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Investment Pattern: A Comparative Study on the Government and Private Employees with Special Reference to Kerala

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ABSTRACT

Investment is the employment of funds with the aim of getting return on it. The return may consist of capital gain or investment income, including dividends, interest, rental income etc., or the combination of the two. First step of investment is savings. This study attempt to identify investment pattern of government and private employees. Most of the investors prefer to park their funds in avenues like provident funds, bank deposits and insurance. The investors decision are driven by the economic indicators such as GDP, inflation rate, government policies, unemployment rates etc. Investors generally expect higher returns financial assets range from low risk, low return investments, such as government bonds, to those with higher risk and higher expected commensurate reward, such as emerging markets stock investments. The study shows how different factors and instruments have different risk, the returns, and tax considerations while taking investment decisions and are of diverse natures.

Keywords: Investment, Returns, Risk, Liquidity, Safety, Mutual Funds.

1. INTRODUCTION

Any action that is performed today in order to yield profit at a later stage is described as an investment. It is also described as the link between having savings and harvesting returns. It has the potential to transfer the surplus funds of one person to another who needs those funds. The significance of investment varies in finance and economics. Finance investment means investing money into something and expecting gain in return in a specific period of time.

It is done with thorough analysis and has a high degree of security for the principal amount as well as return with the help of an analyst. The analyst analyzes securities on behalf of the firm and its clients to provide valuation advice apt for the firm's holdings or portfolio.

The analysis that is used for making investment decisions regarding specific securities are provided in the form of reports. Investments are made indirectly through intermediaries, e.g. banks, brokers, credit unions, insurance companies and lenders.

Money invested in the right instrument at the right time for the right tenure will mean financial success. Investment is an art and a science, key to successful investment is focused and effective investment planning. Recently, the study of dynamic relation between savings and investment has received considerable attention especially in emerging economies like India.

Savings and investment has an important role in upholding economic growth of India.

It is considered that, savings and investments are two critical macroeconomic variables with microeconomic foundations. It helps for promoting employment opportunities and achieving price stability thereby contributing to economic growth.

There are two views of the topic titled Savings and Investment.

One is considered to apply to real physical macroeconomic activity, the "Keynesian", or National Accounts view. The other is considered to apply to money and banking, the "Monetarist" view. Keynesians start with accounting definitions, where Savings = Investment, by construction, and tend to emphasize the non-productive (zero sum) nature of all vehicles by which savings eventually ends up as capital.

Monetarists tend to focus on technical distinctions of how savings is transformed from money balances, eventually into capital, and emphasize the value of those vehicles in selecting which capital to invest in.

2. OBJECTIVES OF THE STUDY

Before starting a project, it should keep in mind the clear objective of the project because in the absence of the objective one can't reach the conclusion or the end result of the project.

1. To compare the investment pattern of government and private employees.
2. To find priority for investment like Returns, Risk, Safety, Liquidity, maturity of investment.
3. To study the investor's preferences as to different investment avenues.

3. STATEMENT OF THE PROBLEM

As future is unpredictable, people save money in order to meet the financial requirements. However, properly planned investment practices can resolve the problems in the future to a considerable extent. The ambit of savings and investment increases because of large number of businessmen, small industrialists, and government employees in the economy. Households in India form the foundation of the financial market.

Creating a good culture of investment among households will certainly contribute towards the economic wealth and welfare of the people. Keeping proper investment planning for individuals and creation of good

investment culture among investors in mind, the present study proposes to evaluate and analyze savings and investments pattern of government and private employees, who form a cluster among households.

4. NEED AND SIGNIFICANCE OF THE STUDY

Investment is the most important thing today. The government as well as private employees are earning a good salary. They have enough money to invest and to spend some extent. But lack of time to study about these investment avenues they invest in most common and less risky avenues. At present there are lots of investment avenues available in market. So this study is of great importance since identification of the investment avenues they preferred and the factors to be considered while selecting these investment avenues.

5. SCOPE OF THE STUDY

- This study is confined to the government and private institutions in Ernakulam city only.
- This study not includes other avenues such as diamond, retail textile and agricultural business.
- The scope of the study is limited to selected investment avenues.
- This study is limited to comparison of different investment avenues available to government and private employees.

