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Investment Decision of Salaried People from Selected Districts of Gujarat – With Special Reference to Fixed Deposits

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Abstract

Investment is securing the future by forgoing the current value of money. In order to invest the investors should have the proper know how regarding the avenues available for investment. Apart from that one should be clear regarding their goals for investment. Investors should possess the knowledge regarding what are the things that can affect their investment goals. Which are the factors they have to keep in mind while investing? This study focuses on fixed deposits & demographic factors that are affecting the investment decision. The study was under taken in 6 districts of Gujarat. Data collection was performed with the help of structured questionnaire from salaried employees of Gujarat.

The reason behind conducting the survey particularly considering only fixed deposits is they where high on both awareness & investment compared to the other avenues covered in this study.

The study revealed that there is no effect of demographic factors on awareness to fixed deposits. It is an independent factor.

Keywords

Awareness, Demographic factors, Fixed Deposits, Investment and Salaried Employees.

Introduction

In terms of finance, investment is to employing the funds on assets with an aim of earning income. But before employing the funds a due care is to be taken regarding the factors affecting the investment decision of a particular investor. Here only salaried class people of Gujarat are being considered as an investor.

This study is based on the effect of demographic factors on the investment decision of the fixed deposits. In terms of demographic factors age, gender, education background & monthly income is considered. The study is particularly based on fixed deposit as it is marked highest in terms of awareness & investment.

Literature review

(Bhardwaj, Sharma, & Sharma, 2013) The study was an attempt to through a light on investment behavior of the employees from Bahra University in Solan district. The main attempt behind the study was to find out the income, saving & consumption patterns of the employees.
The conclusion of the finds was though most of the employees are aware of the industrial securities but only few of them use to invest in it. Also none of the employees from Bahra University were satisfied after investing in such securities and the reason behind it was they consider them as an unsafe investments. Lack of knowledge relating to the capital market operations often put them to an awkward position. For them the most likely and safe avenue to invest was the bank deposits.

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Table 1: Investment priorities among Investors

Investment class	Choices of Investment	Percentage
Salaried class	Fixed deposits	30 Per cent

Sources: Ph.D. Research Bureau, A survey of Investment Patterns in India, October'12

(Sathiyamoorthy & Krishnamurthy, 2015) Mostly Salaried class investors use to invest in order to have future benefits. They are securing their future as they are earning a fixed amount of income on regular basis. As a result most of them look after the safety of their investments instead of high returns.

(Sood & Kaur, 2015) The study was undertaken with the help of collecting the data from the salaried people of Chandigarh. From the analysis it was proved that the most preferred avenue for the investors is LIC, bank deposits and further the most important factors which affect their decision are tax benefits, high returns & safety.

(Sree, 2017) The analysis from the survey based study proved that people are unaware of the avenues related to stock market. So they use to give list preference to the avenues like shares, debentures etc. For them the best and most secured avenue to invest is bank deposits, gold & post office schemes.

(Chalam, Murthy, & Rao, 2013) He suggested that in order to bring awareness, government or other regulatory bodies like SEBI should try to encourage retail investors to invest in equities on long term basis which lead to development of economic system.

Objective of the Study

To know the effect of demographic factors while investing in fixed deposits

Research Methodology

The study is conducted in six districts of Gujarat that is Ahmedabad, Baroda, Surat, Rajkot, Panchmahal & Chottaudepur. A structured questionnaire is prepared for the collection of data. In terms of salaried people the investors belongs to private sector, semi- government & government sector.

Analysis & Interpretations

Table 2 Demographic profile of the Investors

Parameters		**No of responders (N = 600)**	**Per cent**
Age	Above 60 Years	9	1.5
	40 – 60 Years	287	47.8
	20 – 40 Years	304	50.7
	Total	**600**	**100.0**

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Gender	Female	271	45.2
	Male	329	54.8
	Total	**600**	**100.0**
Education Background	Secondary	89	14.8
	Higher Secondary	79	13.2
	Under Graduate	36	6.0
	Graduate	227	37.8
	Post Graduate	156	26.0
	Others	13	2.2
	Total	**600**	**100**
Monthly Income	Over Rs 2,00,000	16	2.7
	Rs 1,25,000 - Rs 2,00,000	20	3.3
	Rs 75,000 - Rs 1,25,000	91	15.2
	Rs 40,000 - Rs 75000	269	44.8
	Less than Rs 40,000	204	34.0
	Total	**600**	**100.0**

Table 2 shows the profile of the investors in terms various demographic factors. In terms of age mostly the respondents belongs to the group of 20 to 40 years.

The ratio of male to female is almost nearer to each other. Further considering the marital status, the number of respondents belongs to married group.

Education is one of the most important among other demographic factors. Most of the respondents belong to graduate group followed by post graduate. Education plays a vital role in the awareness of the respondents.

Monthly income is categorized in the five parts. Most of the respondents are from the group of Rs 40,000 to 75,000 and the least respondents belongs to the group of above Rs 2,00,000 that is only 2.7 Per cent of the respondents of the total.

