International Journal in Management and Social Science
Volume 08 Issue 07, July 2020 ISSN: 2321-1784 Impact Factor: 6.178
Journal Homepage: http://ijmr.net.in, Email: irjmss@gmail.com
Double-Blind Peer Reviewed Refereed Open Access International Journal

"A STUDY OF SAVING AND INVESTMENT PATTERN OF INDIVIDUALS WITH SPECIAL REFERENCE TO LUDHIANA DISTRICT, PUNJAB (INDIA)"

Amandeep Kaur
Assistant Professor, Gulzar Group of Institutes, Khanna, Ludhiana
Ramanjot Kaur
Master of Business Administration (MBA), Gulzar Group of Institutes, Khanna, Ludhiana

Abstract

Investment is a sort of movement that is engaged in by the individuals who need to do savings, because investments are made from their savings or at the end of the day it is the individuals contribute their investment funds. A wide range of investment alternatives are accessible that are bank, Gold, Real estate, post offices, mutual funds and so on substantially more. Financial specialists are continually putting away their cash with the various kinds of direction and goals, for example, benefit, security, thankfulness, Income soundness. Investors has here right now the various kinds and roads of speculations just as the elements that are required while choosing the venture with the example size of 50 individuals by directing the review through survey in Ludhiana District of Punjab, India. As a matter of fact, here the current investigation recognizes about the favored investments among singular financial specialists utilizing their own self-appraisal test. The investors has examined and discovered that individual representatives consider the well being just as great degree of return. Respondents are considerably more mindful about the different investment available in India. This study deals with the Saving And Investment Pattern Of individuals which includes salaried, industrialist, others With special reference to Ludhiana District of Punjab (India).

***Keywords**: Saving, investment, financial.*

Introduction

Savings is the portion if income not spent on current expenditure because a person does not know what will happen in the future, money should be saved to pay for unexpected events or emergencies and the amount which is kept aside for the future use it may not have a return. Savings refer to any income that we do not spend and put aside- we put the money away. It is the portion of our disposable income that we do not spend on consumer goods, but accumulate or invest. Savings does not mean the absence of spending- a definition that many people will give you if you ask them what the term means. Instead, it is the result of the intentional act of setting money aside, building it up, usually for a specific purpose or goal. In a simple macroeconomic model, with no government spending and no international sector, we have:

Y= C+ S, where S= Personal Savings, Y= Income, C= Consumption spending.

Motives of savings:

Power to save: It depends upon the level of income which a person earns. It also depends upon the proper utilization of natural resources. In case of high income, one can save if he or she likes because he has got the surplus income over consumption. **Will to save**: The willingness to save is influenced by subjective and objective considerations. Different national saving schemes offered by the Central Government are Post office saving account, Kisan Vikas Patra (KVP), Sukanya Samriddhi Account, Atal Pension Yojana, National Pension System, Voluntary Provident Fund, Deposit Scheme for Retiring Government Employees, Senior Citizen Saving Scheme (SCSS) etc.

Investment:

In the general terms, investment refers to the keeping our money in the financial assets and keeping in somewhere else. The invested amount can increased for the future. It may have return also. It may be defined as "Expenditure incurred by individuals and businesses on the purchase of new plant and machinery, the building of the houses, factories, schools, construction of roads etc. It is, in other words, the acquisition of new physical capital". Investment is a type of activity that is engaged in by the people who have to do savings i.e. investments are made from their savings, or in the other words, it is the people who invest their savings. A variety of different investment options are available that are bank, gold, real estate, post services, mutual funds & so on. Investors are always investing their money with the different types of purpose and objectives such as profit, security, appreciation, income stability, etc. Researchers in this paper studied the different types and avenues of investments as well as the factors that are required while selecting the investment with the sample size of 50 individuals by conducting the survey through questionnaire in Ludhiana district of Punjab. An investors have various option of investments which includes, **Autonomous Investment**: Investment which does not change with the change in income level is called as Autonomous or Government Investment. It remains constant irrespective if income level which means even if the income is low, the autonomous investment remains the same. It basically made on the houses, roads, public buildings and other infrastructure. **Induced Investment:** Investment which changes with the change in the income level is called as Induced Investment. It is positively related with the income level i.e. at high levels of income entrepreneurs are induced to invest more, consumption expenditure increases and orderly produce more goods and vice-versa. **Financial Investment:** Investment made in buying financial instruments such as new shares, bonds, securities, etc. is considered as a Financial Instruments. However, money used for purchasing existing financial instruments such as old bonds, old shares, etc. cannot be considered as financial investment. In financial investment, money invested for buying of new shares and bonds as well as debentures have a positive impact on employment level, production and economic growth. **Real Investment:** Investment made in new plant and equipment, construction of public utilities like schools, roads and railways, etc. is considered as real investment. Real investment in new machines tools, plant equipment purchased factory buildings, etc. increases employment, production and economic growth of the nation. **Planned Investment:** investment made with a plan in several sectors of the economy with specific objectives is called as planned or investment. It can be called as intended investment because an investor while making an investment makes a concrete plan of his investment. **Unplanned Investment:** investment done without any planning is called as an unplanned or unintended investment. Under this, the investors make investment randomly without making any concrete plans as they may not consider the specific objectives while making an investment decision. **Gross Investment:** Gross Investment means the total amount of money spent for creation of new capital assets like plant and machinery, factory building, etc. It is the total expenditure made on new capital assets in a period. **Net Investment:** Net Investment is Gross Investment less Capital Consumption (depreciation) during a period of time, usually a year. It must be noted that a part of the investment is meant for depreciation of the capital asset or for replacing a worn-out capital asset. Hence, it must be deducted to arrive at net investment.

Investment Avenues

Equity- Equity is an investment avenue which is able to offer the highest possible returns but is very risky as there are huge probabilities of investors even losing some part of the invested capital too. This can offer returns in range of 15-50% annually in good times and negative returns of 5-15% also. **Mutual Funds**- A mutual fund is a collection of stocks and bonds. When you buy a mutual fund, you are pooling your money with a number of other investors, which enables you to pay a professional manager to select specific securities for you. The primary advantage of a mutual fund is that you can invest your money without the time or the experience that are often needed to choose a sound investment. **Bonds**- The term bond is commonly used to refer to any securities that are founded on debt. When you purchase a bond, you are lending out your money to a company or government. In return, they agree to give you interest on your money and eventually pay you back the amount you lent out. The main attraction of bonds is their relative safety. The safety and stability, however, come at a cost. Because there is little risk, there is little potential return. The return from bonds ranges between 7-10% annually. **Real Estate**- Anyone can also invest in real estate. This investment offers attractive return. But the price fluctuation in bad times is very high. And one needs lakhs of rupees to get started in this market. **Fixed Deposits**- One can opt to invest in fixed deposits. The investments into fixed deposits offer normal returns and low risks. The investments into fixed deposits are available in forms of bank fixed deposits, post office deposits and company fixed deposits. **Insurance**-

Insurance has become one of the most important investment avenues in India. It is a form of risk management, primarily used to hedge against the risk of a contingent or uncertain loss. Unit Linked Insurance Plans are very popular in India besides the traditional endowment policies. **Provident Funds**- This is one of the safest long term investment options. A provident fund is a compulsory, government managed retirement savings scheme used in India. It enables the employees to contribute a part of their savings each month towards their pension funds. This is mainly for retirement purpose. **Gold**- This Avenue is very popular in India. Investors generally buy gold as a way of diversifying risk, especially through the use of future contracts and derivatives. The Gold market is subject to speculation and volatility as are other markets. Gold as an investment option has the moderate risk and it is in the physical form so, mostly Indian people prefer.**There are so many factors which influencing Investment Decision like Return factor**- Genuine investors are those who always try to seek equilibrium between risk and return. These investors, by and large, hold medium term and long term investments and the return aspects assume larger importance. The security analysis is done by finding out the future value and intrinsic value of investments. **Liquidity factor**- A security must possess the attribute of liquidity to be attractive as an investment for the ordinary investor. Liquidity refers to easy convertibility without loss. It is measured in terms of the speed and ease with which an investment can be converted into cash whenever the investor wants it. **Risk factor**- The word 'risk' and 'uncertainty' are used interchangeably. But technically their meanings are different. Risks suggest that a decision-maker know possible consequences of a decision and their likelihood at the time he makes the decision. Uncertainty, on the other hand, involves a situation about which the likelihood of the possible outcomes is not known. Therefore, risk refers to the possibility of incurring a loss in a financial transaction.

