Research Article

The Study of the Preferred Investment Avenues Among Salaried Professionals in Vadodara

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ARTICLE INFO	ABSTRACT
	Investment involves allocating financial resources into various instruments to generate wealth through capital appreciation or income. For salaried professionals with fixed incomes, making informed investment decisions is crucial for effective financial planning. These decisions are influenced by factors such as the value of the investment, the holding period, associated risks, volatility, and expected returns, all of which significantly affect financial well-being. Investment is not just about accumulating wealth; it also includes risk management, tax efficiency, and retirement planning. Strategic investment practices empower salaried individuals to mitigate risks related to market volatility, inflation, and economic uncertainties. Furthermore, these practices help reduce financial stress, improve understanding of financial markets, enhance financial literacy, and create a solid financial foundation for the future. This study seeks to examine these dynamics, providing valuable insights into successful investment approaches for salaried individuals to secure financial stability and foster growth over time. **Keywords:** Investment, salaried investors, trends, decision, financial planning, avenues, risk, volatility

1.   INTRODUCTION:

1.1 INTRODUCTION TO INVESTMENT AND ITS IMPORTANCE:

Investment can be referred as the deployment of the available financial resources into a number of multiple investment instruments that yields wealth via capital appreciation or income generation. Making investment choices, by selecting potential investment opportunities, considering the value of investment, holding tenure, risk, and volatility involved and the expectation of returns significantly influences the financial planning of the salaried professionals with fixed income. Consequently, investing serves as an avenue of allocating financial resources with the expectation of generating returns in the years to come. The effects of investment are multifaceted. The repercussion of investment surpasses simple wealth accumulation and also comprises risk management, tax efficiency, and retirement planning. By prudently investing the surplus income, salaried individuals can mitigate the financial risks associated with market volatility, inflation and the prevailing economic conditions. Such strategic investment practices can lead to reduced financial stress, fosters understanding of financial markets, enhance financial literacy, and enables the salaried individuals to build a robust financial foundation for the years to come.

1.2 FACTORS AFFECTING INVESTMENT TRENDS AMONG THE SALARIED INVESTORS:

1.2.1 ECONOMIC LANDSCAPE:

The economy of Vadodara is vibrant, presenting substantial investment prospects. Vadodara's economy relies primarily on a range of sectors including chemicals, pharmaceuticals, engineering, and manufacturing. The city is home to both major corporations and small to medium-sized enterprises, contributing to job creation and economic stability.

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1.2.2 FINANCIAL LITERACY LEVELS:

According to India Brand Equity Foundation, financial literacy has been flourishing among the young and adult population by virtue of advancement in the technology and the media visibility (www.ibef.com). Investment preference of the salaried professionals have altered drastically with their increasing comprehension of financial literacy. Conventional investment instruments remain popular, nevertheless there is a prominent trend towards more diversified portfolios', comprising of mutual funds and equities.

1.2.3 TECHNOLOGICAL IMPACT:

Technology is advancing, as seen by the growth in online platforms and applications that help investors take financial or investment decisions. It has altered how salaried professionals approach investing, contributing to the emergence of robot-advisors and online trading platforms enabling ease of buy and sell of stocks, mutual funds and other securities.

With the rise of online platforms offering courses on investments, it has resulted in better interpretation of investment options and strategies by the salaried professionals for effective investment practices.

1.2.4 REGULATORY ENVIRONMENT:

Regulations are designed to safeguard investors from fraud and malpractices, and can boost confidence in financial markets. A strong regulatory environment can encourage salaried professionals to invest more confidently. In India, regulatory policies often include tax benefits for specific investments, making these options more appealing than other investment vehicles.

INVESTMENT INSTRUMENTS:

Vibrant city of Vadodara is a booming economy with numerous investment avenues accessible to the salaried professionals. These alternatives include classic options like fixed deposits and Public Provident Funds (PPFs), as well as more dynamic options like mutual funds, equities, and real estate. Each of these options has a distinct risk-return profile that caters to different financial goals and risk tolerance. Understanding the preferences for different investment options is critical for investors and financial institutions alike. Various types of investment vehicles are as mentioned – **Equities**, **Mutual fund**, **Fixed Deposit**, **Real Estate**, **Bonds**, **Gold**, **Employee Provident Fund**, **National Pension Scheme**, **Other government schemes**

This study seeks to examine the investment preferences and behaviors of salaried individuals in Vadodara, offering valuable insights into their investment patterns and choices.

LITERATURE REVIEW:

The study of preferred investment avenues among salaried professionals in India is an important field of research since it reflects broader economic trends and individual financial behaviours. This shifting landscape needs a thorough investigation of the factors which influence investment decisions among this population.

