parcel of everybody's life. All saving and investment decisions are related to the risk and return factors related with them. Each and every person is investing in one or the other asset for their future securities. In today's era investors want investment avenues which provide high amount of profit and low level of risk .The researcher wants to measure the perception about the risk and return in different investment avenues.

KEYWORDS: *Investment Avenues, Investors, Salaried Individual, Saving, Risk, Return.*

_____

Introduction

Investment is very popular in these days . Every person is doing investment in some or the other ways. Some are investing in property, some are investing in mutual funds, fixed deposits, stocks etc. Basically investment is keeping aside some amount of money for future which will give better returns or we can say it is a monetary asset purchased with a motive of generating income. There are various and different types of investment options available in the market:

- **Mutual Fund:** A mutual fund collects money from different investors and invests them on their behalf and charges very small amount of money as fees. It is basically for investors who are very new in investing.

- **Stocks:** The stocks come under the stock market where investors do trading by purchasing and sell securities and debt issued by different corporations.

- **Fixed Deposit**: It is an instrument which is issued by banks and non banking financial institutions where individuals can deposit their some amount of money for high rate of interest and individuals can deposit their money for a particular time period.

- **Real Estate**: This investment comprises of purchase or sale of land and buildings or giving it on lease for earning a particular amount of income or profit when the person is in need.

- **Savings:** Saving as said is the left over amount after spending or expenditure. Saving some funds out of the total income can help one to become financially secure and also provides safety in case of uncertain future needs. One of the reasons why we need to save money is to act as Emergency cushion - This could be for many reasons like sudden medical expenses, a new roof for your house, or loss of income. The most common and popular type of saving option among all the individuals is bank accounts.

- **Risk:** Risk is of many forms but broadly it can be categorized as the chance of an outcome or investment's actual return may differ from the expected return. In other words it can be said that risk includes the possibility of losing some or all of the original investment done by an individual.

[*]   Associate Professor, The IIS University, Jaipur, Rajasthan, India.
[**]   Research Scholar, The IIS University, Jaipur, Rajasthan, India.

- **Return:** A return is known as the monetary or financial return, in simpler words it can termed as the money made over and above on initial value of an investment. In other words a return can also be termed as the change in monetary value of an investment over time. The return can be easily expressed as a percentage derived from the ratio of profit to investment.

Review of Literature

Sood, P. B., & Medury, Y. (2014) identified that the salaried individuals working in public sector tend to invest in more traditional investment options available in the market which are also safe in nature and carry less risk with them whereas on the other hand the individuals working in private sector tend to invest in new investment options available in the market and do possess more risk bearing capacity.

Patel, C. P., & Patel, C. Y. (2012) opines that high risk relates to high return i.e. higher the risk the higher would be chances for the higher return but at the same point of time there should be no greed among the individuals investing money in various investment and should take the decisions very rationally.

Mak, M. K., & Ip, W. (2017) identified that various factors like demographic factors (age, gender, education ect), economic factors (level of income of individuals) plays vital role while taking investment decisions and they differ from investor to investor. These factors plays important role in behavior of the investor.

Bashir, D., Ahmed, H. R., Jahangir, S., Zaigham, S., Saeed, H., & Shafi, S. (2013) identified that under developed cities are not aware about risk-averse investment options. Individuals in under developed or less developed cities still prefer to invest in safe options. Out of all the investors taken up for the study it was concluded that salaried individuals want to safely park their money so they look up for safe investment options which are less risker be the return also less over these investments.

Objective

The main objective of the study is to measure and evaluate the perception about risk and return in different saving and investment avenues.

Research Methodology

This study is based on both primary and secondary data. The Primary data has been collected from 391 respondents through a structure questionnaire covering different groups of salaried individuals working in different sectors. The secondary data used have been collected from various journals, journals, books and websites. The samples sizes of 391 respondents who were taken for the research work to be carried out. The sampling technique followed in this study is snowball sampling.
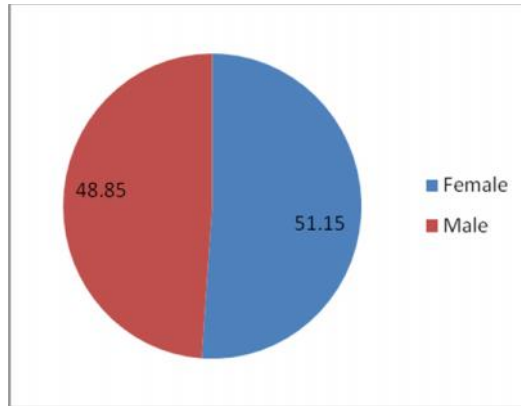
Statistical Tools Used

There are various statistical tools available for analyzing the data. The tools used to analyze data were percentage, mean and mode.

