

**A  
Project Report**

**On**

**“A Survey on the preference of salaried class on various investment options available”**

Submitted by

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Under the Guidance of

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## Index

<b>Sr.no</b>	<b>Title</b>	<b>Pg.no</b>
1.	Declaration	3
2.	Acknowledgement	4
3.	Summary	5
4.	Introduction	6
5.	Scope of Study	7
6.	Objectives	7-8
7.	Review of study	8-9
8.	Research Methodology	10
9.	Investment options available	11-12
10.	Data analysis and Interpretations	13-18
11.	Data analysis and Findings	19
12.	Conclusion and Suggestion	20
13.	Scope of further research and limitations	21
14.	Questionnaire	22-24
15.	Bibliography	25

## **Declaration**

I \_\_\_\_\_ , of MBA-2 : \_\_\_\_\_ Seat No hereby declare that the Project work title \_\_\_\_\_ which has been submitted to University of Pune, is an original work of the undersigned and has not been reproduced from any other source. I further declare that the material obtained from other sources has been duly acknowledged in the report.

Date:

Signature:

Place:

Name:

## **Acknowledgement**

This is to acknowledge and immensely thank the people who have helped me in my Summer Internship Project.

I would like to thank Prof. Poorva Pachpore for their valuable and efficient guidance during My internship. Their prompt and accurate suggestions, constant encouragement and upliftment helped me in completing the project ably, effectively and successfully.

Last but not the least I would like to thank my parents and friends for helping me throughout the project.

Name: Diksha Gawas

Signature

## **Summary:**

Investments are always interesting, challenging and rewarding. Generally where there is a high risk, more rate of return is assured. Risk and reward go together. The major features of an investment are safety of principal amount, liquidity, income stability, appreciation and easy transferability. Investment is the employment of funds with the aim of getting return on it. It is the commitment of funds which have been saved from current consumption with the hope that some benefits will accrue in future. Thus, it is a reward for waiting for money.

An investment is an asset or item acquired with a goal of generating income. When an individual purchases a good as an investment, the intent is not to consume good but rather use it in future to create wealth. The main objective of investments is generate income and growth over a period of time.

Hence, investments is crucial for individual's future securities. To know more about people's opinion about investments a short survey was conducted of salaried people to know there reference on various investments options available. On these basis we came to know how salaried people approach towards investments.

They have different perception for different alternative options. The main objective of investment is long term growth with high returns with the intention of allowing money to grow. As salaried people their monthly income is sometimes difficult to fulfill their financial goals, So there intention is grow money and increase the capital. Investments are all about putting your savings

In other words investment, investment refers to a commitment of funds to one or more assets that will be held over some future time period. Anything not consumed for today saved for future use can be termed as Investment. Apart from above objectives every individual have different ways of investing money. Being a salaried employee there first investment itself is deducted from their salary in form of provident fund. If we observe in current scenario we get to know that the percentage of career- oriented women has also increased. They have also become aware of investments and do invest in various options.

## **Introduction:**

The developing countries like India face the enormous task of finding sufficient capital in their development efforts. Most of these countries find it difficult to get out of the vicious circle of poverty of low income, low saving, low investment, low employment etc. With high capital output ratio, India needs very high rates of investments to make leap forward in her efforts of attaining high levels of growth. Since the beginning of planning, the emphasis was on investment as the primary instruments of economic growth and increase in national income. In order to have production as per target, investment was considered the crucial determinant and capital formation had to be supported by appropriate volume of saving. Investment is the sacrifice of certain present value for the uncertain future reward. A variety of investment avenues are available such as shares, bank, mutual funds, gold and silver, real estate, life insurance, postal savings and so on. All the investors invest their surplus money in the above mentioned avenues based on their risk taking attitude.

So the first step to investment is savings. In common usage, saving generally means putting money aside, for example, by putting money in the bank or investing in pension plan.

In a broader sense, saving is typically used to refer to economizing, cutting costs, or to rescuing someone or something. In terms of personal finance, saving refers to preserving money for future use - typically by putting it on deposit - this is distinct from investment where there is an element of risk.

The main elements of Investments are Return, Risk and Time.

