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# A Study on Factors Influencing Saving & Investment Decisions of Salaried individuals with a special Reference to Akola Region

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**ABSTRACT:** The aim of these research paper is to study on factors influencing saving & Investment decisions of salaried individual with a special reference to Akola region. By studying this topic individuals will get to know which factors are influencing their saving and investment pattern. This analysis focuses on salaried individuals, as their needs and wants increase with age. This research is descriptive type of research and for research use simple random sampling technique and sample size are limited is 100 sample. This result shows the variety of view point of salaried individuals in the Akola region make decisions about saving and investing their money. The study wants to understand what factors influence their choices. Instead of changing things on purpose, we just want to describe and analyze what's happening without trying to change anythings.

## I. INTRODUCTION

Investing and saving are activities people do to secure their future. Saving is necessary for making investments. There are various investment option like real estate, mutual funds, bank deposits, gold, etc. People invest to meet their future needs, especially after retiring from their jobs. This analysis focuses on salaried individuals, as their needs and wants increase with age. Saving becomes crucial for them as their working years are limited, and they need to rely on their saving during retirement.

Developing cities like Akola in India face challenges in accumulating enough capital for their development. Breaking out of the cycle of poverty, characterized by low income, low saving, low investment, and low employment, is difficult for many cities. Akola, in particular, requires high levels of investment to achieve significant growth.

### Introduction of Saving:

Saving is income not spent, or deferred consumption. Methods of saving include putting money aside in, for example, a deposit account, pension account, an investment fund, or as cash. Saving also involves reducing expenditures, such as recurring cost. In terms of personal finance, saving generally specifies low-risk preservation of money, as in a deposit account versus investment, where in risk is higher, in economics more broadly. It refers to any income not used for immediate consumption. (*Mehak Gulati, 2016*)

### Introduction of Investment:

Investment is the cost of certain present value for the uncertain future reward. In other world investment refers to assurance of funds to one or more assets that will be help over some future time period. Anything not used today but saved for future use can be termed as investment. One also needs to understand that investment is not gambling, gambling is putting money at risk betting on uncertain outcome with hopw that you might win money. An investment decision is a trade-off between risk and return. All investment decision are made at a point of time in accordance with personal investment can mean a variety of things, but to the man on street it usually refers to a money assurance of some sort. (*Mehak Gulati, 2016*)

### Returns:

A Major purpose of investment is to get a return of income on the funds invested in various avenues. On a bond, every investor expects to receive interest. On a stock, dividends may be expected. The investors my expect capital gains from some investments and rental income from house property. Return may take several forms depending upon the nature of the investment.



### **Importance of Investments:**

Investments are both important and useful in the context of present-day conditions. There are many factors which have made these investment decisions increasingly important are as follows:

- Longer Life Expectancy
- Interest Rates
- Inflation
- Income

### **Theoretical Background**

This study is focusing on the preference of investments by Salaried Class people in Akola city only it will be helpful to identify the different and better investment options that are available in the market.

The proposed study aims at discovering the factors influencing saving and Investment Decisions of Salaried Individuals with a special reference to Akola region and their investment decisions and eventually the outcome that investment decisions have investor's growth and the level of satisfaction. The study will be conducted through the criteria of people which is more than 21-year-old and their salary is more than 25 thousand in the year 2022. the period of data collection is limited to 2022-2023.

Salaried employees in general have flow of income & their investments patterns are found also different. In connection with this Researcher has tried to find out investment behavior a salaried investor in Akola region. It will be helpful to understand the investment preference of investor. This research paper will become the helping hand to the research scholars as we as students for their further studies in their receptive area.

## **II. LITERATURE REVIEW**

1. V.R.Palanivelu & K.Chandrakumar (2013) examined the Investment choices of salaried class in Namakkal Taluka, Tamilnadu, India with the help of 100 respondents as a sample size & it reveals that as per Income level of employees, invest in different avenues. Age factor is also important while doing investments.

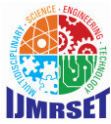
2. Avinash Kumar Singh (2006) The study analyzed the investment patterns of people in Bangalore city and Bhubaneswar, employing a survey method for the analysis. After interpreting the data, the conclusion is drawn that in Bangalore, investors exhibit greater awareness of various investment avenues and the associated risks.

