

Investment Preferences of Salaried Individuals towards Financial Products in Raipur Area

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Abstract- In the Investment pattern of salaried employee are quite different, the character of employment and income level plays an essential role, but one factor is common for all its regular basis of income may result in eventual investment or monthly saving habit rather than payment saving. This research focused only on salaried persons. Investors are unaware of various investment avenues; meanwhile non-investors are unaware of importance and benefits of investments. There are lots of successful investors in the world. Investment is simple because it just means keeping some money aside so that it grows more valuable after a period of time. At the same time investing is difficult because it challenges our basic human nature – our urge to spend, enjoy and satisfy our needs as early as we can than later. It is difficult because people have to be patient and disciplined for long stretches of time

I. INTRODUCTION

In Today's Business World, Corporate Relationships are critical for a company's Success. Maintaining a strong and healthy relationship with clients is vital to business growth. Financial products act as an investment avenue and provide the required financial security to the investors based on the risk - return profile on financial products. Investment preference differs from person to person, as every individual behaves differently while investing. Investment behaviour of an individual is guided by his own set of circumstances.

The developing countries in world, like India face as seen the enormous task of finding sufficient capital to utilize in their development efforts. Most of countries find it difficult at stage to get out of the vicious circle of poverty that is prevailing of low income, low saving, low investment, low employment etc and the list goes on. With high capital output ratio, that is observed India needs very high rates of investments

that would take and make leap forward in her efforts continues of attaining high levels of growth.

The major features that is seen in an investment are safety of principal amount, liquidity, income and its stability, appreciation and lastly easy transfer-ability. All the investors invest who wish to invest, invest their surplus money in the above-mentioned avenues that are available based on their risk-taking attitude and capacity bearing.

An investment is an asset or item acquired with the goal of generating income or appreciation. Appreciation refers to an increase in the value of an asset over time. When an individual purchases a good as an investment, the intent is not to consume the good but rather to use it in the future to create wealth.

Investment Option Available:

There are a large number of investment instruments available today. The People has to choose proper avenue among the available Options for investment, depending upon their

- Specific need,
- Risk preference,
- and return that are expected.

Different Investment avenues can be broadly categories under the following heads.

1. Equity
2. Debt
3. Mutual Funds
4. Corporate
5. Debentures
6. Company Fixed Deposits
7. Fixed Deposits
8. Post office Savings
9. Public Provident Fund
10. Real Estate
11. Life Insurance
12. Gold/Silver/Others

- Additionally, making an investment decision requires taking into account a number of important factors, including your personal financial objectives, risk tolerance, and budgeting abilities. It's critical to make the right choices today because they could have a big impact on your financial future. Keep in mind who you are and the primary motivations behind your investments.

FACTORS -

For the targeted customer, Risk plays major role for the salaried profile as they are very precaution towards finance investments and spending there money which can give them Rewards and good return. In finance, risk refers to the degree of uncertainty and/or potential financial loss inherent in an investment decision. In general, as investment risks rise, investors seek higher returns to compensate themselves for taking such risks.

Risk factors types-

Market Risk -Market risk is the chance of incurring losses due to factors that affect the overall performance of financial markets, such as changes in interest rates, geopolitical events, or recessions. It is referred to as systematic risk since it cannot be eliminated through diversification.

- i. Interest risk
- ii. Inflation Risk
- iii. Currency risk
- iv. Volatile risk

- Liquidity Risk -The risk of losing one's purchasing power, primarily as a result of rising Repo rate, is the best way to describe risks led by inflation. Investors are typically exposed to the effects of this risk when the rate of returns on investments falls short of the rate of rising inflation.

Currency Risk-The risk in question is the worry that falling exchange rates from government will result in lower investment returns. To explain, it is assumed that when the value of funds denominated in foreign currencies rises, the value of foreign currencies will Fall

Return-

Earning a return is another primary objective of investment. However, not all investments would yield the same return. Generally, the investments that generate higher returns are also riskier, and the investments that offer lower returns are less risky. For instance, bonds provide a fixed return but are less risky than stocks with much higher potential returns.

Investment Objective-

Every investor has a different investment objective. For example, some investors want to invest for their retirement, others want an additional income, some invest only to earn a return, etc. So, investors invest on the basis of their goal. For example, those who invest in retirement would invest in less risky instruments. On the other hand, those who only want to achieve a return would be fine with risky investments.

