

# SAVING AND INVESTMENT PATTERN OF SALARIED EMPLOYEES AT CHANDIGARH UNIVERSITY

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**ABSTRACT:** *The objective of the study is to analyze the savings and investments pattern of salaried employees of Chandigarh University. The data is collected through structured questionnaire distributed to 80 peoples working at Chandigarh University. It was found from the analysis there is relationship between Annual Savings and Age, Income, Designation, of people at Chandigarh University. The major impact on savings and investment is due to the level of income of the school teachers. The research paper depicts that the majority of the Respondents are saving money as Bank Fixed deposits for the safety of an unpredictable future.*

**Key Words:** *CU (Chandigarh university), HOD (head of the department), assistant prof. (assistant professor), FD (fixed deposit), TV (television).*

## INTRODUCTION

As we know that oxygen is necessary for human life in the same way Savings are necessary for uncertain future in context to meet the various need of life. Savings means sacrificing the current consumption in order to increase the living standard and fulfilling the daily requirements in future. The saving can be done in different ways by making bank deposits, or invests the saving in different ways. One of the best ways of saving is to create an automatic saving plan. Savings plays very important role in making of the household and the national economy. Saving also provide the financial protection to meet the requirement or emergencies in future. It is necessary to have saving plan because it will help in meeting financial goals like secure future, children's education, meeting the demands of the family etc.

Today investment is an economic activity. Basically investment is efficiently use of funds with the expectation of receiving good return or benefits in the future. Investment is mainly done with the objective like wanting a home, creating a regular income after retirement, and possessing money for the child's education.

## Income, Saving and Investment

To measure the growth of an economy there are three variables factor are as: Income, Savings and Investment. There is a big hand of investment for the development of an economy, and savings provides the basis for investment. In broadest sense, Investment means the sacrifice of certain present value for (possible uncertain) future value. The investment pattern and saving habits of employees sector is determined by their expectations from the various preferred avenues. Preference may vary due to various considerations i.e. Safety, Liquidity and Marketability, returns, tax benefits, risk involved etc. Investment also depends upon the awareness about investment opportunities, level of knowledge and how these investment opportunities are evaluated and selected. The appropriate investment decisions requires a comprehensive understanding of various subjects like finance, tax, economics, accountancy, business laws etc. However employees owing to the lack of education are not able to comprehend such subjects.

## Type of Investment

Table no.1

|                        |
|------------------------|
| Insurance policies     |
| Mutual Funds           |
| Post office savings    |
| Shares/bonds           |
| Fixed Deposit in Banks |
| Gold                   |

|                                  |
|----------------------------------|
| Real estate                      |
| Debt security                    |
| Others (employee provident fund) |

In table no. 1 there are some types of investment which study in this project.

Different investment have different rate of return and there are various factor which determined the investment pattern of people and investment behaviour of people is strongly influenced by the class to which they belong.

### **Investment Pattern**

Investments in capital goods is the prerequisite for the growth of an economy- therefore, the present study deals with investment pattern of employees at Chandigarh University so that their investmentbehaviour is understood. According to the analysis of investments in financial assets undertaken by employees at Chandigarh University, majority of the employees are investing in Mutual funds, gold because they feel it's a safe investment. Apart from this the employees have been largely investing especially in bank fixed deposits and post office schemes.

### **Investment behaviour**

Personal disposable income of the household is divided between consumption and savings. Savings may be idle or active. Savings becomes active, when it is canalized into „return bearing avenues“. The act of canalizing savings into return bearing avenues is „investment'. In this sense, investment refers to the increase in real capital, which leads to the generation of income. Every investment is exposed to one or another type of risk. There are five major risks in investment, which may be present in varying degrees, in different sorts of investment: non- payment risk, business risk, inflation risk, political risk, and social risk. Therefore, an investor, while investing money would try to satisfy the three objectives- safety, profitability, and liquidity.

### **Determinants of Investment Behaviour**

Investment avenues for an individual or family or household are many, generally known as instruments“. The preference shown by an investor in choosing a particular instrument is called investment behaviour“. The process of investment commences with surplus income, which includes operating and non- operating earnings. The prime determinants of investment behaviour of an individual are: sociological factors, such as culture or sub culture, social classes, reference group; and psychological factors like personality, attitude, beliefs, values and perceived investment- related benefits. People's investment behaviour is strongly influenced by the class to which they belong. Research studies have shown that there is a class membership is a significant determinant of investment behaviour. Selection of investment would depend on the specific need, rate of return and risk preference of the respondents and the degree of risk and return varies for different investment avenues. The aim of Investment is to multiply the money at various rates depending upon the term of the investment.