This research aims to study and understand the behavioural pattern of investment among the salaried people working in private sector and the difference in perception of an individual related to various investment alternatives. It also aims to provide an insight into factors considered for

This research aims to study and understand the behavioural pattern of investment among the salaried people working in private sector and the difference in perception of an individual related to various investment alternatives. Gives a wider scope to understand various issues related to investment by salaried people.

### **Scope of the study:**

Nowadays, life expectancy has increased due to health awareness and medical facilities. So Having a enough investment to maintain lifestyle is essential.

The scope of the study was confined to Pune city. The selected investment avenues were shares, banking, real estate, mutual funds etc. For this research, salaried class of investors were selected.

### **Objectives:**

- To study the behavioral pattern of investments among salaried people working in private sector.
- To study the difference in perception of an individual related to various investments alternatives.
- To provide an insight into factors considered for an appropriate investment.
- To know the source of motivation of salaried employees.
- To study the investment preferences while selecting securities by salaried employees of Pune region.

They have different perception for different alternative options. The main objective of investment is long term growth with high returns with the intention of allowing money to grow. As salaried people their monthly income is sometimes difficult to fulfill their financial goals. So there intention is grow money and increase the capital. Investments are all about putting your savings into assets or objects that become worth more than their initial worth. Financially speaking an investment definition is an asset that is obtained with the intention of allowing it to appreciate in value over time. It's been observed that majority of the individual focus on safe investments. People should develop the habit of investing money at any stage of life. .Number of different investment option currently available in market are-

Stocks, banking, gold, real estate, mutual funds etc. The investor should be alert what, why, where, when and how to make investment in different investment options.

### **Review of past study:**

Deerajen Ramasawmy(2013),In his research paper title has A Study of the Level of Awareness of Financial Literacy among Management student, Proceedings of 3rd Asia-Pacific Business Research Conference, Kuala Lumpur, Malaysia, ISBN: 978-1-922069-19-1, The paper took four fundamental aspects in financial literacy i.e. level and importance, definitions and theories, constraints and measures to improve financial literacy. The paper also aimed to depict relationship between financial literacy and demographic variable such as age group, gender and programmed of study. The study found that most of the student shad a medium level of knowledge and skills in financial literacy and in savings and borrowings. The study concluded that there is no significant difference observed at 5% level for the financial literacy level between male and female respondents while at the same time significant difference were observed between male and female for the ability to read, analyze, manage and communicate. The paper also found that age, gender, language, race and income level was not having an impact on the level of financial literacy. The final conclusion of Deerajen Ramasawmy is that the main aim of the study was to assess the level of awareness of financial literacy among management students at the University of Mauritius.

Ravi Vyas and Suresh C Moonat (2012) carried out a study on the perception and behavior of mutual fund investors. The study was carried out to understand the preference of investors investment avenues, mode and form of investment preferred by investors at Indore with a sample size of 500 respondents out of which 363 respondents were investing in mutual funds, and these 363 respondent's data was analyzed to come out with conclusions. A structured questionnaire was used to collect the data during personal interviews. To understand the nature of holding by the respondents, chi square test was used along with the calculation of median and mode. After analysis of data, it was found that Gold was the most preferred investment option followed by bank deposits and fixed deposits.



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 & it reveals that as per Income level of employees, invest in different avenues. Age factor is also important while doing investments. Avinash Kumar Singh (2006) the study analyzed the investment pattern of people in Bangalore city and Bhubaneswar & 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 & the risk associated with that. All the age groups give more important to invest in equity & except people those who are above 50 give important to insurance, fixed deposits and tax saving benefits. Karthikeyan (2001) has conducted research on 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. Sandhu and Singh (2004) The study was based on structured primary data. The survey was conducted during October and November 2002. 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. Prasad (2009) examined the perception of the investors and their awareness on various investment alternatives available. A sample of 100 investors has been taken from the twin cities of Hyderabad and Secunderabad. The result of findings showed 75% Net traders were using online stock trading requiring strong technology base whereas Traditional traders felt online trading not an acute process of stock trading and they didn't participate in net trading due to risk of system failure

Dr. Varsha Virani (2012) propounded in her study that In spite of low income the teachers have been saving for future needs. The major impact on savings is due to the level of income of the school teachers. The research shows that majority of the respondents are saving money as Bank deposits for the safety of an unpredictable future. The main avenues of investment are Bank

deposits and the main purpose of investment is for children education, marriage, and security after retirement.

