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A Study on Investment Behaviour of Salaried Individuals in Satara City

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Abstract

This study explores the investment behaviour of salaried individuals in Satara City, providing valuable insights into their financial decision-making behavior. A sample of 100 salaried individuals was selected using a convenience sampling method, and their investment preferences were analyzed. The study's findings indicate that salaried individuals in Satara City tend to prefer traditional investment instruments, such as fixed deposits, insurance, and real estate, over more modern options. The study also examines the factors that influence investment decisions, revealing that risk tolerance, financial goals, and tax benefits play a significant role in shaping investment choices. These findings have important implications for financial advisors, policymakers, and investors seeking to understand the investment behavior of salaried individuals in Satara City. The study's results can be used to inform the development of financial products and services tailored to the needs and preferences of salaried individuals in Satara City. Additionally, the findings can help policymakers design initiatives that promote financial literacy and inclusion, ultimately contributing to the economic well-being of individuals and the region. This study contributes to the existing body of literature on investment preferences, providing a nuanced understanding of the factors that drive investment decisions among salaried individuals in a specific geographic context. The insights gained from this study can be used to promote more informed investment decisions and improve financial outcomes for individuals and the broader community.

Keywords: Investment behaviour, Salaried Individuals, Satara City, Financial Goals, Risk, Financial Decision-Making.

Introduction

At present there are many ways of investing in India such as some are marketable and liquid while others are non-marketable and some of them are extremely dangerous while others are almost riskless. In the rural area of India mostly investor invests in traditional avenues of investment, now days the definition is changed. People make new resolutions every New Year and it is never followed. The same thing happens with investing. It is easy to make an investment decision, but most people delay its implementation.

It becomes difficult to decide especially when there are more options to choose from. It causes remorse over time. The investment is sacrifices of present income for better future of investor. To be financially viable in life people first buy their own home. Second, buy a term insurance so that the family does not suffer after your death. Third, buy health insurance for the family. Fourth, accumulate wealth to achieve life's goals and aspirations. Investment is the future planning in present saving of income and get good return on investment of investor. Every individual wants to earn money on investment without any risk, but when we expectation of more return on investment the factor is depend on more risk.

Investment Regulatory Institutions in India

- SEBI- Securities And Exchange Board of India
- RBI-Reserve Bank of India
- IRDA-Insurance Regulatory and Development Authority of India
- PFRDA-Pension Funds Regulatory and Development Authority
- AMFI-Association of Mutual Funds in India
- MCA-Ministry of Corporate Affairs

Research Methodology

In the present Research Study descriptive research methodology has been used. To conduct survey of current situation well-structured Questionnaire was used for information collection from Respondents. This study is mainly based on primary data. 100 respondents have chosen by using purposive sampling method from Satara city. Percentage method is used for analyzing the collected data.

Research Problem

To understand the investment behavior of salaried individuals in Satara City, including their investment preferences, risk tolerance, and decision-making factors, to identify the gaps in financial literacy and investment opportunities that can inform policy and financial product development.

Review of Literature

- Dr. Ramanujan V, Chitra Devi K (2012) [1]: The study reveals that investors' limited understanding of investment concepts and mechanisms significantly impact their investment decisions. Additionally, income level is found to be a crucial factor in shaping investment choices. Individuals with higher incomes tend to favor investing in the stock market, whereas those with lower and average incomes prefer more traditional and secure options such as insurance and bank deposits. This suggests that investment decisions are influenced by both knowledge and financial capacity.
- Ramanathan K V, Dr. Meenakshisundram K S (2015) [2]: The study's findings reveal that most respondents prioritize saving for security purposes. Moreover, the research provides valuable insights that can serve as a roadmap for private financial institutions and investment sectors, helping them better understand and cater to the needs of their clients.
- Deepak Sood, Dr. Navdeep Kaur (2015) [3]: The study's findings indicate that the most popular investment choices among respondents are Life Insurance Corporation (LIC) and bank deposits. Furthermore, the key factors driving investment decisions are the potential for high returns, tax benefits, and the security of investments.
- Sekar B, Uma G (2020) [4]: The study revealed that respondents demonstrated a strong understanding of returns on life insurance schemes, bank fixed deposits, and various insurance plans. However, they showed relatively lower awareness regarding investment opportunities in the market, timing for investment decisions, and specifics about mutual funds, such as net asset value.
- Babu K A, Dr. Giridhar K V (2021) [5]: The study highlights significant disparities in income, savings, and investment patterns among private sector salaried households. However, their expenditure patterns remain relatively consistent. To address this, it is suggested that the government focus on ensuring stable income and reducing expenses for these households.

Objectives of Study

1. To determine investor's savings goals.
2. To explore motivations behind investment decisions.
3. To analyze key factors in investment choices.
4. To examine the influences on investment decisions

Research Hypothesis

Principle of safety and security is of paramount importance with high return and low risk is followed by salaried people in Satara city.

Data Collection Methods

- **Data Collection Methods:** Primary data is gathered through observation, direct interaction with respondents, and administration of questionnaires to investors.
- **Sampling Approach:** The study employs a purposive sampling technique, where salaried individuals are specifically selected to complete the questionnaire.