### **LITERATURE REVIEW**

Dr.BhawanaBhardwaj andDr.Nisha Sharma (2013) undertook a study on” saving and investment pattern of employees of Bhara university, Solan (HP)” with a sample of 50 employees of Bhara university from different department (both from teaching and non-teaching) have been selected at random and conclude that 80 per cent of the employees are aware of industrial securities but only 8% of them are investing in it. Some employees have invested in equity share and very few in debentures while most the employees have invested in equity share and very few in debentures while most of the employees do not invest in industrial securities. It also revealed that most of the employees are aware of investment in securities but they are not investing in it as they consider it as an unsafe investment.

R Sreepriya& P Gurusamy (2013) studied the “investment pattern of salaries people in the district of Coimbatore” with a sample of 150 respondents and concluded that majority of the respondents are educated up to college level and they are aware of the investment avenues. It was also concluded that most of the respondents prefers long term investment and bank deposits was the most preferred investment. They have not faced any problem on their investments. The study also emphasized that the there was a significant relationship between education qualification and fulfilment level of the respondents.

VarshaVirani(2013) undertook a study on “saving and investment pattern of school teacher in Rajkot city, Gujarat”with a sample of 100 school teachers and concluded that most of the teachers prefer Bank Fixed deposit and government securities as their investment option. High interest rates as well as safety have been considered as the main criteria for investment. It also revealed that high rate of return and tax benefit

has influenced the investment decision of the respondents. There was a lack of awareness about equity and mutual fund as avenues of investment. It also revealed that most of the teachers are saving their money for children's education, marriage and to fulfil the other goals of life.

Brahma Bhatt, P.S.RaghuKumari and SharmiraMalekar (2012) has conducted a study on the "investor behaviour on investment avenues in Mumbai" with a sample of 100 respondents. The study revealed that people invest in stock market as compared to any other avenues, even though they face huge losses. It was also evident from the study that investor prefers savings and safety but at the same time they want higher interest at low risk in shorter span. Their study also concluded that most of the respondents possess higher educational qualification and opt for two or more sources of information to make investment decision. It also stated that most of the respondents discuss with their family and friend before making investment and the respondents' decisions are based on their own initiative. Female respondents are attracted towards gold than any other avenues.

## RESEARCH METHODOLOGY

### Statement of the Problem

The people generally do saving to meet their financial requirement in future because they are insecure about their future event so they want to secure their future living.

There is a vast scope of savings and investment because the circulation of money is also high. This study has been done to analyze the savings and investment pattern of salaried employees at Chandigarh University.

### Objective of study

The present study is an attempt to throw light on the investment behaviour of the employees of Chandigarh University.

The specific objectives are:

- To analysis saving and spending habits of employees at C.U
- To analysis preferred investment alternatives by salaried employees of C.U.

### Hypothesis of the study:

- There is no significant relationship between the annual income and the annual savings of the respondents.
- There is no significant relationship between gender, marital status and annual savings with the expected rate of return of the respondents.

### Data Collection

This research is based on primary data of 80 respondents and data is collected through distributing questionnaire among the employees. The present research focuses on the qualitative approach. The questionnaire is design according to the objective of the study & response is collect by face to face interviews.

The present research is based on a descriptive model of research methodology. In this research, the major goal is to analyze analysis saving and spending habits of employees at Chandigarh University with an eye on the objectives of the study

In the present study, the method of collecting data is primary data has been collected through a well-structured questionnaire filled by the respondents.

- Sampling Technique: The study is carried on by Descriptive sampling technique.
- Sample size: For the purpose of research 80 respondents were selected.

### Data analysis:

| Demographic profile of the employees |       |                  |
|--------------------------------------|-------|------------------|
| Options                              |       | No. of Responses |
| Age                                  | 21-25 | 10               |
|                                      | 26-30 | 44               |
|                                      | 31-35 | 13               |
|                                      | 36-40 | 10               |
|                                      | 41-45 | 3                |

|                    |                 |    |
|--------------------|-----------------|----|
| <b>Gender</b>      | Male            | 18 |
|                    | Female          | 62 |
| <b>Designation</b> | Assistant prof. | 53 |
|                    | Associate prof. | 22 |
|                    | Others          | 5  |

Analysing the demographic variables in the above Table, it may be observed that 18% of the respondents are male and the remaining female. Out of the total respondents, 53 are assistant professor or 22 are associate prof. and remaining other (librarian, HOD etc.) 44 % of the respondents fall in the category of 26-30 years, 13 respondents is in 31-35 years category or only 3 respondents' falls in the category of 41-45.