### **Research Methodology:**

**Research Design:** This project is based on exploratory study as well as descriptive study.

**Sampling Unit:** Sampling unit implies that who are the respondents from the salaried class people/Investor.

**Sample Size:** Sampling size is taken to be 100 for convenience i.e. 100 people fill the questionnaire for the survey.

**Sampling Technique:** Sampling technique is the technique used to select the sample size. Convenient sampling technique is used. In this, Investors were taken according to the convenience of the research study.

**Sampling design:** Since the information was to be taken from Investors, a questionnaire was prepared for studying the saving habits and investment pattern of salaried class people at Pune.

**Data collection source:** The study is based on both secondary and primary data. The secondary information is collected from different published materials vis. Books, Journals, magazines & websites etc. And primary data collected by communicating with respondents through a structured questionnaire.

**Analyses to be used:** a) Graphs and Pie Diagram: Graphs are used to describe the performance of different financial instrument

**Investment Option Available:** In India there are lot many Investment avenues are available. The following figure is pretty self explanatory regarding investment options. Investments are broadly classified into five categories i.e Equity, Debt, Real Estate, Commodities and Miscellaneous.

**Equity:** Equity is one of the most risky areas. But, at the same time this is also a place where an investor can earn high rates of returns that will push up the returns of the entire portfolio. There is a need for the investor to separate the speculation from the investment. Investment in equities can be made directly by the purchase of shares from the market or it can be done through the mutual fund route, whereby the investor buys the mutual fund units and the fund in turn buys equity Shares for its portfolio. There are various benefits as well as risks associated with both these routes and it is up to the individual to make up his mind.

**Debt:** Debt is a route that most people will know and have the necessary experience of. There is a wide range of debt instruments that are present from bank fixed deposits to company fixed deposits. Debt is simple as the investor will earn at a fixed percentage of the investment, which will then be returned to the investor at the time of maturity or redemption of the investment.

**Mutual Funds:** This is an emerging area for investment and there is a large variety of schemes in the market to suit the requirements of a large number of people. In finance, in general, you can think of equity as ownership in any asset after all debts associated with that asset are paid off. For example, a car or house with no outstanding debt is considered the owner's equity because he or she can readily sell the item for cash. Stocks are equity because they represent ownership in a company

**Real Estate:** Investment in real estate also made when the expected returns are very attractive. Buying property is an equally strenuous investment decisions. Real estate investment is often linked with the future development plans of the location. At present investment in real assets

Is booming there are various investment source are available for investment which are directly or indirectly investing real estate. In addition to this , the more affluent investors are likely to be interested in other type of real estate, like commercial property, agricultural land, semi urban land or resorts.

**Gold:** The bullion offers investment opportunity in the form of gold, silver, precious stones and other metals are traded in metal exchange

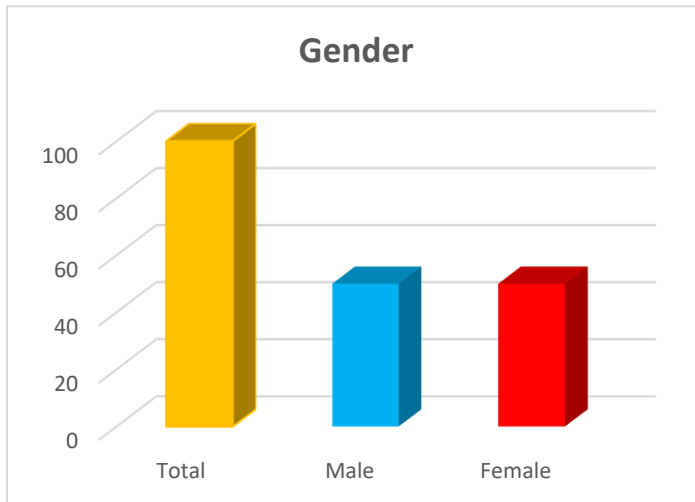
**Others:** In others it includes various investments such as provident fund, post office savings, Life insurance policies etc. Such investments are also termed as long term investment. Public provident fund is a regular contribution which can save you a lot of tax, it has highest interest rate than bank fixed deposits. Returns are also absolutely tax free. National pension scheme is a fixed contribution based on pension system implemented by government of India. This scheme allows investor to contribute funds over equity and debt.

