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A STUDY ON INVESTMENT PATTERN AND PREFERENCE OF STATE GOVERNMENT EMPLOYEES

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ABSTRACT: -

*S*ince last few years, the pattern of investment has changed significantly, and it's become very complicated for the investor to invest their saving in right avenues to get minimum risk and maximum retunes. The Government employees take up the different pattern of saving and investment. The objective of study was determining the Preferred Investment Avenue and investment pattern among the State Government Employees of Indore district. The data was collected troughs structured questionnaire distributed to 400 respondents working in different departments of State Government Offices in Indore district. From the study, it was found that respondents preferred to invest in tax saving Schemes and their pattern of investment is in safety and less risky avenues which also provide tax benefits. After analysis, different factor ranking has been given through Henry Garrett Ranking Method. It was propounded here that the most favored investment avenues were life insurance policy, Pension funds, and fixed deposits by investors while least interested showed in the stock market. Most important factor influencing investment decisions was tax saving schemes, as well as future requirements for fulfillment of responsibilities.

KEYWORDS: *Investment Pattern, Investment Preference, Saving, Government Employees, Investment Avenues, Salaried Employees, M. P. State Government Employee, Indore.*

INTRODUCTION

A salary is a remuneration payable by an employer to their employee in the consecration of their services rendered. Basically, salary is a form of periodic payment from an employer to an employee, which may be specified in an employment contract between employer and employee and the person who receives salary or entitled to received salary in the different name is called the salaried person. (Totala, 2016) Government announced to give seventh Pay commission benefits to employees; definitely, it's extremely good news to state government employee because they will receive the lump-sum amount from arrears and also received the revised salary. Now the state government employees have the healthy amount of investing. The word investment can be definite at many times according to different theories and principles. Investment is a term that can be used in a number of contexts. However, the different means of investment are more alike than dissimilar. In basic term investment refer to the application of money or other

assets in the hope that in future it would appreciate or generate more alike than income. In another view, investment is the utilization of resources in order to increase income or production output in the future. Although there is a general broad definition of the term investment, it carries slightly different meaning for different industrial sectors. According to the economist, investment refers to any physical or tangible asset; on the other hand, finance professionals define an investment as money utilized for buying financial assets. There are many investment avenues available in the investment market. The scenario has been changed since last few years due to modernization technological upgradation, lifestyle, earning and spending capacity of an individual. These social economic changes affect the priorities and priorities affect the saving and investment pattern of society. The expenditure pattern also has been changed, now people are awarded about to control their expenditure and that's nice way to increase their saving. But saving will be fruitfully only when they invest it in right way. Form various Past studies, it have found that there are the various factor which influences the saving and investment habit like the safety of money & low risk, (for future intend) future requirements to the fulfillment of responsibilities (Education & Marriage of children, own House and other social responsibilities), Emergency need, (Health issues and Medical), tax benefits (Reduce tax liabilities) Maximum returns (Interest and dividend income), luxuries life (Travelling and other life Style) etc. Basically, investment refers to a commitment of fund to one or more assets that will be held over some future time period. The two important elements of investment are present safety and future benefits. Investment also improves financial independence, Wealth, future safety for insecurity. There are various investment avenues available in the marketplace like Bank Deposits, Certificates of Deposits, Commercial Paper Treasury, Government Bonds, Corporate Bonds, Real Estate, Precious Metal, Stones, Equities, Mutual Funds, Debentures, Public Deposits, and Commodities etc. every investor has different priorities regarding their investment. Especially state government employees have very sophisticated to choose investments avenues. Various previous studies showed that Gender, Age, Marital Status, and Educational qualification highly affects the Investment preferences of an individual. Still, no studies have been done to determined investment preferences amongst M. P. Government employees in Indore District. So researcher wants to know about their preferences and pattern of investment.

LITERATURE REVIEW:

Totala (2016), recent study done in Indore City and it was found that salaried persons age groups of 31-40 and 41-50 were more interested in investing and graduates were investing more than the postgraduate and Senior Secondary education responded. In this study it was found that 53% salaried people could get less returns or equal to the prevailing market return. People do investment for getting Income Tax benefit, sequentially followed by reasons of getting higher returns, safety, liquidity, future needs and hedge against inflation. Salaried persons go for higher retunes with higher risk followed by medium returns with medium risk. (Murlidhar, 2015) This paper addresses the rural investor had more trust in products and services provided by the government bank. It was also found in the study that gold and jewelry was the second preference of rural investor and the third preference given to real estate. It indicated that the rural people prefer to invest in agriculture land nearby their place and desire safe investment in fixed deposits Kisan Vikas Patra and gold and silver jewelry. While other study determined that income and investment are positively correlated and there is strong relationship between income and investment. As studied by Ramanathan and Meenakshisundaram (2015) said that most of the responded invest in tax saving investments in this study and preferred real estate for future financial securities. Bairagi (2013) had carried out an empirical study on the saving pattern and investment preference of individual household in the Pune city with a sample of 526 respondents. In was found that high degree of awareness towards real estates and bank fixed deposits, even gender influences was also negligible. Salaried employees were more aware about investment decision rather than other profession and business class. Most of respondents have regular saving habits. Patil, and Nandanwar (2015) found that individual investor still prefers to invest in financial products which give risk free returns. The study also definite that if investor is highly educated and high income group are conservative investors who prefer to play safe in the market. The individual investors buying behavior of financial product is also affected by various factors such as social, economic and psychological and demographics. In the study by Palanivelu and Kumar (2013) stated that saving pattern, factor