Results and Discussion

Table 1

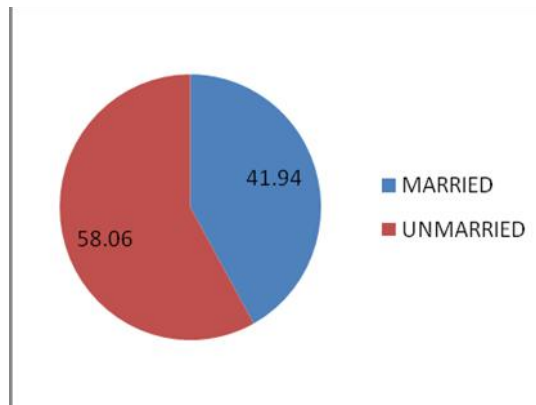| Sex		
	Frequency	**Percent**
Female	200	51.15
Male	191	48.85
Total	**391**	**100.00**

Source: Primary Data

Inference

The above table shows that majority of the respondents are females who are doing investment.

Table 2

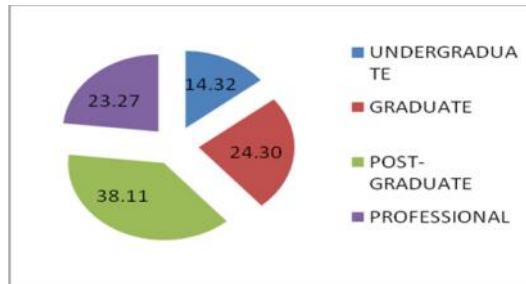| Marital Status		
	Frequency	**Percent**
Married	164	41.94
Unmarried	227	58.06
Total	**391**	**100.00**

Source: Primary Data

Inference

The above table shows that majority of the respondents are unmarried who are doing investment.

Table 3

Education		
	Frequency	**Percent**
Undergraduate	56	14.32
Graduate	95	24.30
Post-graduate	149	38.11
Professional	91	23.27
Total	**391**	**100.00**

Source: Primary Data

Inference

The above table shows that majority of the respondents are post graduates.

Table 4

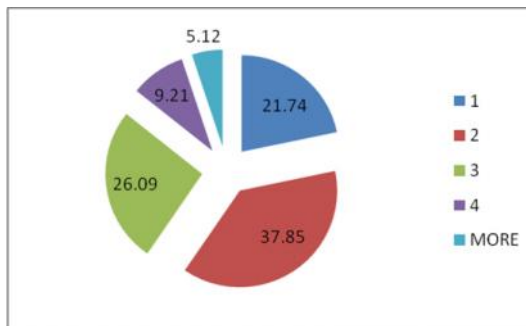| Sector		
	Frequency	**Percent**
Public	290	74.17
Private	101	25.83
Total	**391**	**100.00**

Source: Primary Data

Inference

The above table shows that majority of the respondents belong to the public sector.

Table 5

Earning Members		
	Frequency	**Percent**
1	85	21.74
2	148	37.85
3	102	26.09
4	36	9.21
More	20	5.12
Total	**391**	**100.00**

Source: Primary Data

Inference

The above table shows that majority of the respondents have 2 earning members in the family.

Avenues	Risk		Return	
	Mode	%	Mode	%
Shares	4	37.60	3	45.27
Debenture	3	38.36	3	38.36
Mutual Fund	3	33.50	3	34.02
Gold	2	33.50	2	32.74
Insurance Policy	1	44.50	3	38.36
FD	2	36.32	3	49.62
Post office small	1	45.01	3	40.66
Pension Funds	1	57.03	3	35.55
PF	1	52.17	3	36.06

It is evident from the above table that out of all the avenues available the salaried individuals taken for study said that they find shares & equities most risky avenue available for investment. It was found that debentures, mutual funds were also found risky by them. Avenues like gold & silver, FD were found less risker from the investment point of view, whereas, Insurance policies, post office & small savings, pension funds and PF were found out to be least risky as compared to all the avenues available.

Conclusion

Investment is a necessity in every individual's life which helps as a security in his bad times in the future and in today's era investor is very well aware where he should invest but still wants to invest in those avenues which are less risky and more profitable like PF, FD, Gold, silver etc. The govt. should create more awareness about the investment plans and make the investor understand the importance of every investment and saving investor made in his life for future.

References

¤   Bashir, D., Ahmed, H. R., Jahangir, S., Zaigham, S., Saeed, H., & Shafi, S. (2013). Investment Preferences and Risk Level : Behavior of Salaried Individuals. IOSR Journal of Business and Management, 10(1), 68-78. Retrieved January 07, 2019, from http://www.iosrjournals.org/iosr-jbm/papers/Vol10-issue1/H01016878.pdf

¤   Mak, M. K., & Ip, W. (2017). An exploratory study of investment behavior of investors. International Journal of Engineering Business Management, 9, 1-12. Retrieved January 07, 2019, from https://journals.sagepub.com/doi/pdf/10.1177/1847979017711520.

¤   Patel, C. P., & Patel, C. Y. (2012). A study of investment perspective of salaried people (Private Sector). Asian Pacific of Marketing & Management Review, 1(2), 126-146. Retrieved January 07, 2019, from http://indianresearchjournals.com/pdf/APJMMR/2012/October/11.pdf

¤   Sood, P. B., & Medury, Y. (2014). Investment preference of salaried individuals towards financial products. Research Gate, 95-107. Retrieved January 07, 2019, from https://www.researchgate.net/publication/264356205_Investment_preferences_of_salaried_individuals_towards_financial_products.

¤   www.economictimes.com

◆■◆