6. RESEARCH METHODOLOGY

Sampling Technique

Keeping in mind the objective of the study, a draft will be prepared at early stage. An experimental study will be undertaken in order to know the accuracy of the questionnaire. The final questionnaire will be arrived at only after certain important changes are incorporated. Random sampling technique will be used for gathering the data from investors. The investors are selected by the random sampling method. Random sampling is that method of sampling where every individual unit in the population gets an equal chance of being selected in the sample. It is most frequently used method of selecting a representative sample. The benefit of this type of sampling is the availability and the quickness with which data can be collected.

Sampling Unit

The respondents who will be asked to fill out the questionnaires are the sampling units. The sampling units in this project were government and private employees.

Sampling Size

The sample size will be restricted to only 100, which comprised of mainly people from different regions of Ernakulam city due to time constraints.

Sampling Area

The area of the data collection is in Ernakulam city.

Sources of Information

Primary data: Information is collected by conducting a survey by distributing a questionnaire to 100 government and private investors in Ernakulam. These 100 investors are of different age group, different income levels, and different gender. (A copy of the questionnaire is given in the last as APPENDIX).

Secondary data: This data is collected by using the following means.

1. Articles in Financial Newspapers (“Business line” and “Economic times”)
2. Investment Magazines, Business Magazines, Financial chronicles.
3. Expert’s opinion published in various print media.
4. Books written by various Foreign and Indian authors on investments.
5. Data available on internet through various websites.

Data Processing and Analysis

The primary data collected were tabulated and analyzed with the help of computer software keeping in view the objective of the study. Mathematical and statistical tools were used for analysis wherever necessary. The mathematical tools used for the applied are averages and percentages. The statistical tools used for is weighted average mean and correlation.

7. REVIEW OF LITERATURE

1. Murlidhar A. Lokhande (2015) studied the rural investors’ investment patterns and awareness of savings and investments. The study discloses that, the investors prefer to invest their investments in ‘safe’ options only. The popular investment of majority of the investors are in real estate, bank deposits, gold and jewellery.
2. Selvi (2016) attempted to study the behaviour of investors towards the investment avenues. Majority of the respondents have not preferred to invest their savings in UTI and mutual funds which are the latest investment schemes. Among the investment avenues, the most preferred avenues are gold and bank deposits while, it is getting increased attention in insurance schemes and post office instruments.
3. Thulasipriya (2016) carried out a study on impact of family size and family income on the investment behaviour of salaried investors. It reveals that most of the salaried investors having 8.87 mean score are very much concerned with the safety of their money invested while making investment preference. Second important factor is Tax benefits, which is recorded as 7.55 mean score. The third factor that influences the investment preference is Regular Return. The study found that the salaried investors mean score of 7.40 is against the regular return on investment. Lastly but not least, the salaried investors with 7.09 as mean score are influenced by regular return on investment.
4. Javed Iqbal Bhabha explored that employed investors has an important role in the economic growth of nation through his study on Factors Affecting the Attitude of Working-Women towards Saving-Investment in Developing Countries. Savings attitude and investment behaviour is

influenced by past and future act of special kinds of investment options. He came to a conclusion that, the factors which are controlling the attitude of working-women towards saving-investment behaviour in developing countries and explained the key critical factors like, income, financial security and returns on investment.

5. K.V. Ramanathan, Dr. K.S. Meenakshisundaram (2015) analyzed the investment pattern of bank personnel. This study helps to understand the essentials of gathering of investment of bank employees. It also helps to know their level of awareness towards selection basics for investment. Most of the investors invest in tax saving investments such as life insurance products.
6. Nagpal Sushant and Bodla B.S, (2009) brings out the demographic characteristics of investors, relationship between lifestyle clusters of the respondents and their investment patterns and sources of information tapped by them. The study concluded that investors prefer less risky investments such as insurance policies, fixed deposits with banks and post office, PPF and NSC.
7. Corter and Chen (2006) studied that investment experience is an important factor influencing behavior. Investors with more experience have relatively high risk tolerance and they construct portfolios of higher risk.
8. Rao. D.N. and Rao. S. B. (2009) analyzed the performance of the 47 Balanced and 72 Income Funds in terms of Return, Risk, Return per Risk and Sharperatio over the past three years (2006, 2007 and 2008) during which period the Indian Stock Market had witnessed much volatility. Further, the performance of these funds was compared with that of the Market and Benchmark Indices.
9. David. L. Scott and William Edward (1990) reviewed the important risks of owning common stocks and the ways to minimize these risks. They commented that the severity of financial risk depends on how heavily a business relies on debt. Financial risk is relatively easy to minimize if an investor sticks to the common stocks of companies that employ small amounts of debt. They suggested that a relatively easy way to ensure some degree of liquidity is to restrict investment in stocks having a history of adequate trading volume.
10. Roy Choudhary in his study “income consumption and saving in rural and urban India” (1998) find that household assets are equal to base year residential house property plus accumulated household saving. He has found that permanent income has a significant effect on rural consumption but negligible effect on urban consumption.
11. Dr. T.N. Murty, G.V. Chalam and P.V Durga Rao (2014) in their study on “Investment pattern of equity investors in Indian capital market” revealed that, the attitude of the investors has been changing due to the changes in the stock market. The investor can make the share trading as a beneficial investment arena. It is purely based upon the investors' awareness towards the share trading and stock investments.
12. J. Jayalakshmi and Dr. V.L. Shobhana (2006) in their study on “Investors Awareness and Preferences” has explored the awareness level of investors regarding investment options and investment risks. The analysis disclosed that the investment in real estate is preferred by a majority of the investors and secondly they prefer investment in bank deposits.