If we analysis previous studies relating to saving and investment pattern the results are like **Avinash Kumar Singh (2006)** the study analyzed the investment pattern of people in Bangalore city and Bhubaneswar and analysis of the study was undertaken with the help of survey method. After analysis and interpretation of data it is concluded that in Bangalore investors are more aware about various investment avenues and the risk associated with that. **V.R.Palanivelu & K.Chandrakumar (2013)** examined the investment choices of salaried class in Namakkal Taluk, Tamilnadu, India with the help of 100 respondents as a sample size & t reveals that as per income level of employees, invest in different avenues. Age factor is also important while doing investment.

Objectives of the study:

- To study the saving and investment pattern of the individuals in Ludhiana district.

- To know the mode of investments and factors that is influencing investment behavior of the people.
- To examine the perception of the individuals regarding savings and investment pattern.

Scope of the project: To accomplish the objectives of the project, survey was conducted. The present study is based on the primary data. This study has been conducted on the level of the individuals having any saving and investment pattern. The survey was restricted to 50 individuals of Ludhiana district. Private individuals, government individuals, household individuals all are considered for this study.

Research Methodology

Research design:

The design for this study was descriptive. Since the study was conducted to study the perception of the individuals.

Assumptions of the study:

a. It is assumed that the attitude of employees of the company towards Organization climate is positive.
b. It is assumed that respondents should behave rationally.
c. It is assumed that all information provided by the respondents is factual i.e. real and correct to their knowledge.

Sample size:

The sample size is 50 from Ludhiana district and was so selected to give the true picture of the problem. In this study, sample survey was conducted; both primary as well as secondary data were used. The primary data was collected by structured questionnaires. Brief information was collected regarding different attributes to be considered and questionnaire contained both close ended. The secondary data was obtained from magazines, journals, Internet and from various books.

Data analysis & interpretation

International Journal in Management and Social Science
Volume 08 Issue 07, July 2020 ISSN: 2321-1784 Impact Factor: 6.178
Journal Homepage: http://ijmr.net.in, Email: irjmss@gmail.com
Double-Blind Peer Reviewed Refereed Open Access International Journal

After a complete study of questions asked from respondents, calculating the frequency of response, tabulated data and percentage was worked out wherever necessary. The conclusions were drawn on the basis of frequency of response/percentage.

Investors Profile

In Ludhiana district, males are highest in number than females according to the sample size. This tendency is also shown in the present study. From the analysis, it clear that between the ages of 20-30 years respondent's percentage is 52% which is higher than others. It is clear that more than half of the respondents are unmarried with 58%. It is clear that postgraduate and undergraduate respondents are higher in number. It also shows that people have some awareness about the investment. We can see from the analysis that 42% of the respondents are employees of some private or government institutions. And 36% of the respondents are the students who have awareness regarding the investment avenues. The most of the respondents are employees and they are earning their salary as per data. And 36% of the respondents having the income from their parents. Most of the employees are earning salary from the range between Rs. 10,000 to Rs. 30,000 with 50%. Only 4% respondents are earning salary above Rs. 50,000.

