

A Study on Investment Pattern of Private Sector Employees in Ballari City

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Abstract:

The current study is conducted to investigate about awareness of investment among private employees and analyze the level of investment awareness into different investment avenues. This study focused on different aspects such as investment preference, obstacles encountered by investors during investment, familiarity of investment options, factors influencing to invest in different asset classes etc. Major findings of above study are that investors prefer to invest in class of assets which gives regular returns rather than investing in high return stocks. They prefer to modify portfolio for every quarter.

Introduction:

Investing is a fundamental economic endeavour, involving the strategic allocation of funds in anticipation of favourable returns. The primary objectives of investing typically revolve around acquiring a home, securing a steady income post-retirement, and funding a child's education. Employee investment behaviours are shaped by their expectations from various investment avenues. Factors such as potential returns, tax benefits, risk levels, safety, liquidity, and marketability often influence investment preferences. Additionally, successful investing hinges on individuals' level of financial literacy, awareness of available investment opportunities, and their ability to evaluate and select suitable options. According to Sharpe, "Investment is sacrifice of certain present value for some uncertain future values".

F. Amling defines investment as "purchase of financial assets that produces a yield that is proportionate to the risk assumed over some future investment period."

Developing countries like India face the significant challenge of securing adequate capital for their development endeavours. Many of these nations struggle to break free from the cycle of poverty characterized by low income, limited savings, minimal investment, and high unemployment rates. With a high capital output ratio, India requires substantial investment rates to propel itself toward achieving robust economic growth.

Review of Literature:

1. **Ms. Neena Therasa P J, Dr. S Bhuvaneshwari (2022)**, the research focused only on salaried persons. Data was collected using both primary and secondary data collection methods. Structured questionnaire has been framed to gather information from the 150 respondents. Statistical tools like Percentage Analysis, Chi square Test and Rank Analysis. Through analysis, investors were preferred to speculate their money in fixed deposits and gold and concluded that, they were aware of various investments and satisfied with their investments.

2. **Babu K A, Dr. Giridhar K V (2021)**, in their study it's found that, there's a major difference existing within the income, savings and also investment pattern of those private sector salaried employees. But there's no significant change in their pattern of expenses. It's recommended to the government to confirm guaranteed income and reduced expenses.
3. **Dr. M. Kalimuthu, Manorabin J (2020)**, the savings habits and investments awareness by the people vary from person to person and even with same person during two periods due to differ in motives. There are many motives for savings and their investments. However, capital appreciation, regular income, tax planning, diversification and minimization of risks, health and education of family members, performance of solemn activities like marriage, birth and death, purchase of fixed and current assets, construction of houses, etc, are some necessary motives behind savings and investments in people.
4. **Sekar B, Uma G (2020)**, the study revealed that higher level of awareness was found within the aspects of return on various schemes in life assurance, about bank fixed deposits and various schemes in insurance. And lesser level of awareness was recognized within the aspects of requirements to create investments accessible in market, Knowledge about right time to take a position or disinvest mutual funds and about net assets value.
5. **Velmurugan & Amar Jothi (2020)**, in their paper "A Study on Savings and Investment Pattern of Assistant Professors of Self-Finance Colleges in Theni District" found that most of the assistant professors considered safety of the funds as the main factor before investing and Bank deposits was considered as the main option of their investments.

Statement of the Problem:

In the contemporary landscape, there's a wide array of investment avenues available, extending beyond traditional tax planning methods like National Saving Certificate (NSC), Public Provident Fund (PPF) and other instruments. These modern instruments offer diverse investment opportunities but come with varying levels of risk and return, making them not universally suitable for all investors. Employees often invest in various schemes and securities, sometimes lacking full awareness of available investment options. This research aims to assess employees' awareness levels regarding investments, examining how demographic factors and other influences shape their investment decisions.

Objectives:

- To understand the investment patterns of employees.
- To identify the factors influencing employees' investment behaviour.
- To analyse the awareness of investment platforms among salaried employees.
- To identify the challenges faced by investors regarding investment patterns.

Research Design:

Data Collection method: Primary

Type of Research: Descriptive

Research Methodology

Population Size: The population, in this context refers to the entire group from which conclusions are to be drawn. For this 'study, the population consists of the residents of Ballari city.

Sample Method: The sampling method utilized is stratified random sampling, which involves selecting respondents based on their accessibility to the researcher.

Sample Size: The study comprised a sample size of 100 individuals, with the research conducted within the confines of Ballari city.