13. Dr. V. Darling Selvi and Arul Stephan (2009) in their study, “Investment Avenues for Senior Citizens” stated that it is necessary to find a decent source of income by elders for themselves. According to the preference of the senior citizens, there are various alternative avenues of investments. A definite idea about investment will provide senior citizens a steady income which helps them in the phase of rising cost in future.
14. P. Neelakantan (2011) in his article, “Impact of Risk analysis in selection of investment avenues- A study on Debt Market Investors” proposed that investment in Debt Market instruments has become an imperative choice of the investors with the objectives of return optimization. Uncertainty of expected returns is a vital part of the investment option in debt market. Change in the anticipated returns and actual returns lead to the possible consequences of the decision regarding the selection of debt market investment vehicle. Risks in debt market instruments are poised of the demands that bring variations in the return of income. Market price and interests play a significant role on the risk associated with the debt markets which are being influenced by the various internal and external considerations. Uncontrollable external risks have a greater impact of the volatility of returns on the investment vehicles and they are of systematic in nature.
15. Jayasatha (2014) A Study on Investors’ Investment Pattern in Various Avenues (Empirical study in Coimbatore city) attempted to show the key demand that the major investors hide of an investment are safety of principal amount, liquidity, income stability, appreciation and easy transferability. This study based on percentage analyses and chi-square. Different varieties of investment methods are available such as shares, bonds, options, futures, FOREX, bank, companies, gold and silver, real estate, life insurance and so on. Author concluded that most of the investors preferred mutual fund investment followed by Life Insurance Corporations.

8. LIMITATIONS OF THE STUDY

- People may think that it is conducted for any other Governmental or taxation purpose.
- It has taken a lot of time.
- Some people may not be ready to co-operate.
- Sample size, which has taken very small, on the basis of which efficient decision cannot be taken.
- Since respondents were at their work, they did not have enough time to give replies.

9. ANALYSIS AND INTERPRETATION

An analysis is made on the responses received from sample consisting of 100 investors. The objective of the report is to find out the investor’s preferences as to different investment avenues, and to find priority for investment like Returns, Risk, Safety, liquidity, maturity of investment.

The questionnaire contains various questions on the investor’s financial experience, based on these experiences an analysis is made to find out a pattern of their investments.

Based on these investment experiences of these investors an analysis is made and interpretations are drawn. Interpretations are made on a rational basis, these interpretations may be correct or may not be correct but care is taken too drawn a valid and approvable interpretation.

Analysis is made only from the information collected through questionnaires no other data or information is taken in to consideration for the purpose of the analysis.

10. PROFILE OF RESPONDENTS

The present study is an attempt to examine the investment pattern of government and private employees. Since the study is based on opinion survey, it is necessary to understand the demographic particulars and socio-economic elements which have a direct influence on the investment behaviour of the government and private employees. For this purpose the profile items of the respondent's designation, gender, age and income were considered.

Designation of the Respondents

Designation wise classification of respondents selected for the present study is shown in the table below:

Table 1
Classification of respondents on the basis of designation

<i>Designation</i>	<i>Frequency</i>	<i>Percentage</i>
Government employees	50	50.0
Private employees	50	50.0
Total	100	100.0

Source: Primary data.

On the basis of designation, the respondents are classified into two main categories viz. government employees and private employees. 50 per cent of the respondents belong to the government employees and another 50 per cent in the private employees category.

Gender of the Respondents

For the study the respondents are classified as gender wise also. The following table shows the detail of the respondents based on the gender.