influencing the decision making of saving and investment. It was identified in the study that certain factors like age of investors, education level and current financial system and literacy has significant impact of while making decision of investment. Bharadwaj et.al. (2013) examine that the major source of income of government teacher is salary while tuition fees for private school teacher and both used bank deposited and life insurance as investment first priority, and also they had different expenditure pattern. Government employee Invest in emergency and security while private teacher spend money for children expenditure. While in another study of Jain, R. (2014) major reasons for investing their income in fixed deposits with banks first Safety, because of it is very secure and considered as one of the safest investment methods. Second Regular Income was also another factor that influences the working women for investment and third was taxes saving because fixed deposits save tax and give health returns on invested money.

OBJECTIVE OF THE STUDY

To evaluate the investment Pattern and Preference of M. P. State Government employees at Indore district.

RESEARCH METHODOLOGY

THE STUDY: The present research is an exploratory investigation for exploring investment pattern of M. P. State Government employees.

THE SAMPLE: A primary survey was conducted in Indore district. The target group was M. P. State Government employees. Questioners were used as an instrument to collect the primary data. Total 400 respondents were approach for the purpose of data collection and by the cut-off date for data collection, 321 usable and completely filled questionnaires were considered with a response rate 80.0 percent. The samples consist of 177 male and female were 144 in numbers data were collected from two segments of users. The age profile of responded ranged from 20 to 50 years.

TOOLS FOR DATA COLLECTION: The Self Designed Questioner was developed to identify investment preference and pattern of respondents.

TOOLS FOR DATA ANALYSIS: Diagrams and Tables are used to describe the demographics variable, performance of different financial instruments and analyzed has been done through Henry Garrett Ranking Method.

RESULT, ANALYSIS, INTERPRETATION AND DISCUSSION

Various previous studies showed that Gender, Age, Marital Status, and Educational qualification highly affects the Investment preferences of an individual. Individual preference might be changed because of their present responsibilities and future requirements. Therefore researcher collected carefully demographic variables. The profiles of demographics are as follows:

Table 1

Gender	Male	177	55%
	Female	144	45%
	Total	321	100%

Gender:

In this categories, the total number of fully attempted and duly filled questionnaire received was 321 out of 400 set of the questionnaire distributed to the respondent. Out of 321 respondent total male respondents were 177 and female were 144.
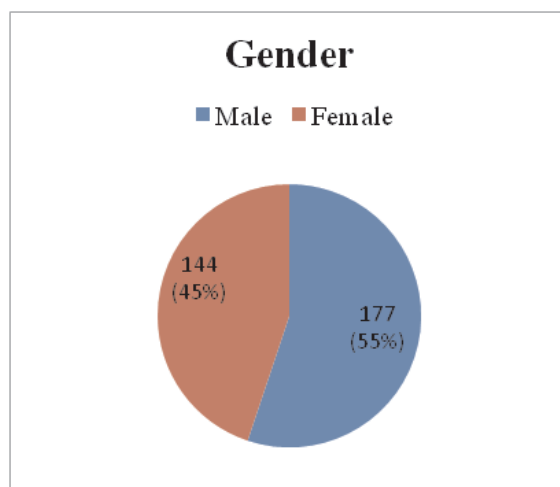
Graph – 1

Table 2

Marital Status:	Married	219	68%
	Unmarried	102	32%
	Total	321	100%

Marital Status: In total 321 respondents, Married respondents were 219 which was 68 percent of total resonance and rest were unmarried i.e. 102.
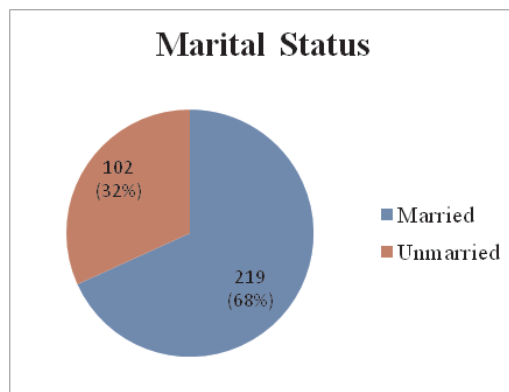
Graph – 2

Table 3

Education/Age	21-30		31-40		41-50		Above 50		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
HSS	0	4	12	11	2	6	6	4	45
Graduate	35	34	36	40	28	7	11	1	192
Post graduate	14	12	13	9	3	4	0	1	56
Others	3	0	2	4	3	6	9	1	28
	52	50	63	64	36	23	26	7	321

Education and Age: The 60 percents of investor were Graduate and in the 90 percents of amongst this is belongs

to the age group of 21 – 40 years. While 17 percent of investors were postgraduate and 90 percent of amongst this again belongs to the age group of 21 – 40 years. So we can say that the result influences from this category.