**Table no.2 Annual income of employees**

| <b>Options</b>   | <b>No. of Responses</b> |
|------------------|-------------------------|
| Less than 1 lakh | 5                       |
| 1-2 lakh         | 8                       |
| 2-3 lakh         | 35                      |
| 3-4 lakh         | 18                      |
| 4-5 lakh         | 13                      |
| Above 5 lakh     | 1                       |
| <b>Total</b>     | <b>80</b>               |

Table no.1 shows the classification of the respondents on the basis of their annual income more than 40% of the respondents have annual income between 2-3 lakh, 18 respondents' income between 3-4 lakh and there is only one respondent whose annual income is Above 5 lakh.

| <b>Table no.2 invest your savings</b> |                         |
|---------------------------------------|-------------------------|
| <b>Options</b>                        | <b>No. of Responses</b> |
| Yes                                   | 76                      |
| No                                    | 4                       |
| <b>Total</b>                          | <b>80</b>               |

Table no.2 Show that there is no respondent who is not investing their savings 100% Respondent Invest their savings

| <b>Table no.3 time horizon of investment</b> |                         |
|--|-------------------------|
| <b>Options</b>                               | <b>No. of Responses</b> |
| short term                                   | 14                      |
| Medium term                                  | 42                      |
| Long term                                    | 20                      |
| <b>Total</b>                                 | <b>80</b>               |

Table no. 3 Show the result of time Horizon in which the respondent invest their savings. There are only 16 respondents who invest their annual saving for a short term, 42 respondents who invest for a medium term and rest of all for long term. And many of respondent want to invest their saving for a long period.

| <b>Proportion of monthly savings spent on different form of investment</b> |                         |
|--|-------------------------|
| <b>Options</b>   | <b>No. of Responses</b> |
| 0-10   | 18                      |
| 10 to 20   | 38                      |
| 20-30  | 17                      |
| 30-40  | 3                       |
| <b>Total</b>   | <b>80</b>               |

**Table no.4** Show that proportion of monthly savings spends on their investment there are 38 people who spent on their investment in the proportion of 10-20, and there are very few people who spent their monthly savings in the proportion of 30-40.

| <b>Options</b> | <b>No. of Responses</b> |
|----------------|-------------------------|
| less than 25K  | 17                      |
| 25K-50K        | 46                      |
| 50K-75K        | 8                       |
| above-75K      | 5                       |
| <b>Total</b>   | <b>80</b>               |

the frequency show the annual saving of employees there is only 5 respondents, who's annual saving is above 75thousand the reason of their savings is their annual income and the annual saving of More than 50% respondent is between 25K-75K.

| <b>Options</b>                        | <b>No. of Responses</b> |
|---------------------------------------|-------------------------|
| save for emergency                    | 37                      |
| save for retirement                   | 3                       |
| save for education                    | 4                       |
| Save for purchase and wealth building | 5                       |
| Save for future investment proposals  | 24                      |
| Tax purpose                           | 3                       |
| <b>Total</b>                          | <b>80</b>               |

Show the reasons behind the saving of employees mostly people save their money for future investment proposal or emergency purpose and only 3 people who save for a taxation purpose, rest of all some retirement, education purpose and only 5 people who save for purchase building.

| <b>Options</b>     | <b>No. of Responses</b> |
|--------------------|-------------------------|
| Increase in salary | 55                      |
| Future needs       | 8                       |
| Tax benefits       | 13                      |
| <b>Total</b>       | <b>80</b>               |

Show that factors which increase the size of employees saving. More than 50% respondent say that the size of their saving is increase due to increase in his income, 13 respondent say that if there is a tax benefit is given then the size of their saving is increase and only 8 respondent think that if there future needs is increase then the size of saving is also increase.