## Data Analysis and Interpretations:

A survey was made among 100 respondents about their knowledge on various investments avenues and the result of that has been presented in the following table.

### 1. Personal Profile:

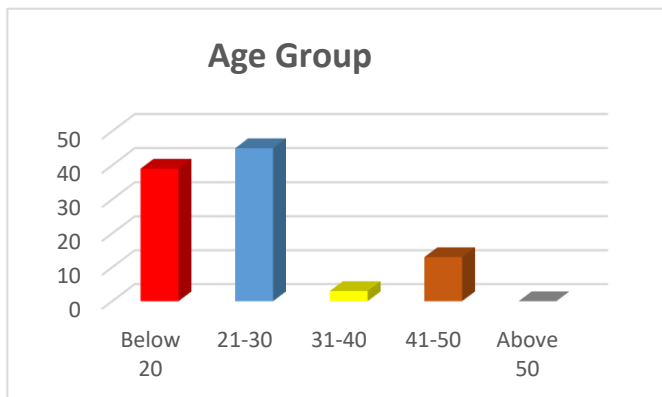
#### Sample size.



<b>Male</b>	<b>50</b>
<b>Female</b>	<b>50</b>
<b>Total</b>	<b>100</b>

It is evident from the chart that the number of male female respondents are equal in number.

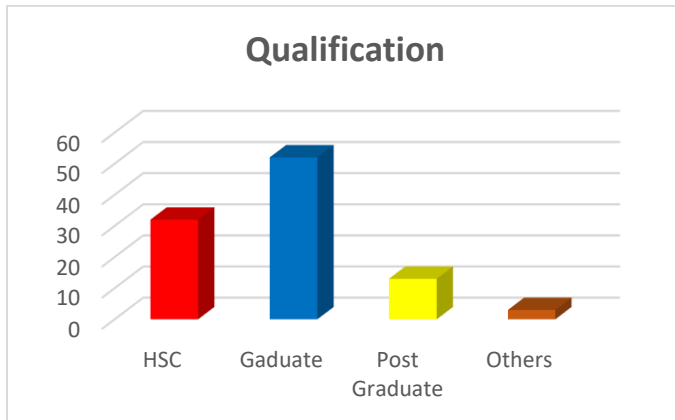
### 2. Age group:



<b>Below 20</b>	<b>39</b>
<b>21-30</b>	<b>45</b>
<b>31-40</b>	<b>03</b>
<b>41-50</b>	<b>13</b>
<b>Total</b>	<b>100</b>

It is observed from the chart above that majority of the respondents fall in the age group of 21-30  
And minimum fall under the age group of 31-40.

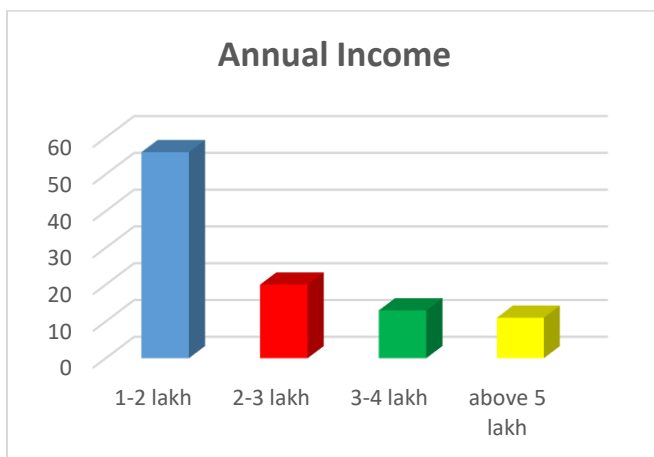
### 3.Education:



<b>HSC</b>	<b>32</b>
<b>Graduate</b>	<b>52</b>
<b>Post Graduate</b>	<b>13</b>
<b>Others</b>	<b>03</b>
<b>Total</b>	<b>100</b>

It has been observed that the maximum of the respondents are graduate, followed by post graduate and hsc where minimum are of other qualification.