Analysis & Interpretation:

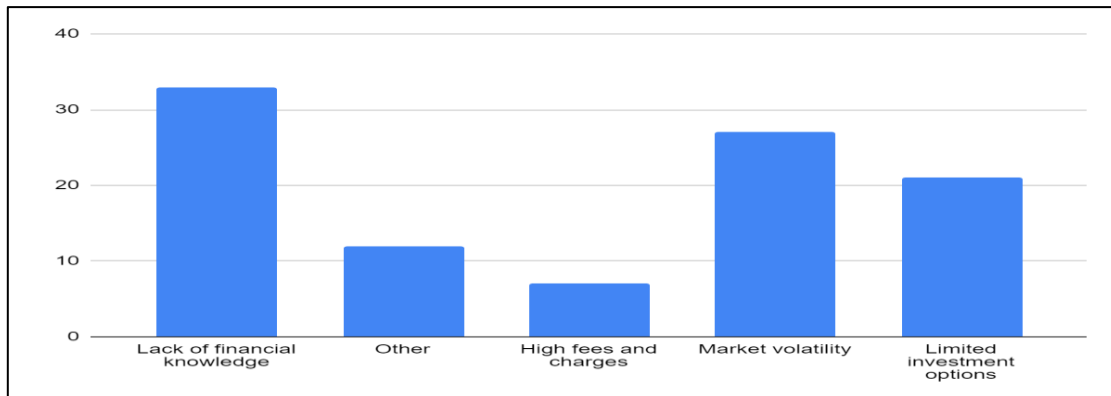
STATEMENT QUESTIONS

1. Obstacles encountered while managing Investment Portfolio

DATA-Table:1

SL.NO	Responses	No. of Responses
1	Lack of financial knowledge	33
2	Limited investment options	21
3	Market volatility	27
4	High fees and charges	7
5	Other	12
Total		100

ANALYSIS-Figure:1



INTERPRETATION:

From the above data, it is observed that majority of the respondents are having lack of financial knowledge in managing their portfolio that is 33 of them, 21 says that there are limited investment options, 27 says there is market volatility, 7 says that there is a high fees and charges and 12 fall under other category. Thus, it can be concluded that majority of the respondents have lack of financial knowledge in managing their investment portfolio.

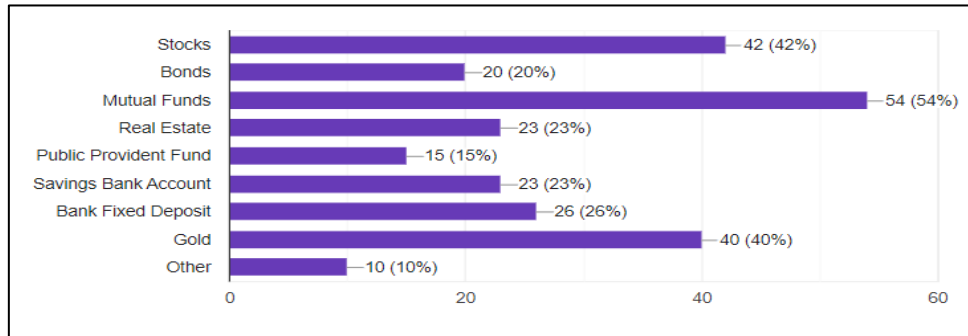
2. Investment preference in Portfolio

DATA-Table:2

SL.NO	Responses	No. of Responses
1	Stocks	42
2	Bonds	20
3	Mutual funds	54
4	Real estate	23

5	Public Provident Fund (PPF)	15
6	Savings Bank Account	23
7	Bank Fixed Deposit	26
8	Gold	40
9	Other	10

ANALYSIS-Figure:2



INTERPRETATION:

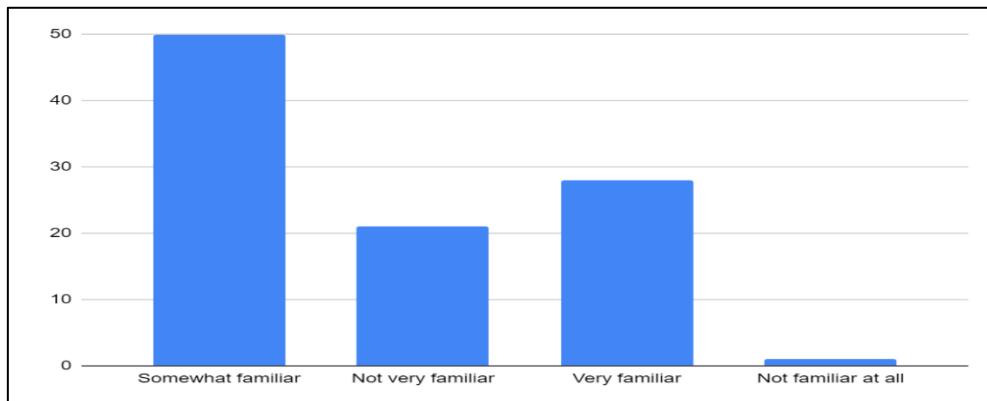
From the above column chart, it is observed that majority of respondents are investing in mutual funds that is 54 of them, 42 are investing in stocks, 40 invest in gold, 26 invest in bank fixed deposit, 23 invest in real estate and savings bank account, 15 invest in public provident fund and 10 invest in other investment options. Thus, it can be concluded that majority of them like to invest in mutual funds.