Savings and Investment Attributes

As we can see that 64% of the respondents are spending their income in all the mentioned alternatives i.e. shopping, savings and investment. We can say that 36% of the respondents save only 10% of income. It can be analyzed that they may be rest of the income spends either in investments or in other activity. It find out that 52% of the respondents are spending their 10% income in making investment. While 30% of the respondents are making investment between the range 10-20% of income. It is interpreted that 38% of the respondents get the investment information from their friends or relatives while 20% of the respondents get the investment information from internet or TV. It can be interpreted that 56% of the respondents are investing in low risk avenues i.e. Savings, PPF, govt. securities. Only 24% of the respondents are investing in moderate risk avenues i.e. mutual funds. As most of the respondents are investing in low risk avenues, they are habitual for making investment in banking sector with 48%. Only 16% of the respondents are habitual in making investment in insurance sector. It is interpreted that most of the respondents focuses on the safety and high return as their main objective while making the investment. It is also interpreted that respondents are least risk takers. It can be interpreted that 42% of the respondents monitor their investments monthly and 36% monitor occasionally. It can be interpreted that 64% of the respondents managed their investment portfolios by themselves and they are least concerned with the agents of brokers. It can be concluded that 72% of the respondents are satisfied with their investment plans either by their proper planning or proper investment decision.

Findings

- It is found that males are more interested in making investment in different avenues.
- It is clearly shown that individuals belong to 20-30 years of age group are interested in making investment with 52%.
- We can say that literate people more believe in investments rather than savings. 36% individuals are undergraduate and 42% individuals are postgraduate. It seems that almost 75% of the individuals are educated.
- It is shown that 42% of the individuals are employees of private and government institutions. We can say that salaried people believe in various investments
- Is is found that most of the individuals are the employees of some institutions so the earning rate of salary is also high i.e. 46% or the individuals whose earnings are more they believe in investments.
- It is found that 50% of the respondents out of total sample size are earning their income between the ranges from Rs. 10,000 to Rs. 30,000. And only 4% of the total respondents are earning income above Rs. 50,000.
- Under the saving and investment attributes, 64% of the respondents have responded that they spending their income in all shopping, savings and investment.
- As per the study, it is found that 56% of the respondents invest their money into low risk avenues i.e. savings, PPF, or any other govt. securities of banking sector and they are least concerned about the FMCG sector as they have the objective of earning higher return and safety of investment.
- It is found that 72% of the respondents are satisfied with their investment as they managed their portfolios monthly by themselves.

Limitations of the study

- Due to time constraint, only one district was selected for the study.
- Due to personal biasness of the respondent involved in the study, the results thus obtained may not be very much accurate.
- Due to cost and human element is involved, project area was limited.
- As per knowledge data was collected and analyzed, error may be there. Generally the respondents were busy in their work and were not interested in responding out rightly.

Conclusion

It can be concluded that individuals get the investment information from their friends or relatives as they have already invested their money in some avenues. And provide guidance as they know the ups and downs of the market. More than half of the respondents like to invest in the low risk avenues i.e. savings, PPF, etc. in which they get the fixed return with lesser risk. It can be concluded that only risk taker respondents choose the equity share market and commodity market with higher risk. There are many new investment avenues that have entered in the market. The awareness needs to be created among the individuals. As respondents are least concerned with IT and FMCG sector so they should also invest in this sector because of lower labor cost, changing lifestyles, increasing competition and demand, etc. Individuals need to understand the market situation under the guidance of expert and invest accordingly. Individuals can also invest in long term securities like Debts, Commodities, Securities, etc. Conclusively, more than half of the respondents managed their investment portfolios by themselves timely and are satisfied with their investment.

References

- Prof. Harshvardhan N. Bhavsar, a study of saving and investment pattern of school teachers, IBMRD's Journal of Management and Research.
- Preethi Singh, "Investment Management, Himalaya Publishing House, New Delhi, 2006.
- Sultana, ST. 2010. An empirical study of Indian individual investor's behavior. Global Journal of Finance and Management.
- Dr. L. Natarajan, Investment Management, Margham Publications, Chennai, 2005.