

# A Study on Saving And Investment Pattern of Salaried People (With Reference To Coimbatore City)

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**Abstract-** *This study delves into the intricacies of investment and savings behaviours exhibited by individuals belonging to the salary class within Coimbatore City. The term "salary class" encompasses individuals whose primary source of income is from employment, typically receiving regular pay checks or salaries. Coimbatore City, a bustling urban centre in Tamil Nadu, India, presents a diverse socio-economic landscape, making it an ideal location for studying financial habits. By focusing on this specific demographic, the research aims to unravel the unique challenges, preferences, and trends shaping their financial decisions of the individual. The investigation involves a comprehensive analysis of data collected from 135 respondents, carefully selected to represent a cross-section of the salary class population in Coimbatore City. Through a combination of quantitative methodologies, including structured questionnaires, ranking exercises, and sophisticated statistical analyses, this study endeavours to offer nuanced insights into the investment and savings dynamics prevalent among salary earners in the region. The findings highlight the dominant investment avenues preferred by salary class individuals in Coimbatore City, shedding light on factors influencing their decision-making process. Additionally, the study offers valuable insights for financial institutions, policymakers, and individuals seeking to optimize their investment and savings strategies in line with their financial objectives and risk profiles.*

**Keywords-** Investment, saving, salary.

## I. INTRODUCTION

Investment and savings are an activity that people do for their future purposes. investment and savings should go hand in hand as investment can only be made when there is savings. there are various types of investment avenues available in the Indian market such as real estate, bonds, gold, mutual funds, bank deposits, etc.... Developing countries in the world like India face the enormous task of finding the right investment avenues. The salaried group of people will always differ in their future investment pattern due to safety, security, regular income retirement benefits, and other unique features to other people like businessmen, as for salaried class people

the working age is limited after a certain period have to get retire and survive their savings. Planning for the future involves both saving and investing. These activities are interlinked, with savings providing the foundation for investments. In the Indian market, diverse investment options exist, such as real estate, bonds, gold, mutual funds, and bank deposits. Developing countries like India grapple with the challenge of identifying optimal investment avenues. The investment preferences of the salaried class differ from those of other occupations, emphasizing safety, security, regular income, retirement benefits, and unique features. Salaried individuals, facing a limited working age, must retire and rely on their savings for financial sustenance.

## II. REVIEW OF LITERATURE

1. **“A STUDY ON SAVINGS & INVESTMENT PATTERN OF SALARIED PEOPLE OF SURAT CITY(JAIMIN MEHTA,2021):** The researcher in this article investigated the residents of Surat city and, following data analysis and interpretation, concluded that although investors are aware of various investment options in Surat, they predominantly choose to invest in bank deposits. The research analysis indicates that safety is a significant factor influencing investment decisions, leading other avenues to be less favoured by investors.
2. **“A STUDY ON SAVINGS AND INVESTMENT PATTERN OF SALARIED CLASS PEOPLE WITH REFERENCE TO PUNE CITY, MAHARASHTRA, INDIA (SOHAIL AKHTARHUSSAIN ANSARI ,2020):** did his research and based on the analysis conducted, it was noted that a majority of respondents prefer bank deposits as the safest investment perspectives of individuals in the salaried class.
3. **A STUDY OF INVESTOR’S PERCEPTION AND AWARENESS ABOUT INVESTMENT AVENUE. (SHIVANI TYAGI AND MANJULA SHASTRI,2018):** the researcher did his research on the perception of the investors. Before diving into investments, people often face challenges such as limited financial understanding, a lack of information, blind trust, traditional thinking, the fear of loss, and emotional attachments. Many individuals

find it challenging to navigate investment options and understand their risk-return characteristics. The absence of technical knowledge hinders them from making informed decisions, impacting their ability to achieve higher returns on their funds.