Table 2
Classification of respondents on the basis of Gender

<i>Designation</i>	<i>Male</i>	<i>Percentage</i>	<i>Female</i>	<i>Percentage</i>
Government Employees	26	46	24	55
Private Employees	30	54	20	45
Total	56	100	44	100

Source: Primary data.

Gender wise classification of the respondent reveals, on and around 46 percent of the respondents are male and 54 percent are female in the Government sector and 54 percent male and 45 percent are female in the private sector category.

Age of the Respondents

The age of the respondents have a greater impact for the selection of investment avenues. Age wise classification of the Respondents selected for the study is shown below.

Table 3
Classification on the basis of Age of the respondents

<i>Age group</i>	<i>Government Employee</i>	<i>Percentage</i>	<i>Private Employee</i>	<i>Percentage</i>
Less than 30 years	6	12.0	24	48.0
30 - 40 years	28	56.0	14	28.0
40 - 50 years	8	16.0	10	20.0
More than 50 years	8	16.0	2	4.0
Total	50	100	50	100

Source: Primary data.

Age wise classification of the respondents reveals that the majority of Government respondents (56%) belongs to the age group of 30-40 years and 48% of the majority respondents of Private sector comes under the age group of < 30 years. Under the Government sector respondents 12% are < 30years,16% are between 40-50years and also 16% are > 50 years. In Private sector 28% are between 30-40years, 20% are in between 40-50 years and 4% are in the age group of > 50 years.

Income of the Respondents

Income of the respondents directly affects the selection of different avenues. The usual concept of investment is that the increase in income of the respondents increases the investment level.

Income wise classification of respondents selected for the study was shown below:

Table 4
Classification on the basis of Income of the respondents

<i>Monthly Income</i>	<i>Government Employees</i>	<i>Percentage</i>	<i>Private Employees</i>	<i>Percentage</i>
Below 40,000	10	20.0	26	52
40,000 - 50,000	12	24.0	16	32
60,000 - 80,000	16	32.0	4	8
Above 80,000	12	24.0	4	8
Total	50	100.0	50	100

Source: Primary data.

The above table presents the monthly income of the respondents. It's being noted that 32% of Government Employees belong to the monthly income of 60000-80000 and 52% of private Employees belong to the monthly income of < 40000. This is followed by 24% of the respondents of Government Sector are come under the income group between 40000-60000 and > 80000 each and 32% of private sector respondents belongs to the income group of 40000-60000.20% of Government Sector respondents

belong to the monthly income of < 40000.8% of private sector are come under the income group of 60000-80000 & > 80000 each.

Awareness of Different Investment Avenues with Regard to the Designation

There are various investment avenues available for the investors from stock market investment to debentures. Certain avenues provide the respondents certain tax deduction. Since the respondents are Government and Private sector employees, their preference also include these consideration. However the awareness of these avenues is important.

Details regarding the awareness level of respondents regarding different avenues are shown in the table below.

Table 5
Classification of respondents on the basis of awareness of different investment avenues with regard to the designation

<i>Investment avenues</i>	<i>Designation</i>		<i>Combined mean value</i>
	<i>Government employees</i>	<i>Private employees</i>	
Stock market	1.88	1.92	1.90
Bank deposit	3.00	3.00	3.00
Post office deposit	2.88	2.80	2.84
Mutual fund	2.00	1.76	1.88
Real estate	2.00	2.04	2.02
Gold	2.60	2.76	2.68
Insurance	2.96	2.80	2.88
Provident fund	3.00	2.52	2.76
Debenture	1.88	1.96	1.92

Source: Primary data.

The annual investment respondents were analyzed by classifying the level into 3.

Rating scaling was used as follows:

2-3 Fully aware

1-2 Partially aware

0-1 Unaware

Analysis was done on the basis of mean values.

It can be observed from the table that on the whole the respondents are aware of different investment avenues. The highest mean score was occupied by Bank deposit (3.00) and this was followed by Insurance (2.88) and this was followed by post Office deposit (2.84). The least score was given to Mutual Fund(1.88) and stock market (1.90).

As far as designation wise are considered, Government employees have highest mean score on both Bank deposit and Provident Fund (3.00) and this was followed by Insurance (2.96). The least score was given to both debenture and stock market (1.88).

In the case of private sector employees, the highest score was given to Bank deposit (3.00) and insurance (2.80). The least score was given to Mutual Fund(1.76) and stock market (1.92).

Over-all Analysis

In this case a brief over all analysis of the respondents were made by using the cut-off point of mean score 2.5. Those who fall above the cut-off point were considered as aware and those who fall below the cut-off point were considered as unaware.