J. Jayalakshmi and Dr. V. L. Shobana (2006) conducted a study on investor awareness and preferences, examining the level of awareness among investors concerning investment possibilities and associated dangers. The research found that most investors prefer real estate investments, with bank savings coming in second.

Prasad (2009) The study examined investors' perceptions and their awareness of the various available investment options. A sample of 100 investors was collected from the twin cities of Hyderabad and Secunderabad. The data indicated that 75% of net traders utilised online stock trading, necessitating a robust technological foundation, whereas traditional traders perceived online trading as a less critical method and refrained from participating in net trading owing to concerns over system failure risks.

Priyanka Jain (2012) examined many investing options accessible to investors. Equity shares offer low returns but substantial capital appreciation, along with risks related to liquidity and marketability, as well as tax benefits. Conversely, debentures provide high returns but exhibit low liquidity and marketability risks. Bank deposits yield modest yields, although exhibit limited capital appreciation and pose little liquidity risk.

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Palanivelu et al. (2013) conducted a study analysing the investing preferences of salaried persons in Namakkal Taluk, Tamil Nadu, revealing a pronounced inclination towards conservative investment techniques. The results indicate that the majority of survey respondents choose secure, low-risk investing choices, including insurance, bank deposits, and real estate, while exhibiting minimal awareness and engagement with high-risk investment instruments such as stocks, bonds, and shares.

According to the results of Patil and Nandawar (2014), despite their extensive understanding of investment choices, Pune's paid labour predominantly favours safer, low-volatility options such as real estate and bank accounts.

Gaurav Chhabra and Ankesh Mundra (2014) examine the several investment possibilities accessible to investors. In former times, because to the absence of a banking system, investors retained hard cash, gold and silver jewellery, and precious stones as savings.

Smita Mazumdar (2014) examines how individuals invest rationally with the aim of maximising utility for a specified degree of risk. This study investigates the correlation between investment behaviour and knowledge level. Financial acumen facilitates investment in several asset classes, including equities, gold, real estate, and fixed deposits. The study analyses aggressive investors and moderate risk-takers utilising financial knowledge.

B. Thulasipriya, (2014) The findings suggest that most respondents are holding their money in bank deposits to secure an uncertain future. The primary investment choice is bank deposits, with the main objectives being funding children's education, marriage, and securing financial stability post-retirement.

Research Objectives of the study:

1. To identify the variables that affect the investment behaviour of salaried individuals.
2. To ascertain the investment objectives and the most favoured investment channels among investors.

1 RESEARCH GAP:

There is a lack of recent research focused on investment preferences, indicating a critical need for updated analysis in this area. Existing literature may not fully capture the impact of recent economic factors, such as inflation, job market fluctuations. This disparity emphasizes the need for a thorough investigation of the ways in which these factors influence Vadodara's investment environment.

2 SIGNIFICANCE OF THE STUDY:

1. It helps in interpretation of the preferences of the salaried professionals, providing detailed information about their risk appetite, returns expectations, willingness to hold the securities over a period of time etc.
2. It provides insights and can aid comparison between investment preferences across the regions or within states.
3. It guides the policymakers in utilizing the findings to develop targeted marketing strategies and innovative investment products.
4. Preferential investment avenue data analysis will highlight new trends among the salaried individuals.

RESEARCH METHODOLOGY

RESEARCH DESIGN:

This study employed a cross-sectional survey method with a quantitative design. A cross-sectional study involves collecting data within a specific time frame and analyzing a defined group, in this case, salaried employees. The goal of this research is to examine the investment behaviors and preferences of salaried individuals in Vadodara by exploring their preferred investment avenues.

POPULATION & SAMPLING TECHNIQUES:

The study's target audience consists of paid professionals in Vadodara, particularly those working across diverse sectors. To ensure that the sample appropriately represents the diverse range of professional backgrounds within the community, a stratified random sampling technique will be utilized. This approach will reduce bias and improve the generalisability of the results.

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DATA ANALYSIS TECHNIQUES:

The gathered data will be examined via statistical tools, such SPSS or Excel. Descriptive statistics will summarise the demographic characteristics of respondents, while inferential statistics, including chi-square tests, will identify relationships between variables and ascertain the factors influencing investment preferences among salaried professionals in Vadodara. Data presentation using tables, charts, and graphs. Demographic data may be evaluated using percentage analysis.

DATA ANALYSIS

1. CHI-SQUARE ANALYSIS:

Hypothesis Statement:

H0: There is no significant association between income levels and the preferred investment avenues among salaried professionals in Vadodara.

H1: There is a significant association between income levels and the preferred investment avenues among salaried professionals in Vadodara.