3. Karthikeyan (2001) study the Small Investors Perception on Post office Saving Schemes and found that there was significant difference among the four age groups, in the level of awareness for kisan vikas patra (KVP), National Savings Scheme (NSS), and deposit Scheme for Retired Employees (DSRE),and the Overall Score Confirmed that the level of awareness among investors in the old age group was higher than in those of young age group.

4. Sandhu and Singh (2004) study was based on structured primary data. The sample of 50 adopters and 50 non-adopters from the universe comprising the city of Amritsar was selected. The study analyzed in case of adopters that transparency, safety, convenience and economy judged as an important feature of net trading followed by market quality and liquidity whereas in case of non-adopters economy and convenience were the important features followed by the other factors like market quality, safety and liquidity.

5. Manish Mittal and Vyas (2008) study of Investors have certain cognitive and emotional weaknesses which come in the way of their investment decisions. Over the past few years, behavioral finance researchers have scientifically shown that investors do not always act rationally. They have behavioral biases that lead to systematic errors in the way they process information for investment decision. Many researchers have tried to classify the investors on the basis of their relative risk taking capacity and the type of investment they make. Empirical evidence also suggests that factors such as age, income, education and marital status affect an individual's investment decision. This paper classifies Indian investors into different personality types and explores the relationship between various demographic factors and the investment personality exhibited by the investors.

6. Sonali Patil (2014) studied preferred investment avenues among salaried people with reference to Pune City, India. A sample size of 40 investors has been taken from the Pune City, India. The result of finding showed 60% investors were aware about the investment avenues whereas 40% were unaware.



7. Sanket L. Charkha & Jagdeesh R. Lanjekar (2001): The study examines according to the analysis made by the researcher the respondents are well aware about the investment avenues. And the major priority is given to the safety before making the investment into the investment avenues.

8. Deepak Sood and Dr. Navdeep Kaur (2011): According to the researcher the study was carried out to determine the relationship between saving and investment pattern among the salaried class people of Chandigarh. The researcher has framed detail questionnaire and it was distributed among 200 respondents for collection of data. In this research the researcher came to know that the most preferable investment avenue is the LIC and bank deposit.

9. Sonali Patil and Dr. Kalpana Nandawar (2009): According to the researcher the people who make saving only make an investment from the amount of money they save. According to the researcher respondents make an investment in the different investment avenue according to their need and requirement for the future purpose. The study was based on the personal interview of respondents which help the researcher to personally examine the investment and saving pattern of the respondents.

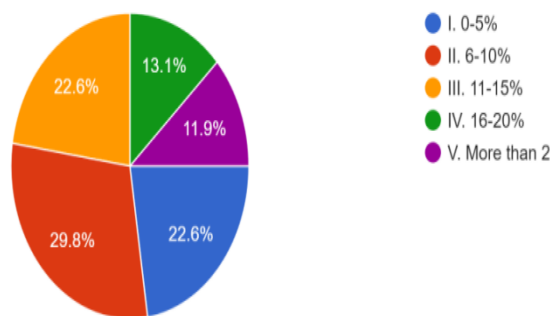
### III. RESEARCH METHODOLOGY

#### Objective of the research

- ❖ To evaluate saving habit of salaried class individual
- ❖ To evaluate investment pattern of salaried class individual.
- ❖ To ascertain the factors that motivates preference of salaried class individuals for investment
- ❖ To analyze the factors influencing the investor's perception regarding different investment avenues

#### Analysis and interpretation

##### 1. On average, what percentage of your monthly income do you set aside for savings?



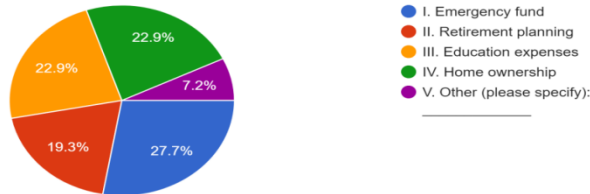
About 22.6% of people save 0-5% of their monthly income. This means they put aside very little money for saving, maybe because they have other expenses or don't prioritize saving. Around 29.8% people save 6-10% of their monthly income. They set aside a moderate amount of saving, which shows they understand the importance of saving but might not be able to save a lot due to other financial commitments.

Roughly 22.6% of people save 16-20% of their monthly income. This indicates a strong commitment to saving, with these individuals setting aside a considerable portion of their earnings for future goals or emergencies. More than 11.9% of people save more than 20% of their monthly income. This group saves a substantial portion of their incomes, showing a strong dedication to building financial security or achieving long-term goals.