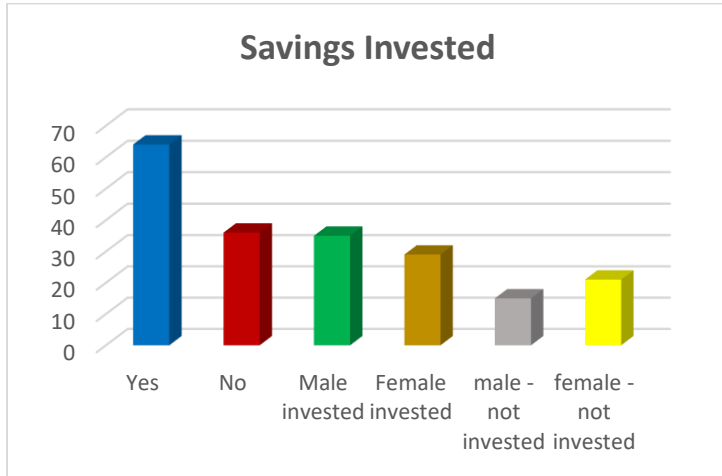
### 4. Annual Income:



<b>1-2 lakh</b>	<b>56</b>
<b>2-3 lakh</b>	<b>20</b>
<b>3-4 lakh</b>	<b>13</b>
<b>Above 5 lakh</b>	<b>11</b>
<b>Total</b>	<b>100</b>

It has been observed that the majority of the salaried class whose annual income range between 1-2lakh invest while salaried class whose annual income range above 5 lakh invest less.

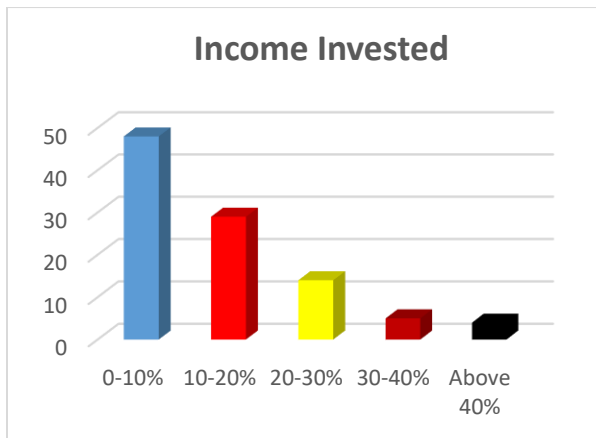
**5.Savings Invested:**



<b>Yes</b>	<b>64</b>
<b>No</b>	<b>36</b>
<b>Male invested</b>	<b>35</b>
<b>Female invested</b>	<b>29</b>
<b>Male-not invested</b>	<b>15</b>
<b>Female-not invested</b>	<b>21</b>

It is observed that out of 100 respondents only 64 respondents invest their savings out of which 35 are male respondents and 29 are female respondents. Other 15 respondents and 21 female respondents do not invest their savings.

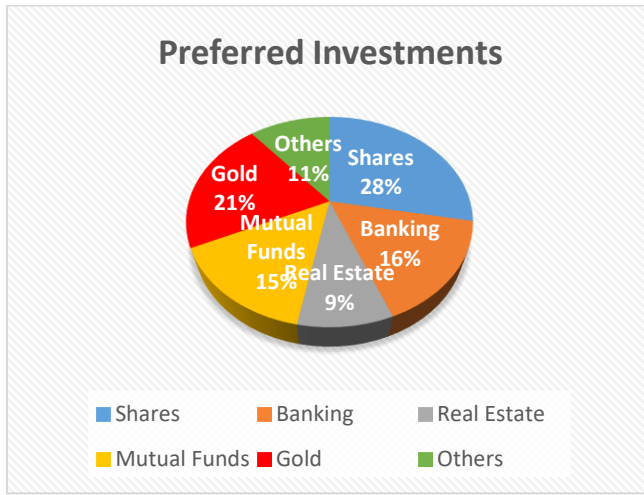
**6. Income percent invested:**



<b>0-10%</b>	<b>48</b>
<b>10-20%</b>	<b>29</b>
<b>20-30%</b>	<b>14</b>
<b>30-40%</b>	<b>05</b>
<b>Above 40%</b>	<b>04</b>
<b>Total</b>	<b>100</b>

The above bar graph shows that the highest number of respondents that is 48 invest their 0-10% of their income whereas the least number of respondents that is 04 from 40% and above of their income.