3. Familiarity with investment options available in the market

DATA-Table:3

SL.NO	Responses	No. of Responses
1	Very familiar	28
2	Somewhat familiar	50
3	Not very familiar	21
4	Not familiar at all	1
Total		100

ANALYSIS-Figure:3



INTERPRETATION:

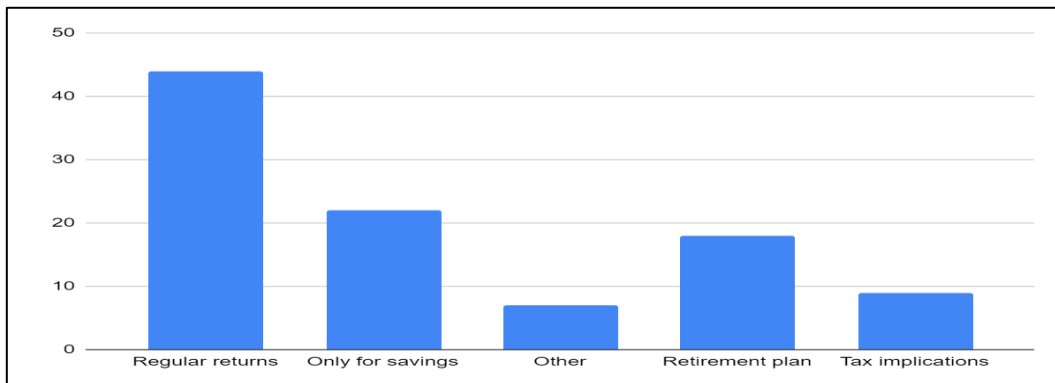
The above chart depicted that half of the respondents are somewhat familiar with the investment options available in the market, where 28 are very familiar with the investment options, 21 are not that familiar with the options and one among them are not familiar at all. Hence. it is concluded that majority of the respondents are somewhat familiar with investment platforms available in the market.

4. Influencing factors for decision-making while choosing investment options

DATA-Table:4

SL.NO	Responses	No. of Responses
1	Regular returns	44
2	Retirement plan	18
3	Tax implications	9
4	Only for savings	22
5	Other	7
Total		100

ANALYSIS-Figure:4



INTERPRETATION:

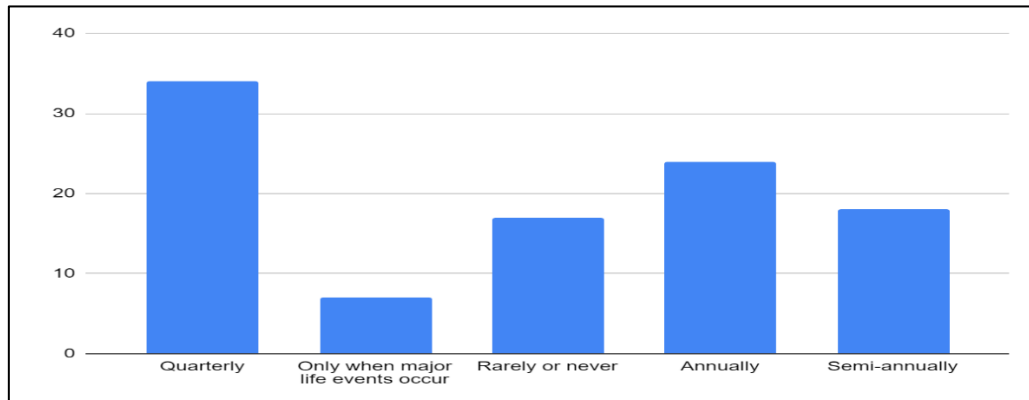
From the above data, it is observed that majority of the respondents influencing in their decision making while choosing investment option is to get regular returns that is 44 of them, 22 prefer to only for savings, 18 prioritise for their retirement, 9 invest to get tax benefits and 7 respondents fall under other category. Hence, it is concluded that most of the respondents prioritise for regular returns.