Ranking of Investment Avenues on the Basis of Respondent's Preference

There are different types of avenues available for investors. The respondents are asked to rank these different investment avenues. The different avenues include stock market, bank deposit, post office deposit, real estate, mutual fund, gold, insurance, provident fund, debenture and so on. These avenues are ranked by the respondents on the basis of their preferences.

The following table shows the ranking of the investment avenues by the respondents on the basis of their preference with regard to designation:

Table 6
Ranking of investment avenues

<i>Investment avenues</i>	<i>Government employees</i>		<i>Private employees</i>		<i>Total</i>
	<i>Mean score</i>	<i>Rank</i>	<i>Mean score</i>	<i>Rank</i>	<i>Combined mean</i>
Stock market	2.80	9	2.92	9	2.86
Bank deposit	7.56	1	7.88	1	7.72
Post office deposit	5.08	5	5.24	4	5.16
Mutual fund	2.88	8	4.76	5	3.82
Real estate	3.60	6	4.40	6	4.00
Gold	5.48	4	5.48	3	5.48
Insurance	6.44	3	6.32	2	6.38
Provident fund	7.52	2	3.80	7	5.66
Debenture	3.04	7	3.52	8	3.28

Source: Primary data.

Ranking table was used for the purpose of analysis. The factor which was ranked first by a respondent was assigned the high score of 9; the one ranked second was given a score of 8 and so on. The scores obtained for a particular factor on the basis of conversion of ranks assigned by the respondents were summated and averaged to arrive at the mean scores of the particular factor for different categories of respondents.

Overall, majority of the respondents under government sector and private sector gave 1st rank to Bank deposit. The least ranks were given to debenture, mutual fund, stock market and so on.

As far as sector wise considered, government employees gave 1st rank to Bank deposit, 2nd rank to insurance, 3rd rank to Gold and so on. The last ranks given by them are debenture, Mutual Fund and Stock Market.

While considering private employees, they also gave 1st rank to Bank Deposit, 2nd rank to bank deposits, 3rd rank to insurance and so on. The least ranks were given to provident fund, debenture and stock market.

Ranking the Factors Considered by the Respondent's While Selecting the Investment Avenues

The investment is not an independent process. There are various factors which affect the selection of these investment avenues. It includes safety, tax savings, high returns, and simplicity and so on. The following table shows the ranking of the factors considered while selecting the investment avenues.

Table 7
Ranking the factors considered while selecting the investment avenues

Factors	Government employees		Private employees		Total
	Mean score	Rank	Mean score	Rank	Combined mean
Safety	5.56	1	4.46	1	5.01
Tax saving	3.68	3	4.44	2	4.06
Simplicity	3.20	5	2.52	5	2.86
Low risk	4.16	2	4.04	3	4.10
High returns	3.44	4	3.36	4	3.40
Liquidity	1.56	6	2.00	6	1.78

Source: Primary data.

Ranking table was used for the purpose of analysis. The factor which was ranked first by a respondent was assigned the high score of 6; the one ranked second was given a score of 5 and so on. The scores obtained for a particular factor on the basis of conversion of ranks assigned by the respondents were summated and averaged to arrive at the mean scores of the particular factor for different categories of respondents.

Overall majority of the respondents gave 1st rank to safety, 2nd rank to tax saving and so on. The high return factor are ranked 4th by the respondents. The least ranks were given to simplicity and Liquidity.

As far as designation wise considered, government employees gave 1st rank to safety, 2nd rank to Low Risk, 3rd rank tax saving factor and so on. The last ranks given by them are Liquidity & simplicity.

As far as private employees are concerned, they proposed 1st rank to safety, 2nd rank to tax saving factor, 3rd to low risk and so on. The last ranks were given to the factors such as Liquidity, simplicity etc.

Respondent's Minimum Investment Level with Regard to Designation

The designation of the respondents affects their minimum investment level. The following table shows the classification of respondents on the basis of minimum investment level with regard to designation:

From the table it is apparent that majority (28%) could invest between ₹75000-100000. The investment up to ₹50,000, between ₹50,000-75000 and above ₹100000 are 24 percent of respondents each.

While considering the government employees, as percentage wise considered it was found that 32% have made investment between ₹75,000-1,00,000 and 24% of them had invested above ₹1,00,000.