Age-

Age is also one of the key factors influencing investor preferences of salaried professionals, In the investment world, if you are young, you are at an advantage. This is because you can give your investment more time or you have more time for compound interest to work for yourself. Also, when you are young, you can afford to take more risks. Because at the early stage, there are not many responsibilities and at the same time have enough money at your disposal or a regular source of income to take care of your daily needs and get good return of investment.

Importance of Investment-

Financial investments are made with the future desire of making just financial returns as far as income from the organization in which investment is being done. In the event that a private value speculator purchases a stake in a portable assembling organization the thought process behind this will be to financially benefit from the profit paid out by the organization. In vital investment speculator looks forward for substantially more as contrast with the financial investment. Some of the investment qualities are mentioned which involves Risk reduction as it is a sense of safety.

Following are different types of investment avenues:

TRADITIONAL -

a) FIXED DEPOSITS -

FD is a financial instrument provided by bank or NBFCs, which help to fulfil the requirement of stability, higher rate of return as compared to regular saving accounts and long-term investment for the investor.

b) INSURANCE:

c) An investment-linked plan is a life insurance plan that combines investment and protection. The premiums that insurance holder pay provide them not only with life insurance cover but part of the premiums will also be invested in specific investment funds of their choice.

c) **POST OFFICE INVESTMENT SAVING SCHEMES:** It is offered by department of post on which fixed interest is paid. It is similar to saving bank account. There are many different investment plans under this scheme with different features. □

MODERN-

a) SHARES:

Shares can be described as the financial instrument issued by the company to raise funds from the general public. An equity share holder get dividend and a preference shareholder get fixed rate of interest for the money they invested in shares.

b) DEBENTURES:

It is a liability for a company. The company provides fixed rate of interest to the debenture holder. A debenture is a medium-to long term investment instrument for an investor which can provide Benefits and good returns of investment.

c) MUTUAL FUNDS:

A mutual fund is an investment security that enables investors to pool their money together into one professionally managed investment. Mutual funds can invest in stocks, bonds, cash or a combination of those assets. The underlying security types, called holdings, combine to form one mutual fund, also called a portfolio. These are investment avenues differentiated

on the basis of traditional and modern investment options.

SAMPLE SIZE -

A sample is defined as a smaller set of data that a researcher chooses or selects from a larger population by using a re-defined selection method. These elements are known as sample points, sampling units, or observations. Creating a sample is an efficient method of conducting research. The study aims to gather data from the employees of some organizations. The sample will include employees at different hierarchical levels, such as front-line workers, supervisors, and managers. Sample size calculation will be conducted to ensure an adequate representation of the population and statistical power. As the name indicates, sample size refers to the number of respondents or the size of the sample, which is to be surveyed.

Here the sample size taken for the study was 83.

- Primary: Through Questionnaires
- Secondary: Through Internet, References
- Research Design: Descriptive
- Data Collection Procedure: Survey through structured questionnaire
- Sample Size: 200

II. RESEARCH METHODOLOGY

Excel and SPSS will be used for Data Analysis. Tests like T- test and chi square test will be used to determine the preference of customers.

• PRIMARY DATA

Primary data is data that is collected by the researcher for the first time. It is original data that has not been collected or analyzed by anyone else before. Primary data is often collected through surveys, interviews, experiments, or observations.

There are several advantages to using primary data. First, primary data is collected specifically to address the research question at hand. This means that the data is more likely to be relevant to the research question and to answer the specific research objectives. Second, primary data can be collected in a way that is tailored to the specific needs of the research study. This can

help to ensure that the data is collected in a way that is accurate, reliable, and valid.

However, there are also some disadvantages to using primary data. First, collecting primary data can be time-consuming and expensive. Second, it can be difficult to collect primary data that is representative of the population of interest. Third, the data collection process can introduce bias into the data.

Overall, primary data can be a valuable source of information for researchers. However, it is important to weigh the advantages and disadvantages of using primary data before deciding whether or not to use it in a research study.

Here are some examples of primary data:

- Data collected from a survey of students about their attitudes towards online learning.
- Data collected from interviews with doctors about their experiences with a new medical procedure.

Primary data can be used in a variety of research studies, including:

- Marketing research
- Social science research
- Medical research
- Business research
- Educational research

• **SECONDARY DATA:** -

Secondary data is data that has been collected by someone other than the primary user. It is data that has already been collected and analyzed, and it is often used to support or refute a hypothesis. Secondary data can be found in a variety of sources, including government publications, academic journals, and commercial databases.

Here are some of the advantages of using secondary data:

- It can be more cost-effective than collecting primary data.
- It can be more time-efficient than collecting primary data.
- It can be more accessible than primary data.