4. **A STUDY ON INVESTMENT HABITS OF PEOPLE IN SIVAGANGAI DISTRICT (N. MAHESWARI, M. KETHARAJ, 2018):** In this article, the authors investigated the investment and savings practices of individuals in Sivagangai district, with a particular focus on 120 women. The conclusion drawn was that making prudent investment decisions entails weighing factors such as safety, liquidity, returns, risk, tax benefits, and time period. The researcher recommended government promotion of investment awareness through advertising and the provision of financial education. Emphasizing the encouragement of people's saving habits and investments, the study revealed that individuals opt for varied investment options influenced by their income, age, and consideration of associated risks.
5. **A STUDY ON PREFERRED INVESTMENT AVENUES AMONG SALARIED PEOPLES WITH REFERENCE TO NAMAKKAL TALUK, TAMIL NADU, INDIA (V.R. PALANIVELU, K. CHANDRAKUMAR ,2013):** In this article, the researcher studied people in Namakkal taluk and found that factors such as education, awareness of the financial system, and age play a significant role in choosing investments. Regardless of age, most people prioritize investing in insurance and bank deposits. Income levels also impact investment choices, with middle-aged and lower-income individuals preferring insurance and bank deposits over other options. Overall, respondents in this area are well-informed about various investment choices, including insurance, bank deposits, and small savings like post office savings.

#### **SCOPE OF THE STUDY:**

This research centres on examining the savings and investment behaviours of individuals in the salaried class, aiming to offer solutions to the challenges they encounter in the available investment avenues. The study specifically focuses on the salaried population in Coimbatore city. It is important to note that findings may differ in other locations. The data for this study is gathered through a carefully crafted questionnaire, providing valuable insights into identifying optimal savings and investment options in the market.

#### **STATEMENT OF PROBLEM:**

Saving and investing are both important components of a healthy financial plan. Saving provides a safety net and a way to achieve short-term goals while investing has the potential for higher long-term returns and can help achieve long-term financial goals. Engaging in financial activities like investing and saving is a common practice for individuals planning for their future. It's crucial to recognize that these two activities are interconnected, as investments are only possible when there are savings in place. This study analyses the hindrances faced by salaried people due to higher expenditure to save and invest and lack of knowledge. It also focuses on the challenges faced by salaried people due to the unavailability of investment sources or avenues in their region. The risk faced by them due to technological unawareness is also examined.

#### **OBJECTIVES OF THE STUDY:**

1. To examine the mode of investment of salaried class people of Coimbatore.
2. To analyse the pattern of investment of salaried class of people.
3. To analyse the problems faced by them in different investment avenues available in India
4. To Examine the behavioural aspects influencing decisions related to savings and investment among salaried individuals.

### **III. RESEARCH METHODOLOGY**

The research methodology acts as a systematic and structured framework, providing guidance to researchers across different stages of a research study. It functions as a detailed plan for shaping the design, execution, and interpretation of research findings. Initially, researchers are tasked with precisely delineating the research problem they intend to investigate, establishing the groundwork for the entire study. Subsequently, a thorough examination of existing literature becomes imperative, ensuring a comprehensive understanding of the present knowledge landscape within the chosen field.

#### **RESEARCH DESIGN:**

#### **NATURE OF THE STUDY:**

This study involves a cross-sectional research design as research design for the study.

#### **SOURCE OF DATA:**

Both primary and secondary data are collected for the study. This study is based on primary and secondary data. The primary data is collected through online structured questionnaire, which consists of 135 responses from various salaried class people of Coimbatore city. The secondary data is collected from newspapers and articles.

**SAMPLING TECHNIQUE:**

The primary data is collected through well-structured questionnaire as a tool and the secondary data is collected from news articles and magazines. The statement of problem is analysed from primary data collected through questionnaire. It is also a study to know the difficulties faced by the salaried class people of Coimbatore city in the aspects of investment and savings and to provide them with solutions.