Table 8
Classification of respondents on the basis of minimum investment level with regard to designation

<i>Minimum investment level</i>	<i>Designation</i>				<i>Total</i>	<i>Percentage</i>
	<i>Government employees</i>	<i>Percentage</i>	<i>Private employees</i>	<i>Percentage</i>		
Upto 50,000	10	20.0	14	28.0	24	24.0
50,000 -75,000	12	24.0	12	24.0	24	24.0
75,000 - 1,00,000	16	32.0	12	24.0	28	28.0
Above 1,00,000	12	24.0	12	24.0	24	24.0
Total	50	100.0	50	100.0	100	100.0

Source: Primary data.

As far as private employees are considered, as percentage wise considered it was found that a higher 28 percentage made their investment between ₹75000- 1,00,000 and 24% each could invest in between ₹50,000-75,000, ₹75000-100000 and above ₹100000.

Percentage of Income Invest Annually with Regard to Designation

From the table it is apparent that majority (58%) could invest 15% - 30% of their income and 34% of the respondents had invested less than 15% of their income. Hardly 4% of the respondents each are investing between 30%-50% and above 50% of their income.

Table 9
Classification of respondents on the basis of percentage of income invest annually with regard to designation

<i>Percentage of income invest (annually)</i>	<i>Designation</i>				<i>Total</i>	<i>Percentage</i>
Less than 15%	16	32.0	18	36.0	34	34.0
15%-30%	30	60.0	28	56.0	58	58.0
30%-50%	2	4.0	2	4.0	4	4.0
More than 50%	2	4.0	2	4.0	4	4.0
Total	50	100.0	50	100.0	100	100.0

Source: Primary data.

While considering the government employees, as percentage wise considered it was found that 60% have made investment between 15%-30% level and only 4% of them each had invested between 30%-50% and above 50% of their income.

As far as private employees are considered, as percentage wise considered it was found that a higher 56 percentage made their investment level between 15%-30% and hardly 4% each could invest in between 30%-50% and more than 50% of their income.

Formal Budget for Family Expenditure

From the table it should be evident that majority (64%) of the respondent prefer to prepare formal budget for meeting their expenditure. In the other side 36 % of the respondent would not care for the preparation of family budget.

Table 10
Classification of respondents on the basis of preparation of formal budget for family expenditure

<i>Formal budget for family expenditure</i>	<i>Government employees</i>	<i>Percentage</i>	<i>Private employees</i>	<i>Percentage</i>	<i>Total</i>	<i>Percentage</i>
Yes	26	52.0	38	76.0	64	64
No	24	48.0	12	24.0	36	36
Total	50	100.0	50	100.0	100	100

Source: Primary Data.

Opinion of the Investors Regarding the Statement “Investment Returns Grow Faster than Annual Inflation Rate

Here an attempt was made to know the opinion of government and private sector employees regarding the investment returns grow faster than annual inflation rate. 5 point scale was used to know the opinion of respondents.

The scaling was as follows:

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

Analysis of opinion of respondents with regard to the investment returns grow faster than annual inflation rate is shown in the table below:

Table 11
Classification of respondents on the basis of investment returns grow faster than annual inflation rate

<i>Investments grow faster than annual inflation rate</i>	<i>Government employees</i>	<i>Percentage</i>	<i>Private employees</i>	<i>Percentage</i>	<i>Total</i>	<i>Percentage</i>
Strongly agree	20	40.0	16	32.0	36	36.0
Agree	18	36.0	25	50.0	43	43.0
Neutral	8	16.0	6	12.0	14	14.0
Disagree	2	4.0	2	4.0	4	4.0
Strongly disagree	2	4.0	1	2.0	3	3.0
Total	50	100.0	50	100.0	100	100.0

Source: Primary data.

Analysis of survey variables reveal that majority 43% of the respondents agree that the investment returns grow faster than annual inflation rate. Another portion (36%) of them had strongly agreed with this statement and 14% are neutral to this. Only 4% of respondents are disagree with the statement. Hardly 3% of respondents strongly disagree about the statement investment returns grow faster than annual inflation rate.

Frequency of Monitoring the Investment

The following table shows the frequency of monitoring the investment by the respondents:

Table 12
Classification of respondents on the basis of monitoring the investment

<i>Monitor investment</i>	<i>Government employees</i>	<i>Percentage</i>	<i>Private employees</i>	<i>Percentage</i>
Daily	4	8.0	6	12.0
Monthly	28	56.0	24	48.0
Annually	6	12.0	10	20.0
Occasionally	12	24.0	10	20.0
Total	50	100.0	50	100.0

Source: Primary Data.