Table 3 Awareness & investment in the avenues

Sr. no	**Investment Avenues**	**Awareness Per cent**	**Investment Per cent**
1	Insurance policies	84.50	78.50
2	Fixed deposits	80.33	65.50
3	National saving certificates/PPF/PF	66.33	58.83
4	Mutual funds	66.00	44.83
5	Gold/silver	63.33	47.33
6	Shares	52.83	28.17
7	Real estates	41.50	27.83

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8	Debentures/bonds	26.67	12.00
9	S.I.P	20.67	10.67
10	Bitcoin	15.50	3.67
11	Stock future options	14.83	4.33
12	Others	0.33	0.00

Table 3 shows that the awareness level is high compared to the Per cent of investors invested in. This indicates that though investors are aware but they use to invest carefully.

Same study was conducted by (Shukla , Pujara, & Patel, 2018).The study found that most of the respondents are aware about Fixed Deposit, Insurance Policy, etc. Out of total of 300 respondents, who all are investing in various investment avenues.

Same scenario is observed in this study where the awareness level & preference to investment is high for insurance policies & fixed deposit. Currently these two avenues are ruling the market. Below chart will give a better idea about the comparison.

Table 4 Awareness to fixed deposits considering various districts

Parameters		Awareness to Fixed Deposits		Total
		Unaware	Aware	
Districts	Ahmedabad	11	89	100
	Baroda	23	77	100
	Rajkot	22	78	100
	Surat	10	90	100
	Panchmahal	18	82	100
	Chottaudepur	34	66	100
Total		118	482	600

Table 4 shows the awareness level of the fixed deposits considering various districts. Highest awareness is marked in Surat district followed by Ahmedabad.
Least awareness is marked in Chhotaudepur. Medium awareness is marked in Baroda, Rajkot & Panchmahal district.

Relationship between demographic variables & awareness to Fixed Deposits

Table 5 Awareness level of investors in terms of fixed deposits considering different age groups
Ho There is no relationship between age & awareness level of investors.
H_1 There is a relationship between age & awareness level of investors.

Parameters	Age

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		20 - 40 Years	40 - 60 Years	Above 60 Years	Total
Awareness to Fixed Deposits	Unaware	48	68	2	118
	Aware	256	219	7	482
Total		304	287	9	600

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5.875a	2	.053

In table no 5, the calculated Chi-Square, degree of freedom, and significant value is given. For all the factors P – Value is greater than 0.05, so we fail to reject the null hypothesis for the same. There is no relationship among awareness and age of the respondents.

Table 6 Awareness level of investors in terms of fixed deposits considering gender

Ho There is no relationship between gender & awareness level of investors.
H_1 There is a relationship between gender & awareness level of investors.

Parameters		Gender		
		Male	Female	Total
Awareness to Fixed Deposits	Unaware	60	58	118
	Aware	269	213	482
Total		329	271	600

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.942a	1	.332

In table no 6, the calculated Chi-Square, degree of freedom, and significant value is given. For all the factors P – Value is greater than 0.05, so we fail to reject the null hypothesis for the same. There is no relationship among awareness and gender of the respondents.

Table 7 Awareness level of investors in terms of fixed deposits considering educational background

Ho There is no relationship between educational background & awareness level of investors.
H_1 There is a relationship between educational background & awareness level of investors.

Parameters		Education Background						
		Secondary	Higher Secondary	Under Graduate	Graduate	Post Graduate	Others	Total
Awareness to Fixed	Unaware	16	14	13	42	31	2	118
	Aware	73	65	23	185	125	11	482

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Deposits								
Total		89	79	36	227	156	13	600

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	6.862a	5	.231

In table no 7, the calculated Chi-Square, degree of freedom, and significant value is given. For all the factors P – Value is greater than 0.05, so we fail to reject the null hypothesis for the same. There is no relationship among awareness and educational background of the respondents.

Table 8 Awareness level of investors in terms of fixed deposits considering Monthly Income

Ho There is no relationship between monthly income & awareness level of investors.
H_1 There is a relationship between monthly income & awareness level of investors.

Parameters		Monthly Income					Total
		Less than Rs 40,000	Rs 40,000 - Rs 75,000	Rs 75,000 - Rs 1,25,000	Rs 1,25,000 - Rs 2,00,000	Over Rs 2,00,000	
Awareness to Fixed Deposits	Unaware	52	49	10	4	3	118
	Aware	152	220	81	16	13	482
Total		204	269	91	20	16	600

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.085a	4	.059

In table no 8, the calculated Chi-Square, degree of freedom, and significant value is given. For all the factors P – Value is greater than 0.05, so we fail to reject the null hypothesis for the same. There is no relationship among awareness and monthly income of the respondents.

Conclusion

The study concluded that there is no relationship between the awareness & demographic factors with respect to fixed deposits. The awareness factor is an independent factor.
Age, educational background, monthly income & gender is having no effect on awareness to fixed deposits.

Future Scope of the Study

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The present study is confined to state of Gujarat, so the scope of the study can be extended towards other states also. The study has focused on only salaried employees so this can also be extended towards professionals or industrialist.

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