Limitation of the Study

The findings rely on respondents' self-reported knowledge, and the sample size of 100 respondents may be insufficient to represent the entire population of Satara City. Additionally, the results may not be generalizable to other areas within the district. Some respondents were hesitant to disclose information about their income and investment decisions, citing personal or sensitive nature of the data.

Data Analysis and Interpretations

Table 1: Objectives of saving

S No.	Particular	Responses of Respondents	Percentages (%)
1	Children's Education	53	21
2	Home Purchase	32	13
3	Retirement	63	26
4	Children's Marriage	26	11
5	Healthcare	37	15
6	Other	37	15
	Total	247	100

The table presents the results of a survey on the objectives of saving, with respondents providing their primary reasons for saving. The most common objective for saving is retirement, with 63 respondents (26% of the total) citing it as their primary reason. This suggests that a significant proportion of respondents are planning for their post-work life. The second objective is Children's Education, with 53 respondents (21% of the total) indicating that they save for this purpose. This highlights the importance of education in the respondents' priorities. Healthcare and Other are tied as the fourth most common objectives, with 37 respondents (15% of the total) each. This suggests that respondents are also concerned about their health and well-being, as well as other miscellaneous expenses. Home Purchase and Children's Marriage are the less common objectives, with 32 respondents (13% of the total) and 26 respondents (11% of the total), respectively.

Table 2: Influence on Investment Decision

S No.	Particular	No. of Respondents	Percentages (%)
1	Self	18	10
2	Friends and Relatives	38	21
3	Service providers and Consultants	57	32
4	Newspapers and Advertisements	26	15
5	Workshop and Seminars	39	22
	Total	178	100

The most significant influence on investment decisions comes from "Service providers and Consultants," with 32% of the respondents. "Friends and Relatives" and "Workshop and

Seminars" are the next most influential factors, with 21% and 22% of the respondents, respectively. "Self" has the least influence, with only 10% of the respondents relying solely on their own judgment for investment decisions.

Table 3: Factors Considered before Investment

S No.	Particular	Responses of Respondents	Percentages (%)
1	Safety of Principal	89	38
2	High Return	68	29
3	Low Risk	54	23
4	Maturity Period	26	10
	Total	237	100

The most important factor considered by respondents before investing is the "Safety of Principal", with 38% of the total respondents considering it. The second factor is "High Return", with 29% of respondents considering it. "Low Risk" is the third most important factor, with 23% of the respondents considering it. "Maturity Period" is the least important factor, with only 10% of the respondents considering it.

Table 4: Reasons for Investment

S No.	Particular	Responses of Respondents	Percentages (%)
1	Earn Return	21	12
2	Tax Saving	53	30
3	Future Expenditure	68	39
4	Wealth Creation	32	19
	Total	174	100

The crucial motivation for investment between the respondents is "Future Expenditure," with 39% of the total responses. This suggests that a considerable portion of respondents are investing with specific future financial goals in mind, such as education, retirement, or major purchases. "Tax Saving" is the second most common reason, indicating that tax benefits play a crucial role in investment decisions for many respondents. "Wealth Creation" and "Earn Return" are less common reasons, suggesting that while some respondents are focused on long-term wealth accumulation and financial returns, these are not the dominant motivations for the majority.

Key Insights from Percentage Analysis

Demographics

- 58% of respondents were male.
- 56% of respondents were between 21-30 years old.
- 38% of respondents held an undergraduate degree.
- 50% of respondents were unmarried.
- 58% of respondents had a family size of 4-5 members.
- 48% of respondents had 2 income earners in their family.

Income and Investment

- 50% of respondents earned below ₹2,50,000.
- 65% of respondents invested 5-10% of their income.
- 38% of respondents invested for less than 1 year.
- 37% of respondents monitored their investments monthly.

Investment Preferences

- 46% of respondents were satisfied with their investments.
- 48% of respondents preferred medium-term investments.
- 38% of respondents preferred quarterly investment frequency.
- 59% of respondents sought regular income as their investment objective.

Risk and Awareness

- 45% of respondents considered risk factor and maturity period important.
- 44% of respondents were concerned about changes in interest rates.
- 26% of respondents were self-aware about investments.

Recommendations for Investors

- **Plan wisely:** Make informed investment decisions that align with your financial goals and objectives.
- **Seek expert advice:** Consult financial advisors, but ultimately make decisions based on your own research and judgment.
- **Collaborate with trusted professionals:** Work with experts who can guide you towards achieving your financial goals and boost your confidence.
- **Choose investments wisely:** Select investment options that match your needs and risk tolerance.
- **Diversify your portfolio:** Spread your investments to minimize risk and maximize returns.
- **Monitor your investments regularly:** Keep track of your investments to ensure they're on track to meet your goals.
- **Set clear financial goals:** Define your objectives, prioritize them, and establish a timeline for achieving them.

Key Takeaways

- **Primary savings goals:** Retirement, children's education, healthcare, buying a home, and children's wedding are the top priorities for savers.
- **Long-term focus:** Respondents tend to prioritize long-term goals, such as retirement and children's education, over short-term objectives.
- **Investment priorities:** Safety, high returns with low risk, and maturity period are the key considerations for investors, in that order.
- **Investment motivations:** Future expenses and tax savings are the primary drivers of investment decisions, followed by wealth creation and generating returns.

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