**Conclusion:** - The 29.8% people prefer their 6-10% income to invest and saving.



2. What is the primary reason for saving money?



27.7% people save money to create an emergency fund. This is like a safety net for unexpected expenses like medical bills, car repairs, or sudden job loss. It helps them handle these situations without going into debt. 19.3% people saving for retirement is another big reason. People put money aside now to support themselves financially when they stop working the future. It's like building a nest egg for comfortable and secure retirement. 22.9% people save money to cover education expenses, such as college tuition fees or vocational training. This allows them or their children to pursue higher education without relying heavily on loans. 22.9% saving for down payment on a house is a common goal. People save money to buy a home or invest in property, which provides stability and a sense of ownership. 7.2% there could be other reasons people save money, like saving for travel, starting a business, or achieving personal goals. These reasons vary from person to person depending on their priorities and Aspirations

**Conclusion:** - This question their same response 22.9% are same they have to saving their money for the educational expenses and home ownership.

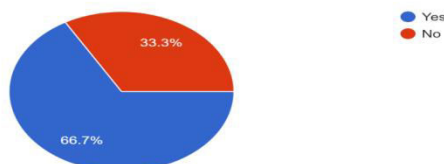
3. How confident do you feel about your knowledge of financial products and investment options?



25% people feel very sure and knowledgeable about financial products and investment options. You likely understand various financial instruments and feel comfortable making decisions about them. 21.4% people feel somewhat confident, you have some knowledge about financial products and investments, but you might still have some doubts or areas where you're not full confident. You may need to do more research or seek advice before making decisions. 28.6% people means you don't have strong feelings one way or the other about your knowledge of financial products and investments. You might feel neither confident nor unsure and may be open to learning more or seeking guidance. 16.7% people somewhat unsure, you might feel hesitant or lacking in confidence when it comes to financial products and investments. You might feel like you need more information or guidance to feel comfortable making decisions. 8.3% people very unsure means you lack confidence and feel quite uncertain about financial products an investment. You may feel overwhelmed or intimidated by the complexity of these topics and might need significant assistance or education to feel more confident.

**Conclusion:** - 28.6% people mean dons have strong felling on way or other about their knowledge.

4. Are you planning to diversify your investment portfolio in the future?

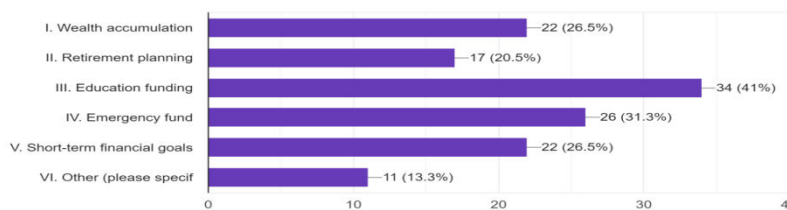




66.7% its means there are plans to spread out investments across different types of assets, like stocks, bonds, real estate, etc. To reduce risks and potentially increase returns. 33.3% its means there are no plans to diversify investments, which could mean sticking to one type of investment or a narrow range of options, potentially exposing the portfolio to higher risks.

**Conclusion:** - 66.7% its means there are plans to spread out investments across different types assets.

**5. What are your primary financial goals for investments? (Select one or more options)**



22.5% people building up money over time through investments, aiming to increase overall wealth. 17% people saving and investing specifically for retirement, ensuring there's enough money to live comfortable after stopping work. 34% people investing to cover costs associated with education, like college tuition or vocational training, for oneself or family members. 26% people sitting aside money for unexpected expenses or financial emergencies, providing a safety net for unexpected situations. 22.5% people investing with a focus on achieving specific financial objectives in the near future, such as buying a car, taking a vacation, or paying off debt.

Conclusion: - 34% people investing to cover costs associated with education.

**IV. CONCLUSION**

This study is about looking closely at how salaried individuals in the Akola region make decisions about saving and investing their money. The study wants to understand what factors influence their choices. Instead of changing things on purpose, we just want to describe and analyze what's happening without trying to change anything. The 29.8% people prefer their 6-10% income to invest and saving. This question their same response 22.9% are same they have to saving their money for the educational expenses and home ownership. 28.6% people means dons have strong felling on way or other about their knowledge. 34% people investing to cover costs associated with education.

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