A STUDY ON AWARENESS AND PREFERENCE TOWARDS SAVINGS AND INVESTMENTS OF PRIVATE SALARIED EMPLOYEES IN THOOTHUKUDI CITY

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ABSTRACT

Saving form an important part of any economy of any nation with saving invested various option available to people. An investment refers to the commitment of funds at present, in anticipation of some positive rate of return in future today the spectrum of investment is indeed wide. Private salaried employees are aware about the different investment avenues. People are earning more, but they do not know where, when and how to invest it, the study aims to learn about Awareness and preference towards savings and investments of private salaried employees. The study conducted with the sample size of 120 private salaried employees. The study concluded that certain factors like age, gender, marital status, level of income and level of market knowledge make significant impact while deciding the investment avenues.

KEYWORDS: Savings, Investments, Private salaried employees, Investment avenues

INTRODUCTION

Savings means to set aside a part of earned income for future purpose. People often save money, to fulfil their unexpected or sudden expenses or urgent money requirements. Savings can be used to increase income through investing. Investment means the engagement of our money with the objective of getting extra income or increment of valuation over a certain duration of time. Investment is defined as "a commitment of funds made in the expectation of some positive rate of return". The best investment is the one which gives maximum return with the minimum amount of risk. Investments are the key indicators and play a significant role in the growth of economic development of any country which ultimately generates an additional income which leads to wealth creation. There are wide variety of investments avenues are available in the India. The success of every country depends upon savings and investment. Investment is employment of funds with the aim of earning additional income. "No pain no gain' is the basic principle of investment. High profit comes with high risk. Every Private salaried employee should know the investment avenues with their merits and demerits and different provisions of tax planning available in the laws. Every employee has a unique choice of investment avenues based on needs and goals. The investors' decisions depend on the risk and return relationship of various investment avenues influenced by the psychology of the investors.

STATEMENT OF THE PROBLEM

This study aims to find out the level of awareness and preference towards savings and investment of private salaried employees, and identify the factors that influence their decision-making process in Thoothukudi city. There are many investment avenues available for investors in order to secure their savings for future expenses. Furthermore, People who work in private sector are not supported in terms of future income in retirement. As a result, it has become critical for people to save money to generate income for their future lives. This study tries to analyse whether private employees are aware of various avenues available to them for saving and investing, as well as to emphasize the importance of savings and investment for their future.

OBJECTIVES

1. To know the level to which the private salaried employees are aware of various investment options that are available in the market.
2. To know the preference of private salaried employees towards investment.

RESEARCH METHODOLOGY

Sampling design	Convenient sampling method
Period of study	December 2023- March 2024
Data used	Primary and Secondary data
Test for analysis	Percentage analysis, Likert's scaling method, Chi square test, Garett ranking method

LIMITATIONS OF THE STUDY

- Time is one of the major constraints, which limit the entire data collection
- The sample size is restricted to 120. Due to time constraints, the most essential information has been taken for the study
- Reliability and accuracy of the analysis depends on the respondent's openness and trueness towards each question in the questionnaire
- Some information cannot be accessed due to its confidential nature

- Some respondents felt annoyed to respond to the questionnaire
- The study is limited to salaried people who are employed in private sector in Thoothukudi city

RESULTS AND DISCUSSIONS:

Level of Awareness on Different Investment Option

Level of Awareness	No. of. Respondents	Percentage (%)
High	28	23.3%
Moderate	69	57.5%
Low	18	15%
Nil	5	4.2%
Total	120	100%

Source: Primary data

INFERENCE:

The above table infers that 23.3% of the respondents are highly aware of the different investment option, 57.5% are moderately aware, 15% are less aware, 4.2% are not at all aware. Thus, a major proportion i.e. 57.5% are moderately aware of different investment option.

Preferred Investment Avenues

Investment avenues	No. of. Respondents	Percentage (%)
Fixed deposit	18	15%
Chit funds	5	4.2%
Gold	57	47.5%
Insurance	8	6.7%
Mutual funds	8	6.7%
Post office savings	7	5.8%
Real Estate	10	8.3%
Shares	7	5.8%
Total	120	100%

Source: Primary data

INFERENCE:

The above table infers that 15% of the respondents preferred to invest in fixed deposits, 4.2 % prefer chit funds, 47.5% prefer Gold, 6.7% prefer insurance, 6.7% prefer Mutual funds, 5.8% prefer post office savings, 8.3% prefer real estate, 5.8% prefer shares. Thus, most of the respondents i.e. 47.5% of the respondents prefer gold among different investment avenues.

Factors Influencing Investment

Factors	No. of. Respondents	Percentage (%)
Safety of principle	25	20.8%
Low risk	40	33.3%
High returns	32	26.7%
Maturity period	10	8.3%
Capital appreciation	11	9.2%
Liquidity	2	1.7%
Total	120	100%

Source: Primary data

INFERENCE:

From the above table it is inferred that 20.8% of the respondents considered safety of principle during investment, 33.3% consider low risk, 26.7% consider high returns, 8.3% consider maturity period, 9.2% consider capital appreciation and 1.7% consider liquidity during investment. Thus, most of the respondents i.e. 33.3% consider low risk as a factor influencing investment.