Here are some of the disadvantages of using secondary data:

- It may not be relevant to the research question.
- It may not be accurate or reliable.
- It may not be representative of the population of interest.

Overall, secondary data can be a valuable source of information for researchers. However, it is important to weigh the advantages and disadvantages of using secondary data before deciding whether or not to use it in a research study.

Here are some examples of secondary data:

- Census data
- Government statistics
- Market research data
- Financial data
- Medical data

1) How would you rate your interest in investing your savings?

1. Not interested at all
2. Slightly interested
3. Moderately interested
4. Very interested
5. Extremely interested

2) Which of the following investment options do you prefer? (Select all that apply)

- Fixed deposits
- Mutual funds
- Stocks
- Real estate
- Gold or other precious metals
- Crypto currencies
- Government bonds
- Other (please specify) _____

3) How knowledgeable do you consider yourself in making investment decisions?

1. Very knowledgeable
2. Somewhat knowledgeable
3. Neutral
4. Not very knowledgeable

5. Completely clueless
- 4) How much importance do you place on the risk associated with an investment?
 1. Very low importance
 2. Low Importance
 3. Neutral
 4. High importance
 5. Very high importance
- 5) What is your preferred investment time horizon?
 1. Short-term (less than 1 year)
 2. Medium-term (1 to 5 years)
 3. Long-term (more than 5 years)

Section 2: Performance Management Systems and Employee Motivation

- 1) How strongly do you believe that a well-designed performance management system positively affects employee motivation?
 1. Strongly disagree
 2. Disagree
 3. Neutral
 4. Agree
 5. Strongly agree
- 2) How satisfied are you with the performance management system in your current workplace?
 1. Very dissatisfied
 2. Dissatisfied
 3. Neutral
 4. Satisfied
 5. Very satisfied
- 3) How effective do you find the performance management system in improving your productivity?
 1. Not effective at all
 2. Slightly effective
 3. Moderately effective
 4. Very effective
 5. Extremely effective

- 4) How important do you think regular feedback and recognition are for employee motivation?
 1. Not important at all
 2. Slightly important
 3. Moderately important
 4. Very important
 5. Extremely important
- 5) How likely are you to be motivated to perform better if your performance is tied to rewards or incentives?
 1. Very unlikely
 2. Unlikely
 3. Neutral
 4. Likely
 5. Very likely

CONCLUSION

- The study also revealed that the respondents are aware about the selection basis of investment and would prefer investment where return on investment is good. Most of the respondents invest in tax saving investments such as life insurance products. None of the employees are not dissatisfied with such investments. Thus, at last it could be concluded that most of the employees are aware of investments in securities but they are not investing in it as they consider it as an unsafe investment.
- Investments in the form of bank deposits have been found more popular among employees. Attribute safety is the main reason for making investment in bank deposits. Hence it is suggested that employees should channelize their surplus in a diversified way so that they may get good return. The investors have to identify the market situation and price fluctuations in the precious metals. To enhance the saving habits, the saving mode must attract people by providing many offers and new attractive schemes.
- As a salaried individual, you may enjoy a fixed and regular income. This would mean that you receive a fixed amount of money to meet your everyday expenses as well as to fulfil the dreams of your loved ones and yourself. Hence, it becomes

important to make investments that are customised for you. Since your income pattern varies from that of a self-employed or a professional, your investment strategy is required to be different. Your investment plan should be among the investment options for salaried person that have features customised to your earning pattern.

RECOMMENDATION

To identify the objectives of investment and the most preferred investment avenues of investors – Return is the main objective of the investors because most of the investors give 1st preference to the Return and they take moderate risk to earn high return because salaried person have limited monthly income source and the amount of the earning also limited and they fulfill all the requirement of the family on single handed so they try to invest wisely and get maximum return with moderate risk. The data study shows that safety is a crucial consideration when making investments. The ideal investment management tenet is "No Pain, No Gain," and salaried investors adhere to it.

To analyses the relationship between income, savings and investment of investors across demographic factors – Income, savings and investment all the terms are inter connected with each other. Income is the main portion of this chain because income, savings and investment are positively correlated. That means when income portion increase at that times in normal course of business saving or investment also increase because more money you invest and more return you generate but when income increase

As a salaried individual, you may enjoy a fixed and regular income. This would mean that you receive a fixed amount of money to meet your everyday expenses as well as to fulfil the dreams of your loved ones and yourself. Hence, it becomes important to make investments that are customised for you. Since your income pattern varies from that of a self-employed or a professional, your investment strategy is required to be different. Your investment plan should be among the investment options for salaried person that have features customised to your earning pattern.

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