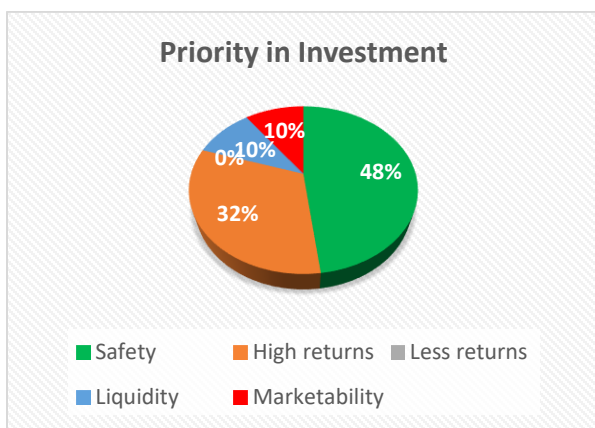
### 7. Prefer investing savings:



<b>Shares</b>	<b>28%</b>
<b>Banking</b>	<b>16%</b>
<b>Real Estate</b>	<b>09%</b>
<b>Mutual Funds</b>	<b>15%</b>
<b>Gold</b>	<b>21%</b>
<b>Others</b>	<b>11%</b>

In the above pie-chart it is been observed that Shares (28%) and Gold (21%) are the avenues that people prefer the most as their investment option. Only 16% investors invest in banking and 15% in Mutual funds. Whereas very least preference is given to Real estate (9%) and others (11%) as their investment option.

### 8. Priority Factor:

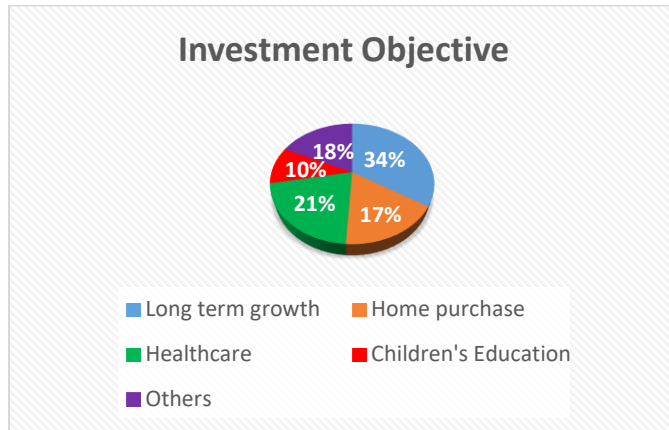


<b>Safety</b>	<b>48%</b>
<b>High returns</b>	<b>32%</b>
<b>Less returns</b>	<b>0%</b>
<b>Liquidity</b>	<b>10%</b>
<b>Marketability</b>	<b>10%</b>

It is observed that respondents top most priority is safety (48%) and high returns (32%). Whereas equal priority is been given to liquidity and marketability while investing.



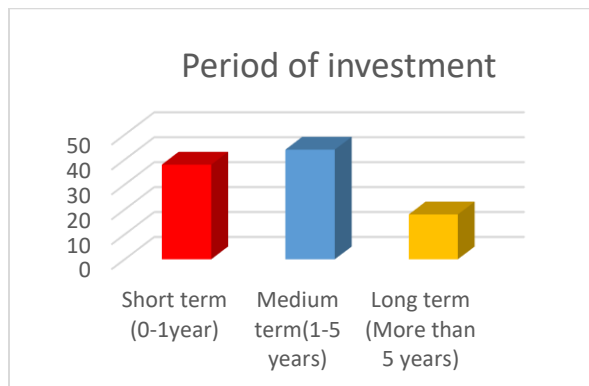
## 9.Objective in Investment:



<b>Long term growth</b>	<b>34%</b>
<b>Home Purchase</b>	<b>17%</b>
<b>Healthcare</b>	<b>21%</b>
<b>Children's Education</b>	<b>10%</b>
<b>Others</b>	<b>18%</b>

The above pie-chart shows that 34% respondents are investing in different avenues with the objective of long-term growth, 21 respondents invest for their healthcare purpose and remaining 18%,17% and 10% respondents are investing in home purchase, children education and others.