GARRETT RANKING METHOD

Motivational Factors influencing Investment

S.NO	100(Rij-0.5/Nj)	Calculated Value	Garrett Value
1	100(1-0.5)/ 5	10	75
2	100(2-0.5)/ 5	30	60
3	100(3-0.5)/ 5	50	50
4	100(4-0.5)/ 5	70	40
5	100(5-0.5)/ 5	90	25

PARTICULARS	1	2	3	4	5
Safety	84	19	6	5	6
Liquidity	16	37	49	12	6
Social status	5	14	27	44	30
High rate of return	8	32	25	30	25
Profitability	7	18	13	29	53

Particulars	Ranks given by Respondents					Total	Score (%)	Rank
	1	2	3	4	5			
Safety	6300	1140	300	200	150	8090	67.41	**I**
Liquidity	1200	2220	2450	480	150	6500	54.16	**II**
Social status	375	840	1350	1760	750	5075	42.29	**IV**
High rate of return	600	1920	1250	1200	625	5595	46.62	**III**
Profitability	525	1080	650	1160	1325	4740	39.5	**V**

Source: Primary data

INFERENCE:

The above table clearly shows that the respondents were asked to rank the motivational factors that can influence investment among private salaried employees on the given scale 1-5. It reveals that respondents have given top priority for Safety ranked as I with Garrett score of 67.41% followed by Liquidity ranked as II with the score of 54.16%, High rate of return ranked as III with score of 46.62%, Social status ranked as IV with the score of 42.29% and Profitability ranked as V with score of 39.5 % respectively. Thus, Safety is ranked as I.

CHI-SQUARE

Relationship Between Gender and Level of Awareness Regarding Different Investment Options

Observed frequencies (O)

Gender	Level of Awareness				Total
	High	Moderate	Low	Nil	
Male	21	37	9	1	68
Female	7	32	9	4	52
Total	28	69	18	5	120

$X^2 = \Sigma (O - E)^2 / E$

Rows & columns	O	E	O-E	$(O-E)^2$	$(O-E)^2/E$
R_1C_1	21	15.8	5.2	27.04	1.71
R_2C_1	7	12.13	-5.13	26.3	2.16
R_1C_2	37	39.1	-2.1	4.41	0.11
R_2C_2	32	29.9	2.1	4.41	0.15
R_1C_3	9	10.2	-1.2	1.44	0.14
R_2C_3	9	7.8	1.2	1.44	0.18
R_1C_4	1	2.83	-1.83	3.34	1.18
R_2C_4	4	2.16	1.84	3.38	1.56
				$X^2 = \Sigma (O - E)^2 / E$	6.19

Source: Primary data

Degrees of freedom = (r-1) (c-1)

= (2-1) (4-1)

= 1 x 3

= 3

Table value = 7.81

Calculated value = 6.19

INFERENCE:

The table value for 3 degrees of freedom at 5% level of significance is 7.81. It is found that the calculated value (6.19) is less than the table value (7.81), the null hypothesis is accepted. Hence it is concluded that there is no significant relationship between gender and level of awareness regarding various investment options.

FINDINGS

- The major proportion of the respondents i.e. 29.1% of the respondents earns a monthly income of above Rs.50,000

- It is clear from the study that majority of the respondents i.e. 98% of the respondents think that saving is important
- Majority of the respondents i.e.80% of the respondents are aware of various savings and investment options
- It is clear from the study that most of the respondents i.e.47.5% of them prefer gold among different investment avenues
- The study reveals that major proportion of the respondents i.e. 57.5% of them are moderately aware of the different investment options
- Most of the respondents i.e. 62% of them save regularly every month
- Most of the respondents i.e. 46% of the respondents allocate less than 10% of their monthly income towards savings and investment
- The study reveals that most of the respondents i.e. 33.3% of them consider low risk as a factor influencing investment

SUGGESTIONS

- Government should initiate more awareness programs so that all the investment avenues available in the market and factors like safety, liquidity, return, risk etc. should be known to everyone in the society
- To fulfil the dreams of life, every salaried employee must plan their current savings for the prospects of better life
- Financial experts' suggestions should be taken from time to time to gain more knowledge on various investment options available in the market
- The private employee should consider the risk rather than return while choosing the investments
- The private employees should channelize their surplus income in diversified ways so that they may get more returns
- Private Organization must conduct Workshop & Training Programs for employees regarding various Investments. It can be done by collaboration with various Financial Consulting Firms

CONCLUSION

The respondents should be more aware about fixed deposit, gold, post office and having less awareness for stock market. In this study it is found that main purpose of the investment is children's future need. Employees are keen to invest in long term investment and less risk products and also interested to earn the good return on their investments. Long term financial goal is the main factor that influence their investment decision. It is clearly revealed that the employees are more concerned about safety of their investments and obtaining high returns. Gold and bank deposits are most preferred investment option due to its safety, liquidity features. While considering source of motivation some of the employees are influenced by friends or relatives, internet, advisor's recommendation because they didn't have in depth knowledge about the market. The private employees are moderately aware of different investment option available in the market. Thus, the study identifies that employee's investment decisions are based on various demographic factors like age, gender, marital status, level of income and level of market knowledge.

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