Annually Income (in INR): * Which of the following investment avenues do you currently prefer? Crosstabulation

Count

		Annually Income (in INR):					
		10,00,001 - 15,00,000	200,001 - 500,000	500,001 - 10,00,000	Above 15,00,000	Less than 200,000	Total
Which of the following investment avenues do you currently prefer?	Fixed Deposits	0	0	0	0	3	3
	Fixed Deposits, Gold/Silver	0	0	0	0	1	1
	Fixed Deposits, Insurance (Life/Health), Gold/Silver	0	0	1	0	1	2
	Fixed Deposits, Mutual Funds	0	0	0	0	2	2
	Fixed Deposits, Mutual Funds, Gold/Silver	0	0	1	0	0	1
	Fixed Deposits, Mutual Funds, Public Provident Fund (PPF)	0	0	2	0	0	2
	Fixed Deposits, Mutual Funds, Public Provident Fund (PPF), Gold/Silver	0	1	0	0	0	1
	Fixed Deposits, Mutual Funds, Real Estate, Public Provident Fund (PPF), Gold/Silver	0	1	0	0	0	1
	Fixed Deposits, Mutual Funds, Stocks/Equity	0	0	1	0	0	1
	Fixed Deposits, Mutual Funds, Stocks/Equity, Gold/Silver	0	0	0	0	1	1
	Fixed Deposits, Mutual Funds, Stocks/Equity, Public Provident Fund (PPF), Gold/Silver	0	0	0	1	0	1
	Fixed Deposits, Mutual Funds, Stocks/Equity, Public Provident Fund (PPF), Insurance (Life/Health), Gold/Silver	0	0	1	0	0	1
	Fixed Deposits, Mutual Funds, Stocks/Equity, Real Estate, Insurance (Life/Health)	0	0	1	0	0	1
	Fixed Deposits, Mutual Funds, Stocks/Equity, Real Estate, Insurance (Life/Health), Gold/Silver	0	0	1	0	0	1
	Fixed Deposits, Public Provident Fund (PPF), Insurance (Life/Health)	0	0	1	0	0	1
	Fixed Deposits, Real Estate, Gold/Silver	0	0	0	0	1	1
	Fixed Deposits, Real Estate, Public Provident Fund (PPF), Gold/Silver	0	0	1	0	0	1
	Fixed Deposits, Stocks/Equity, Public Provident Fund (PPF), Gold/Silver	0	1	0	0	0	1
	Mutual Funds	0	3	0	0	1	4
	Mutual Funds, Insurance (Life/Health)	0	0	0	1	0	1
	Mutual Funds, Public Provident Fund (PPF), Insurance (Life/Health), Gold/Silver	0	1	0	0	0	1
	Mutual Funds, Stocks/Equity	0	0	1	0	0	1
	Mutual Funds, Stocks/Equity, Gold/Silver	0	0	0	0	2	2
	Mutual Funds, Stocks/Equity, Insurance (Life/Health)	0	0	1	0	0	1
	Mutual Funds, Stocks/Equity, Public Provident Fund (PPF)	1	0	0	0	0	1
	Mutual Funds, Stocks/Equity, Public Provident Fund (PPF), Gold/Silver	0	0	0	0	1	1
	Mutual Funds, Stocks/Equity, Real Estate, Gold/Silver	0	1	0	0	0	1
	Real Estate	0	0	1	2	0	3
	Real Estate, Gold/Silver	1	0	0	0	0	1
	Stocks/Equity	0	1	1	0	1	3
	Stocks/Equity, Insurance (Life/Health), Gold/Silver	0	0	1	0	0	1
	Stocks/Equity, Public Provident Fund (PPF)	0	1	0	0	0	1
	Stocks/Equity, Real Estate, Gold/Silver	0	0	0	0	1	1
Total		2	10	15	4	15	46

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Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	158.317ª	128	.036
Likelihood Ratio	112.155	128	.839
N of Valid Cases	46		
a. 165 cells (100.0%) have expected count less than 5. The minimum expected count is .04.			

• The Value of Pearson Chi-Square is 158.317, and degrees of freedom (df) are 128.

• The p-value (Asymptotic Significance) is 0.036.

According to the table exhibiting the results of the Chi-Square test, the Pearson Chi-Square value is 158.317 with 128 degrees of freedom and a corresponding p-value of 0.036. This result suggests that the null hypothesis can be rejected because the p-value is less than the typical threshold of 0.05, stating that there is a relationship or association between the income levels of the salaried individuals and the preferred investment avenues.

2. CORRELATION ANALYSIS:

To evaluate the degree of association between the respondents' ages and the long-term goal of the investments made in the different assets, the statistical method of correlation analysis is utilized.

H0: There is no significant positive correlation between the age of the investors and the primary objective behind the investment made.