| <b>Schemes</b>         | <b>No. of responses</b> |         |           |       | <b>Total</b> |
|------------------------|-------------------------|---------|-----------|-------|--------------|
|                        | Fully aware             | Neutral | Not aware | aware |              |
| Insurance policies     | 38                      | 8       | 0         | 4     | 50           |
| Mutual Funds           | 17                      | 28      | 1         | 4     | 50           |
| Post office savings    | 29                      | 11      | 10        | 0     | 50           |
| Shares/bonds           | 10                      | 27      | 6         | 7     | 50           |
| Fixed Deposit in Banks | 42                      | 4       | 0         | 4     | 50           |

|               |    |    |   |    |    |
|---------------|----|----|---|----|----|
| Gold          | 20 | 22 | 2 | 6  | 50 |
| Real estate   | 8  | 25 | 8 | 9  | 50 |
| Debt security | 5  | 27 | 6 | 12 | 50 |

This table show the various type of investment scheme. Through this table know the knowledge/awareness of employees about different investments schemes. About insurance policy 38 respondents is aware out of 50 respondents and there is no respondent who is not aware about insurance policy. 28 respondents is neutral aware about the mutual funds and there is 17 fully aware or 1 is not aware. The frequency show there is more respondents who is fully aware for fixed deposit in bank. And there is only 5 respondents who is fully aware about Debt securities 12 is aware or 6 is not aware.

| Schemes                          | No. of responses | Total |
|----------------------------------|------------------|-------|
| Insurance policies               | 26               | 50    |
| Mutual Funds                     | 13               | 50    |
| Post office savings              | 12               | 50    |
| Shares/bonds                     | 5                | 50    |
| FD in Banks                      | 42               | 50    |
| Gold                             | 12               | 50    |
| Real estate                      | 2                | 50    |
| Debt security                    | 0                | 50    |
| Others (employee provident fund) | 1                | 50    |

Table no. 9 There are various investment scheme which is employees prefer for savings mostly people prefer fixed deposit in bank because they feel safe or there is only one person who invest their savings in employees provident fund, and no respondent invest in Debt security because there is a high rate of risk. Only 5 respondents invest their money in the share markets (share/bonds).

| Options      | No. of Responses |
|--------------|------------------|
| Friends      | 16               |
| Relatives    | 10               |
| News paper   | 6                |
| TV/Radios    | 2                |
| internet     | 15               |
| Others       | 1                |
| <b>Total</b> | <b>50</b>        |

Table no.10 The frequency show where the employees get information for invest their money so, mostly respondents get information from friends and internet only 2 people from TV/radio and one is other.

| Options      | No. of Responses |
|--------------|------------------|
| Yes          | 76               |
| No           | 0                |
| <b>Total</b> | <b>80</b>        |

Table no.11 Show that the satisfaction of employees from their present investment scheme so there is 100% respondent is satisfied with their present investment schemes

| <b>Table no. 12 showing the employees want refer investment scheme to your friends/ relatives/colleagues.</b> |                         |
|---|-------------------------|
| <b>Options</b>  | <b>No. of Responses</b> |
| Yes   | 76                      |
| No  | 0                       |
| <b>Total</b>  | <b>80</b>               |

Table no.12 Showing that respondents want to refer their investment scheme to their friends/relative/colleagues. Everyone is very satisfied their investment scheme and they want refer to others.

### **FINDINGS**

Out of the total respondents, 17% of the respondents are male and 21% of the respondents were found to be in the category of 26-30 years of age.

26% of the respondents are in the income group between Rs.2-3 lakh and 17% of the respondents save 25K-75K per annum. Save for future investment is the main objective of the respondents behind savings and for them it was found that their friends and internet are the main source of motivation.

Demographic variables like age, gender, marital status and educational qualification are not Significantly associated with the basis of investment. More than 7% of the respondent's savings were above 75K.

There is significant relationship between income and saving. Majority of the investors were regular investors. Fixed deposits in Bank are considered as the main avenues of investment.

There is no significant relationship between gender, marital status but significant Relationship between the annual savings of the sample investors and their expected Rate of return.

### **CONCLUSION**

This research study was conducted to understand the basis of selection of saving and investment of CU employees and also to know their level of awareness towards selection basis for investments. 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.

### **SUGGESTIONS**

Investments in the form of bank deposits have been found more popular among employees these employees attribute safety the main reason for making investment in bank deposits. Hence it is suggested that employees should channelize their surplus in 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.

### **LIMITATIONS OF STUDY**

All efforts have been made to make the study a complete and comprehensive survey of the salaried employees. But still there can be some limitations and errors in the research.

- Quality of the information highly dependent on the knowledge and mind-set of the respondents.
- Some Users did not provide true picture about their saving and investment.

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