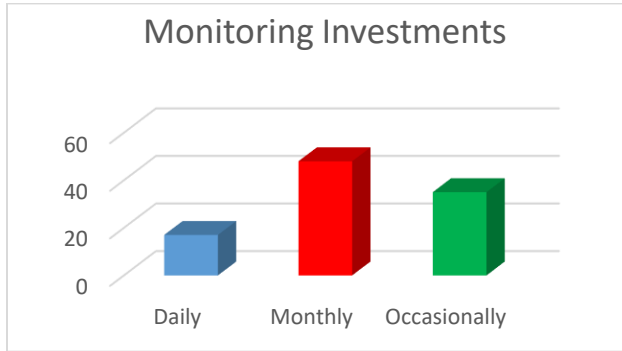
## 10. Preferred time period for investing:



<b>Short term(0-1year)</b>	<b>38</b>
<b>Medium term(1-5years)</b>	<b>48</b>
<b>Long-term(more than 5 years)</b>	<b>18</b>
<b>Total</b>	<b>100</b>

Majority of respondents that is 48% respondents prefer medium term (1-5 years) whereas only 18% respondents prefer long term (more than 5 years) as their investment period. Remaining 38% respondents prefer to short term (0-1 year) as period of investments.

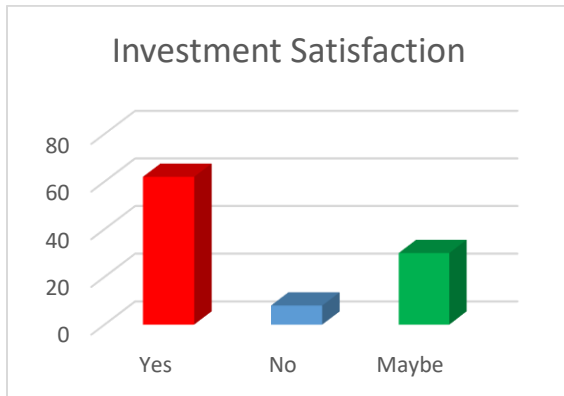
### 11.How frequently investments are monitored:



<b>Daily</b>	<b>17</b>
<b>Monthly</b>	<b>48</b>
<b>Occasionally</b>	<b>35</b>

It is observed that only 17% respondents monitor their investment on daily basis and 48% respondents on monthly basis. Other 35% respondents monitor their investment occasionally.

### 12.Satisfied with investments:



<b>Yes</b>	<b>62</b>
<b>No</b>	<b>08</b>
<b>Maybe</b>	<b>30</b>

It is observed that 62% respondents are satisfied with their savings and investment and 8% respondents are not satisfied with their investment while other 30% respondents are not so clear about their investment satisfaction.

## **Data analysis and Findings:**

The study of investment awareness level of salaried people has been undertaken with the key objectives such as to find preferred investment avenues & to know the awareness level of investors.

- 1. Awareness:** After the analysis & interpretation of data it is concluded that 60 % Investors are aware about investment avenues available in India but still investors are preferred to invest in Shares, Real estate, metals Gold.
- 2. Risk:** The data analysis reveals that the safety is important factor while doing investment so remaining avenues are less considerable while doing investment by investors. 32% are ready to take risks while making investments. Only 28% respondents want to invest in equities/stock where high risk is involved. Awareness has to be conducted by Real estate firms, because most of the respondents are salaried people and they think that these avenues are loss making & having no good return on it.
- 3. Financial Instruments Knowledge:** It has been found out that 36% of the respondents don't possess detailed knowledge about all the financial instruments. Only 64% respondents have the sufficient knowledge about the financial instruments. More efforts should be taken of course, by salaried people themselves to increase their financial literacy. Secondly, the government should organize investment awareness campaigns often especially designed for salaried people.
- 4. Monitoring the investments:** It has been observed that 17% working professionals monitor their investments regularly. Among these, 48% monitor monthly, 35% bi-annually.
- 5. Information Collection:** It has also been noticed that 60% of the respondents don't read any financial newspaper. Only 40% respondents regularly read 'Economic Times' & 'Financial Express'. Only 45% of the respondents watch TV channels like 'Z Business',

‘CNBC’, ‘NDTV profit’ etc. to get some help while making investment decisions. Remaining 55% respondents rely on their friends’ advice & own knowledge for making investment decisions.