**SAMPLE SIZE:** The sample size of the study is 135 respondents.

**SAMPLE METHOD:** In this study purposive sampling technique is used.

**IV. TOOLS USED FOR DATA ANALYSIS**

1. Percentage analysis
2. Ranking analysis
3. ANOVA
4. Regression analysis

**HYPOTHESIS OF THE STUDY**

H<sub>0</sub> : There is no significant relationship between Income and Saving Investment Pattern.

H<sub>0</sub> : There is no significant relationship between age and purpose of savings of the people.

H<sub>0</sub> : There is no significant relationship between their need for selecting the investment portfolio and saving Investment pattern of the people

**LIMITATIONS**

1. Only the salaried group is targeted here. The analysis may vary if the survey is taken among uneducated people or business people.
2. This survey was conducted in and around the city of Coimbatore so the results obtained may differ in another region.

**V. ANALYSIS AND INTERPRETATION**

**Percentage Analysis:**

$$\text{Percentage} = \frac{\text{number of respondents} * 100}{\text{Total no. of respondents}}$$

**TABLE:1.1**  
**Socio- economic profile:**

s.no	Variables	Highly responded area	No. of respondents	Percentage
1.	Age	More than 50 years	48	35.6%
2.	Gender	Female	86	63.7%
3.	Marital status	Married	104	77%
4.	Occupation	Govt. employee	98	72.6%
5.	Annual income	More than 500000	72	53.3%

Interpretation:

The above table represents the demographic profile of the respondents, out of 135 responses collected (35.6%) of respondents are more than 50 years and 86, (63.7%) respondents are females and 104 (77%) respondents are married and (72.6%) are government employees whose annual income is more than 500000 that is (53.3%).

**TABLE:1.2 Respondents regarding saving and investment:**

S.No	Variables	Highly responded area	No. of respondents	Percentage
1.	What percentage of your income do you allocate towards investment & savings?	5%	50	37.6%
2.	What is the basis of your investment objective?	safety	68	51.1%
3.	What type of investment have you currently invested in?	Post office savings, insurance	51	38.3%
4.	How did you decide on your current investment portfolio?	Family & friends	66	49.6%
5.	Problems Faced by You in the Current investment portfolio	Family situation	53	39.8%

Interpretation:

The table above depicts preferences in saving and investment, with approximately 52 respondents allocating 5% (38.6%) of their income to both investment and savings. Among them, 68 respondents (51.1%) prioritize safety in their investment choices, while 50 (37.6%) opt for a medium-term investment. Notably, 52 respondents (38.3%) invest in post office and insurance schemes, and 66 (49.9%) rely on recommendations from friends and family, often on a monthly basis (57.1%). Additionally, 53 respondents (39.8%) face family-related issues.

**TABLE :1.3 Problems faced by the salaried class people in investing.**

S.No	Variables	Number of responses	percentage
1.	Family situations	54	40%
2.	Fear of risk	29	21.5%
3.	Inadequacy of funds	18	13.3%
4.	Less return	12	8.9%
5.	other	22	16.3%

Interpretation:

From the above table we can interpret that family situations (40%) and fear of risk (21.5%) emerge as the predominant factors affecting investment decisions, while inadequacy of funds (13.3%) and concern over less return (8.9%) are also significant considerations for a notable portion of respondents. The "other"(16.3%) category allows for flexibility in capturing diverse reasons not explicitly listed.

**Ranking Analysis:**

**TABLE:1.4 Investment platform people are currently invested in and most preferable one.**

Current Investment Portfolio	No. of responses	Rank
Stock Market	15	8
Gold	52	2
Mutual Fund	26	5
Bank Deposits	36	4
Post Office Savings	53	1
Real Estate	19	7
Insurance	51	3
Others	26	5

Interpretation:

The table above represents which investment platform is most preferable and safe to invest in according to 135 samples collected from salaried class of people (with reference to Coimbatore city). From the above table we can interpret that people prefer post office savings as their 1st investment option and stock market as their last option as investment.