Education and Age

Legend
HSS
Graduate
Post graduate
Others
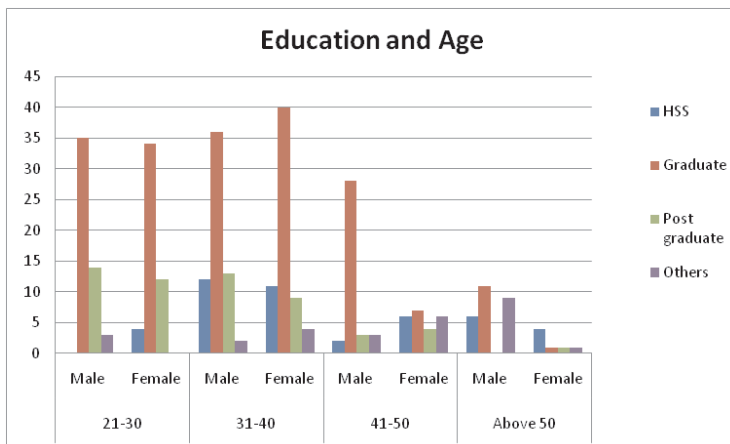
Graph – 3

RESULT AND ANALYSIS

With the identified different factor Garrett's ranking technique was used to know proffered investment pattern. As per the method, respondents have been asked to assign the rank for all factors and the outcomes of such ranking have been converted into score value with the help of following formula:

$$Percentage\ Position = \frac{100(R_{ij} - 0.5)}{N_j}$$

Where

R_{ij} = Rank given for the J_{th} factor by J_{th} respondents

N_j = Number of variable ranked by J_{th} respondents

In the study ranking given by respondents to each factor were converted to Garrete's Percentile Positions and then percentile positions converted to Garrete's Score with the help of Garrete's Score Table. After determining the Garret's Score the total value of scores and mean values of the score are calculated and then the final ranking was determined. After final analysis, it was found that respondents preferred to tax saving schemes from various avenues so their pattern belongs to invest in PPF, NPS, LIC, EPF, ULIP, Sukanya Samradhi Yojana, and various bonds and schemed by the government for tax saving benefit. On the second rank is given to the safety, security and liquidity orientated factor like Fixed Deposits, Recurring Accounts, Post office saving, recurring and Deposits accounts. While the respondents have given third rank for future need and necessity that involved investing in Precious metal and jewelry for children marriages and other future needs. Wealth creation was given forth rank. It includes investment in real estate, while the least of investors preferred to invest in Equity Markets because of the heavy risk factor involved in it.

**Garrete's Ranking Score after Percentiles Positions
Table – 4**

Garrete's Ranking Score Factors	1st Rank	2nd Rank	3rd Rank	4th Rank	5th Rank	Sum of Factor	Average Score	Final Rank
Wealth Creation	975	1980	5300	5120	1025	14400	44.85981	4
Future Need and Necessity	1800	6840	4650	2680	575	16545	51.54206	3
Safety, Security and Liquidity	9450	5580	2050	1520	575	19175	59.7352	2
Risk Bearing Capacity	675	300	1600	2560	5275	10410	32.42991	5
Tax Saving	11175	4560	2450	960	575	19720	61.43302	1

CONCLUSIONS LIMITATIONS OF STUDY:

In this study employee's age group of 21 – 40, are more aware and regularly investor than other age group and 60 percent of them are graduate and postgraduate. Employees do invest their money for getting tax benefits and they did not prefer for higher returns with higher risk, and it was also found that safety and liquidity also one of the most preferred factors for investment followed by tax benefits. After analysis and interpretation of data, it is concluded that in Department of M. P. State government employees have priority of tax saving avenues and preferred investment in tax saving schemes. For the research work, data was collected and interpreted with utmost reliability and consistency but due to prejudices of a few respondents, there is the certain limitation of the study. The study depicts the present scenario in the Indore District of Madhya Pradesh hence the result may not be applicable to another period of time. The study is limited to 321 respondents of MP State employees of the Indore District. Factors were determined from various previous study and literature reviews. The respondents were collected from various State Government Offices situated in the Indore district. This study reflects the preferences and opinions of those respondents who are employees of various Department of M. P. Government of Indore District. There might be a chance that perceptions and opinions of the respondents of other places may vary due to diversity in social life, living patent, income level, local factor etc. it is concluded that salaried persons differ in investment preferences on various demographic and other bases.

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