5. Regularity in Review and Adjustment in Portfolio

DATA-Table:5

SL.NO	Responses	No. of Responses
1	Quarterly	34
2	Annually	24
3	Semi-annually	18
4	Only when major life events occur	7
5	Rarely or never	17
Total		100

ANALYSIS-Figure:5



INTERPRETATION:

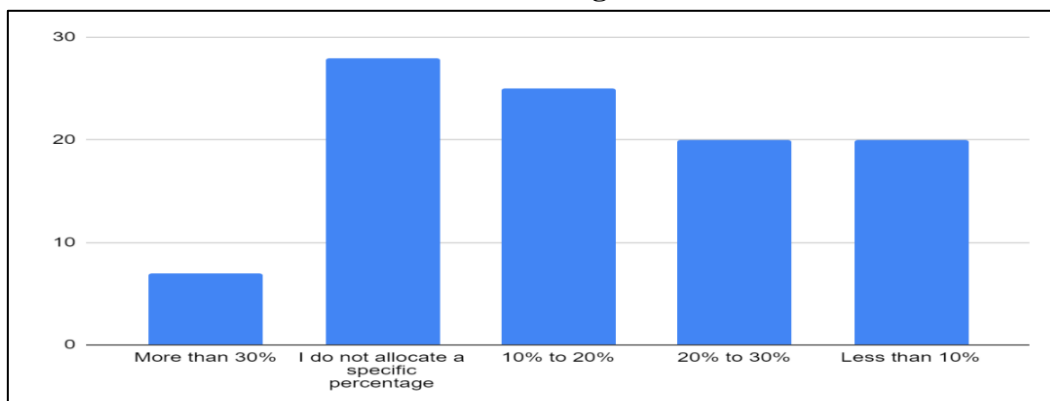
From the above data, it is observed that majority of the respondents review and adjust their portfolio quarterly that is 34 of them, 24 annually, 18 semi-annually, 7 only when major life events occur and 7 rarely or never review or adjust their investment portfolio. Thus, it can be concluded that most of the respondents review and adjust their portfolio quarterly.

6. Percentage of salary allocated for investments

DATA-Table:6

SL.NO	Responses	No. of Responses
1	Less than 10%	20
2	10% to 20%	25
3	20% to 30%	20
4	More than 30%	7
5	I do not allocate a specific percentage	28
Total		100

ANALYSIS-Figure:6



INTERPRETATION:

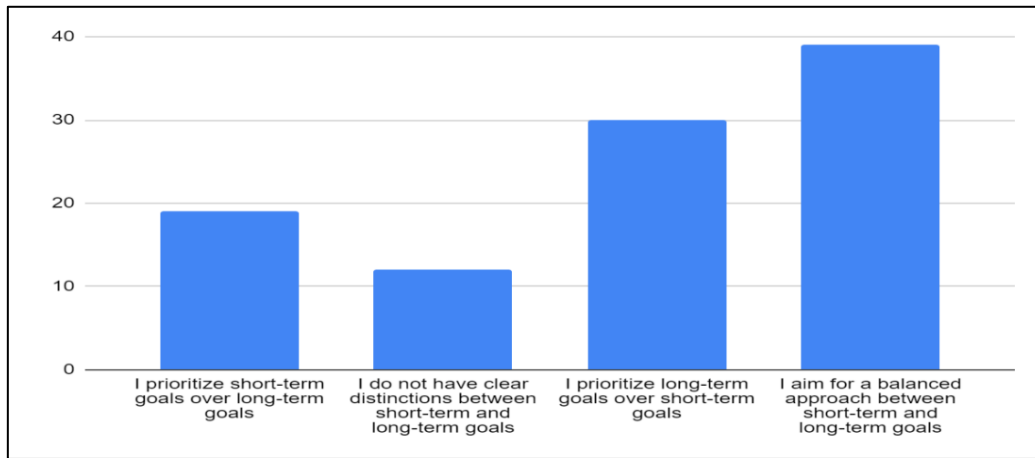
From the above column chart, it is noticed that majority of the respondents will not allocate specific percentage of their salary for investments that is 28 of them, 25 allocate 10% to 20%, 20 allocate less than 10%, another 20 allocate 20% to 30%, 7 allocate more than 30% allocate their salary to make investments. Thus, it can be concluded that most of the respondents prioritize not to allocate specific percentage of their salary for investments.