From the above table it should be clearly evident that out of 100 respondents majority 48% of them monitor their investments monthly. Only 12 percent respondents monitor their investments daily.

Preferred Investment Period with Regard to Designation

The investment period preferred by the respondents is classified with regard to the designation. The following table shows these classifications:

Table 13
Classification of respondents on the basis of preferred investment period with regard to designation

<i>Preferred investment period</i>	<i>Designation</i>				<i>Total</i>	<i>Percentage</i>
	<i>Government Employees</i>	<i>Percentage</i>	<i>Private Employees</i>	<i>Percentage</i>		
Less than 1 years.	4	8.0	2	4.0	6	6.0
1 – 5 years.	24	48.0	34	68.0	58	58.0
5 – 10 years.	8	16.0	8	16.0	16	16.0
More than 10 years	14	28.0	6	12.0	20	20.0
Total	50	100.0	50	100.0	100	100.0

Source: Primary data.

From the above table it is apparently clear that, that majority (58%) of them preferred their investment period between 1-5 years. Whereas only 6% preferred to invest in less than 1 year.

While considering sector wise 48% of the Government Employees are preferred their investment period between 1-5 years, 16% preferred 5-10 years and another 28% preferred more than 10 years. as their preferred investment period.

As far as Private Employees are considered majority (68%) of them preferred to invest in between 1-5 years, and 4% of the respondent preferred their investment less than 1 years and 12% respondents preferred more than 10 years.

Return Expected on Total Amount of Investment with Regard to Designation

The main objective of an investor is to earn high return on their investments. The following table shows the classification of respondents on the basis of return expected on total amount of investment with regard to designation.

Table 14
Classification of respondents on the basis of return expected on total amount of investment with regard to designation

Return you expect on total amount of investment	Designation				Total	Percentage
	Government Employees	Percentage	Private Employees	Percentage		
Less than 10 %	2	4.0	4	8.0	6	6.0
10 % - 20 %	24	48.0	30	60.0	54	54.0
20 % - 30 %	16	32.0	8	16.0	24	24.0
More than 30 %	8	16.0	8	16.0	16	16.0
Total	50	100.0	50	100.0	100	100.0

Source: Primary data.

From the above table it is clear that, that 54% of them expected their investment return between 10%-20%. Whereas only 16% expected their investment return more than 30%.

While considering sector wise 48% of the Government Employees are expected their return between 10%-20%, 32% expected their return in between 20%-30% and 16% expected more than 30% as investment return.

As far as Private Employees are considered majority (60%) of them expected their return between 10%-20%, and 8% of the respondent expected their return less than 10%. 16% of the respondent expected their return more than 30%.

Affordable risk on investment with regard to designation

Table 15
Classification of respondents on the basis of affordable risk on investment with regard to designation

Affordable risk on investment	Designation				Total	Percentage
	Government employees	Percentage	Private Employees	Percentage		
Less than 10 %	28	56.0	16	32.0	44	44.0
10 % - 20 %	18	36.0	24	48.0	42	42.0
20 % - 30 %	2	4.0	6	12.0	8	8.0
More than 30 %	2	4.0	4	8.0	6	6.0
Total	50	100.0	50	100.0	100	100.0

Source: Primary data.

From the above table it is clear that, that 44% of the respondents afford less than 10% risk on investment. Whereas only 6% of the respondents afford more than 30% risk on investment.

While considering sector wise 56% of the Government Employees afford less than 10% risk on investment, 36% afford risk on investment in between 10%-20% and hardly 4% afford risk more than 30% on investment.

As far as Private Employees are considered majority (72%) of afford less than 10% risk on investment, 24% of the respondent afford risk in between 10%-20% and only 8% of the respondent afford more than 30% risk on investment.

Market Research Before Investment

According to the above mentioned table 52 per cent of the Government Employees doing research work and 48 percent are not doing the market research before investment. In case of Private Employees 76% are interested in Market Research and 24% are not doing any Market Research.

Table 16
Classification of respondents on the basis of making market research before investment

<i>Market Research before investment</i>	<i>Government Employees</i>	<i>Percentage</i>	<i>Private Employees</i>	<i>Percentage</i>
Yes	26	52.0	38	76
No	24	48.0	12	24
Total	50	100.0	50	100.0

Source: Primary Data.

If YES, Mention the Type of Market Research

In the above table, out of 64 investors, 28 investors (43.75%) preferred to gain market research by way of Newspaper and magazines. Only 6 respondent (10.94%) are preferred the market research tool as Studying Annual Report of Company. Monitoring Share Markets are preferred by 6 respondents and getting information through Broker are preferred by 7 respondents (10.94%). About 17 respondents (32.07) preferred the entire above tool for market research.