H1: There is a significant positive correlation between the age of the investors and the primary objective behind the investment made.

	Age	what is the long-term goal/ primary objective of the investment made?
Age	1	
what is the long-term goal/ primary objective of the investment made?	0.122220 656	1

The correlation There is a weak positive link (coefficient of 0.122) between age and the long-term or principal goal of investing. According to the positive correlation, the goal of an investment changes in tandem with an individual's age as they get older or progressively older.

In general, correlation values range from -1 to 1, as the correlation coefficient between the objective and the age falls in the range of 0.00 to ±0.30, it depicts the weak positive correlation.

3. RANKING ANALYSIS:

3.1. RANKING OF THE INVESTMENT AVENUES BASED ON THE STABILITY AND RETURNS:

To better understand the respondent's preference for investment vehicles like fixed deposits, mutual funds, stocks and equity, real estate, PPF, insurance, and gold or silver based on stability and return level (low or high), ranking analysis is carried out with the aid of Excel.

Ranking criteria	1	2	3	4	5	SCORE	RANKING
Fixed Deposits	3	7	25	7	4	140	5
Mutual Funds	2	2	16	22	4	162	4

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Stocks/Equity	1	4	17	14	10	166	3
Real Estate	2	5	13	13	13	168	2
Ppf	5	8	19	11	3	137	7
Insurance	6	7	18	11	4	138	6
Gold/Silver	1	1	11	18	15	183	1

According to the Excel ranking (using the functions "count if" and "sum product"), respondents believe that investing in gold and silver provides high and reliable returns, making it the highest ranked investment channel, followed by investing in real estate. The avenue of stocks or equity holds third place, with mutual funds emerging in fourth. According to the respondent's perspective on the stability and the number of returns, fixed deposits rank third, implying return instability and low or moderate returns, followed by life and health insurance, which provides the second lowest returns. The Public Provident Fund is last on the list, ranking seventh.

RANKING OF THE INVESTMENT AVENUES BASED ON THE STABILITY AND RETURNS:

1. Gold/ Silver
2. Real Estate
3. Stocks/ Equity
4. Mutual Funds
5. Fixed Deposits
6. Insurance &
7. Public Provident Fund (PPF)

3.2 RANKING OF THE FACTORS BASED ON THEIR IMPORTANCE IN INVESTMENT DECISION MAKING PROCESS:

On a scale of 1 to 6, where 1 represents the most significant factor influencing the investment decision-making process and 6 represents the least significant factor, the criteria that are crucial in determining the investment vehicles in which the investment is to be made are ranked using the ranking analysis.

RANKING CRITERIA	1	2	3	4	5	SCORE	RANKING
Safety of investment:	1	1	6	8	14	123	2
Expected returns:	1	0	4	12	13	126	1
Tax implications:	6	5	9	5	5	88	5
Personal financial goals:	1	4	7	7	11	113	3
Market conditions:	1	1	8	9	11	118	4
Short Term Investment:	0	0	0	0	0	0	6
Long Term Investment:	0	0	0	0	0	0	4

In accordance to the rating, the most essential variable for respondents is the predicted return component, raking it at the top position. The second factor that respondents examine when deciding whether to make an investment is its safety of the investment. The respondents' personal financial goals also play a significant role and comes at the third place, followed by the current market conditions influencing the decision, and long-term investment coming at fourth. Tax concerns and short-term investments are at the bottom of the list, ranking fifth and sixth, respectively signifying the least important factors.

RANKING OF THE FACTORS BASED ON THEIR SIGNIFICANCE IN DECISION MAKING PROCESS:

1. Expected returns
2. Safety of the investment
3. Personal financial goals
4. Market conditions

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5. Tax implications
6. Short term investment
7. Long term investment

DATA FINDINGS & CONCLUSIONS:

ay exert a more significant influence on the investment behaviour of salaried personnel. The modest link underscores the necessity to investigate supplementary factors beyond demographic attributes such as age, maybe encompassing personal preferences, savings behaviours, or external economic circumstances. The statistical test of chi-square was utilised in such a manner so that to examine the relationship between the income of salaried respondents and their preferred investment avenues, yielding a score of 0.036, which is below the threshold of 0.05, indicating an association and which gives the resultant rejection of the null hypothesis. Ranking analysis was utilised to achieve the purpose of evaluating the elements that affect the investment behaviour of salaried employees. The analysis evaluated various assets based on stability and return levels, ranking them appropriately, with gold, silver, real estate, and equities occupying the top three positions for stability and high, consistent returns. Additionally, listed the elements essential for the respondents while making investment decisions. Key factors include anticipated profits, investment safety, and the alignment of personal financial objectives with the investment.

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