7. Method of balancing long-term and short-term investment goals

DATA-Table:7

SL.NO	Responses	No. of Responses
1	I prioritize short-term goals over long-term goals	19
2	I prioritize long-term goals over short-term goals	30
3	I aim for a balanced approach between short-term and long-term goals	39
4	I do not have clear distinctions between short-term and long-term goals	12
Total		100

ANALYSIS-Figure:7



INTERPRETATION:

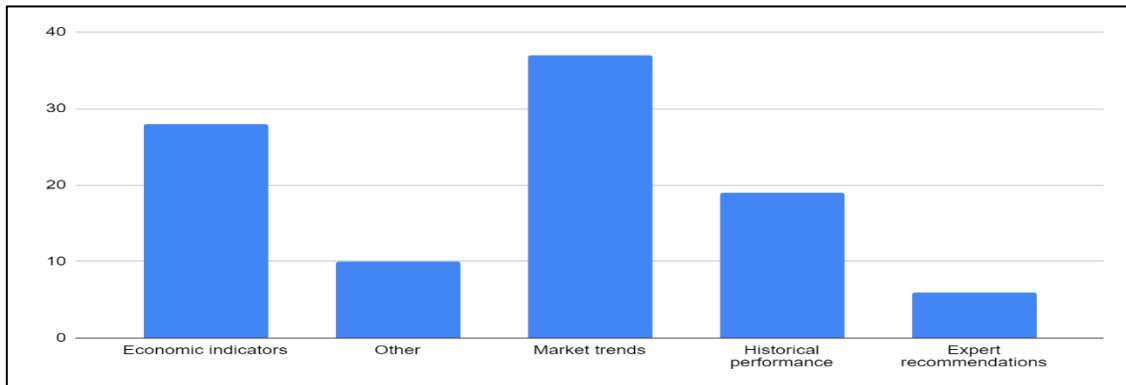
From the above data, it is observed that the majority of the respondents aim for a balanced approach between short-term goals and long-term goals that is 39 of them, 30 prioritize long-term goals over short-term goals, 19 prioritize short-term goals over long-term goals and 12 they do not have clear distinctions between short-term and long term goals. Hence, it can be concluded that most of the respondents aim for a balanced approach between both long and short-term goals.

8. Factors considers before investing in a particular class of assets

DATA-Table:8

SL.NO	Responses	No. of Responses
1	Historical performance	19
2	Economic indicators	28
3	Market trends	37
4	Expert recommendations	6
5	Other	10
Total		100

ANALYSIS-Figure:4.14



INTERPRETATION:

From the above data, it is observed that majority of the respondents consider market trends before investing in a particular avenue that is 37 of them, 28 consider the economic indicators, 19 consider historical performance of the avenue, 6 take recommendations from financial experts, and 10 falls under other category. Thus, it can be concluded that most of the respondents consider market trends before investing.

FINDINGS

- Most of the respondents prefer to invest in Mutual funds.
- Half of the respondents are somewhat familiar with the investment platforms available in the market.
- Majority of the respondents prioritise to invest in particular avenue to get regular returns.
- Majority of the respondents’ review and adjust their investment portfolio quarterly which is good for the investors to prevent risk of their investment.
- Most of the respondents aim for a balanced approach between short-term and long-term goals.
- Many respondents are having lack of financial knowledge while managing their investment portfolio.
- 37% respondents consider market trends before investing in a particular asset.
- Majority of the respondents trust the investment platform by doing research and review the particular avenue.
- 34% respondents says that life events such as marriage, childbirth or retirement will significantly influence their investment strategy.

SUGGESTIONS:

- Investors should collaborate with financial institutions which offer investment workshops and seminars can directly impact them in making investment decisions and strategies.
- Employers should initiate incentive programs that reward employees for regular saving and investing can motivate them to maintain good financial habits. This can be bonus, recognition programs, or other financial incentives.
- Respondents should participate in risk management training to understand how to effectively diversify investments and reduce exposure to market volatility.
- Employers should develop tailored investment plans that cater to individuals with lower income brackets, emphasizing low-cost investment opportunities and systematic investment plans.

- Investors should increase financial literacy programs tailored specifically to this demographic could address the identified gaps in financial knowledge, particularly regarding investment options and risk management.

CONCLUSION:

This study provides an overview of the investment patterns of salaried employees in Ballari city, specifically focusing on private sector employees. The research indicates that a majority of these employees prefer to invest in mutual funds, stocks, and gold, indicating a preference for convenient investment options. They prioritize investments that offer regular returns and adjust their portfolios quarterly to effectively manage risks. The respondents generally favor safer investment options with lower risks, indicating a reluctance to take on high-risk investments. Additionally, employees with lower incomes demonstrate a greater interest in investing to meet their future needs. Overall, the findings emphasize the significance of financial literacy and the importance of accessible investment education to empower individuals in making informed decisions and maximizing their financial growth.