Table 17

<i>If YES the source of data available</i>	<i>Government Employees</i>	<i>Percentage</i>	<i>Private Employees</i>	<i>Percentage</i>	<i>Total</i>	<i>Percentage</i>
Studying Annual Report of Company	3	11.54	4	10.53	7	10.94
Monitoring Share Market	2	7.69	4	10.53	6	9.38
Newspaper and magazines	10	38.46	18	47.37	28	43.75
Getting information through Broker	3	11.54	4	10.53	7	10.94
All	6	23.08	6	15.78	12	18.74
Others	2	7.69	2	5.26	4	6.25
Total	26	100.0	38	100.0	64	100.0

Source: Primary Data.

11. SUMMARY, FINDINGS AND RECOMMENDATIONS

Summary

This report is a reflection of the investment behaviour of Government and Private Employees. Selection of a perfect investment avenue is a difficult task to any investor. An effort is made to identify the tastes and preferences of Government and Private Employees selected randomly out of a large population. Despite of many limitations to the study we were successful in identifying some investment patters, there commonness in these investors and many of them responded positively to the study.

This report concentrated in identifying the awareness of investor's toward various investment avenues, their preference towards various investment avenues, factors considers before investment are identified on the basis of designation of Government and Private Employees. Investors risk in selecting a particular avenue is dependent on the age of that investor.

Findings

- Percentage of income that they invest depend on their annual income, the more the income more percentage of income they invest.
- Most respondents prefer to park their funds in avenues like provident funds, bank deposits, and insurance.
- Most of the investors get their information related to investment through Newspaper and magazines.
- Safety and tax saving are the most important factors for the investor before taking any investment decisions.
- Majority of the respondents were having their monthly income above 1,00,000.
- Majority of the respondents were regular investors. Provident fund, bank deposits and insurance are considered as the main avenues of investment.
- Majority of the respondents monitor their investments occasionally.
- A good number of respondents were agree with the fact that investment return grow faster than annual inflation rate.
- Most of the respondents prepare Formal Budget for meeting the family expenditure.
- Majority of the respondents preferred their investment period was between 1-5 years.
- Most of the respondents were not ready to take more risk. They prefer only less than 10% risk.
- Majority of respondents are not interested in Post Office deposit.

Suggestions

- Before taking an investment decision it is better for the investor to make a tradeoff between the risk and return because risk and return have a close relationship with each and it is an important pillar in building wealth over a long term.

- Investors should diversify their investment in different instruments in order to reap maximum benefits.
- The investor should also know the tendency of the economy before making an investment decision. For example: in the case of inflation, it is not better to lock the funds for a long period.
- While taking an investment decision, the investors should be aware of the tax that is applicable on the sums that are received at the time of maturity.
- Some investors have awareness about different investment avenues but most of them do not have sufficient knowledge especially about Stock Market.
- The investor should be aware of the lock-in period of their investments. Otherwise it becomes difficult to liquidate the same when they need money.
- If the investors are interested in the capital appreciation then they can go for a debt: equity ratio. It helps them to achieve the growth objective in saving taxes.
- Financial institutions should create awareness about available avenues for investment and have to tell the people what is the meaning of risk and how it could be mitigated.

12. CONCLUSIONS

The liberalization of Indian economy opened up several new investment opportunities and the growing disposable income made Indians less averse to risk. India has a relatively high national savings rate compared with other countries. Indians are among the highest savers in the world but do not save wisely. Anybody with a job earns money but investing wisely to make earnings grow is a very different game. Most of the investors are aware of various investment avenues available in the market but they park their disposable income in less risky avenues.

The investors' decisions are driven by the economic indicators such as GDP, inflation rate, government policies, unemployment rate etc... The study shows how different factors and instruments have different risk, returns, and tax considerations while taking investment decisions and are of diverse natures. It is very difficult to come to any definite conclusions that how a particular market instrument is doing and how they will perform in the future, but still the study concludes to an extent that the particular instruments or product like equity or government security has performed well in the past, and supported with strong demands will perform well in the future. The present study takes a random sample of fifty government sector employees and fifty Public sector employees which is limited to the extent of accurate results.

Their intention relating to disposable income makes the question that where, when and how to invest. With that in mind, the study coined the topic and it is decided to find out, the Government sector and private sector employees in Kollam city are investing and managing their finance.

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