**TABLE:1.5 Peoples’ purpose of savings:**

Purpose of savings	No. of responses	Rank
Wealth creation	38	3
Future needs and retirement purpose	90	1
Children’s education	47	2
House building	32	4
Marriage purpose	22	5

Interpretation:

The above table represents the reason and the purpose of savings. The results are interpreted out of 135 samples collected from salaried class people of Coimbatore. We can conclude that the 1st purpose of saving is for future needs and retirement purpose and the last purpose is for marriage of their heir.

**ANOVA:**

Relationship between saving investment pattern and salary of the people:

ANOVA: Two-Factor Without Replication

SUMMARY	Count	Sum	Average	Variance
Row 1	2	135	67.5	0.5
Row 2	2	135	67.5	480.5
Column 1	2	151	75.5	112.5
Column 2	2	119	59.5	112.5

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Rows	0	1	0	0	1	161.4476
Columns	256	1	256	1.137778	0.479471	161.4476
Error	225	1	225			

Total	481	3				
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Interpretation:

From the above table we can interpret that there is significant relationship between income and saving investment pattern of salaried class people of Coimbatore city as the p-value here is less than 0.05 (p<0.05). The null hypothesis is rejected and the alternate hypothesis is accepted concluding that there is significant relationship between income and saving investment pattern.

**REGRESSION ANALYSIS:**

Relationship between age and purpose of saving of people

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.700856
R Square	0.491199
Adjusted R Square	0.236799
Standard Error	8.976711
Observations	4

ANOVA

	df	SS	MS	F	Significance F
Regression	1	155.5873	155.5873	1.93081	0.299144
Residual	2	161.1627	80.58135		
Total	3	316.75			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	44.47919	9.244022	4.811671	0.040581	4.705373	84.253	4.705373	84.253
X Variable 1	-0.2402	0.172861	-1.38954	0.299144	-0.98396	0.503564	-0.98396	0.503564

Interpretation:

The regression analysis aimed to explore the relationship between age (X variable) and the purpose of saving (Y variable). The results indicate that while there is a moderate positive correlation between age and the purpose of saving, with a multiple R-value of 0.700856, the model's explanatory power is limited. From the above table we can

interpret that there is significant relationship between age and purpose of saving of the people as the p-value here is less than 0.05 ( $p < 0.05$ ). The null hypothesis is rejected and the alternate hypothesis is accepted concluding that there is significant relationship between age and purpose of saving of the people.

## VI. FINDINGS

- The majority of respondents allocate approximately 5% of their income towards both investment and savings. Post office savings and insurance schemes are the most preferred investment options among the respondents.
- The purpose of savings is predominantly directed towards future needs and retirement, followed by wealth creation and children's education. The primary investment purpose reflects a long-term financial planning approach among the salaried class in Coimbatore.
- Family situations and the fear of risk are the primary challenges influencing investment decisions. Inadequacy of funds and concerns over lower returns also contribute significantly to the hurdles faced by salaried individuals.
- The preference for safety and stability in investments reflects a risk-averse behavior among the surveyed individuals. Recommendations from family and friends significantly influence investment decisions, indicating the importance of social networks in financial planning.

## VII. RECOMMENDATIONS:

Implementing focused financial education programs is crucial to improve the understanding of diverse investment avenues and empower individuals in making informed decisions. Financial institutions and policymakers should tailor their services to address the specific needs and preferences of the salary class, emphasizing safety and regular income concerns. Employers can play a proactive role by introducing workplace financial education initiatives. Additionally, promoting awareness about the variety of investment options and associated risks through collaborative efforts can contribute to a more informed investment community. These strategic interventions aim to create a financially literate and empowered salaried class, optimizing their investment and savings strategies for long-term financial security.

## VIII. CONCLUSION

The findings suggest that while respondents prioritize safer investment and saving options and have concerns about risk and personal circumstances, there is also an interest in diversification and long-term financial planning. Understanding these preferences and motivations can inform

financial institutions and policymakers in designing products and interventions that cater to the needs and aspirations of salary-class individuals in Coimbatore City.

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