### **Conclusion and Suggestion:**

While making any investment, avenues are important but method of investment is important too. In today’s world investment avenues and products are continuously changing. So if the investors are not aware about these continual changes, they are going to suffer from huge losses.

Diversification of investment helps to risk minimalization and transparency. The economy is prospering, the job market is booming and salaries are touching a new high. The new breed of Indian youth has its pockets full and is intelligent enough not to let its money rust in bank accounts.

Pune, being a Metro city having young population and employment opportunities. As this youth is getting attractive salaries, it is possible for them to invest and generate wealth. As most of the salaried people are low in financial literacy, it becomes hardly possible for them to manage their portfolios on their own. To overcome this barrier, they must take help of Financial Advisor. Investor’s attitude was testified with the help of questions based on choice of investment of an avenue. Though Indian investors are good at savings, they prefer typical investment avenues like Shares and Gold.

This inclination towards safety and security is not wrong but one has to understand that detailed knowledge about avenues and proper investment attitude will also lead them to good returns. Majority of the respondents have not preferred to invest their savings in Real Estate, which are the latest investment schemes, and hence the government should take appropriate steps to persuade the investors to invest in the above schemes.

A planned marketing approach, covering customer awareness, offering better value with a high and constant return to the investors and every effort may be made to draw the urban as well as rural sector into the mainstream of national economic development.

**Scope for further Research:**

As this research has been done taking into consideration a very limited data from the salaried people from Pune only, it has its own limitations. Based on this research paper, one can do the comparative study of investment behavior of Indian investors & investors in foreign countries. There is also much scope for the comparative study of the mentality, perceptions & attitudes of the investors in India & abroad.

**Limitations:**

- ✓ The study shall be limited to salaried class who are employed in private sector.
- ✓ The survey is limited to Pune city only.

## Questionnaire:

# A Survey on the preference of salaried class on various investment options available.

Dear Respondent,

I Diksha Gawas , pursuing MBA Finance from MES Institute of Management and Career courses.

As a part of our curriculum conducting this survey. This study is being conducted purely for academic purpose.

All the information provided by you will be kept completely confidential.

So, I request you to fill this form and help me conduct this survey. Thankyou in advance for your participation. I appreciate for your time and efforts.

---

### Demographic profile

1. Name

2. Gender

Male

Female

Prefer not to say

3. Age group

Below 20

21- 30

31-40

41-50

50-Above

4. Educational Qualification

- SSC
- HSC
- Graduate
- Post graduate
- Others

5. Have you Invested your savings so far?

Yes

No

## Section 2

6. Annual Income \*

*Mark only one oval.*

- 1-2 lakh
- 2-3 lakh
- 3-4 lakh
- Above 5 lakh

7. What percentage of your income you invest?

- 0-10%
- 10-20%
- 20-30%
- 30-40%
- 40%-Above

8. What is time period you prefer to invest?

- Short term (0-1yrs)
- Medium term (1-5yrs)
- Long term (more than 5yrs)
- 

9. Where do you prefer to invest your savings?

- Shares
- Banking
- Real Estate
- Mutual funds
- Gold
- Others
- 

## Section 3

10. Which factor do you give more priority when you invest?

- Safety
- High returns
- Less returns
- Liquidity
- Marketability
- 

11. What is your investment objective?

- Long term growth
- Home purchase
- Health care
- Children's Education
- Others
- 

12. How often do you monitor your investment?

- Daily
- Monthly
- Occasionally
- 

13. How much do you agree that "Investments are better than savings."

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

14. Are you satisfied with your investments?

- Yes
- No
- Maybe
-



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