CHAPTER II
REVIEW OF LITERATURE

2.1. INTRODUCTION

Detailed Review of Literature has been made about the research gap and identifies the relevant issue for the study. The foundation of any research also lies on the studies undertaken in the past, as it provides the empirical study. Assessing the impact of investment in different investment avenues, this chapter provides a sketch of literature relevant to scope, preference and satisfaction of investor.

2.2. PREFERENCE FOR INVESTMENT

Madhusudhan Jambodekar (1996) conducted a study to assess the awareness of Mutual Funds among investors, to identify the information sources influencing the buying decision and the factors influencing the choice of a particular fund. The study reveals that Income Schemes and Open Ended Schemes are more preferred than Growth Schemes and Close Ended Schemes during the then prevalent market conditions. Investors gaze for safety of Principal, Liquidity and Capital appreciation in the order of importance; Newspapers and Magazines are the first source of information through which investors get to know about Mutual Funds Schemes and investor service is a major differentiating factor in the selection of Mutual Fund Schemes.

Baskaran (1997) in his article titled “A study on the perception of investors towards small saving schemes”analysed that it was very much necessary for institutions offering investment instruments to study about the perception of investors towards various investment instruments because it influences the saving behavior of investors. Hence, this study attempts to measure the nature of perception of investors using a five-point scaling. To have a better understanding, investors are segmented into three groups based on their perception by using cluster analysis. The study has used correspondence analysis, chi-square test, analysis of variance and discriminant analysis in order to understand the impact of perception on saving behavior of investors and the factors which determine the perception of investors towards saving instruments.

The Securities and Exchange Board of India (SEBI) and NCAER, (2000) ‘Survey of Indian Investors’ has reported that safety and liquidity were the primary considerations which determined the selection of an asset. Ranked by an ascending order
of risk perception fixed deposit accounts in bank were measured very safe, followed by gold, units of UTI-US64, fixed deposits of nongovernment companies, mutual funds, equity shares, and debentures. Households’ preference for investments in which they commonly invested matched the risk perception. Higher proportions of households invest in investments with a lower risk perception. Bank deposits, which had an appeal across all income classes and tax-saving schemes, were preferred by middle-income and higher-income groups of investors. There exist positive correlation between the income levels and investments of households in market-related securities.

Karthikeyan (2001)\(^4\) 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, National Savings Schemes, and Deposit Scheme for Retired Employees and the overall score confirmed that the level of awareness among investors in the old age group was higher than in those of the young age group. No dissimilarity was observed between male and female investors except for the Kisan Vikas Patra and National Savings Schemes. Out of the factors analyzed, necessities of life and tax benefits were two major ones that influence the investors both in semi-urban and urban areas. Majority (73.3 per cent) of investors of both semi urban and urban areas were very much willing to invest in small savings schemes in opportunity provided they have more for savings.

National council of applied Economics research (NCAER) (2002)\(^5\) in “Household savings and investment behavior in India”. National council of applied Economics research (NCAER) and the Economic and Political weekly Research foundation have observed that female headed household in Urban Sector have a better pathway of record of saving than the household headed by males. However the trend is overturn in rural areas where male-headed household are more inclined to saving.

Kumar, Banu and Nayagam (2008)\(^6\) studied the financial product preferences of Tiruchirapalli investors to rank their product preferences among investment choices, that is, post office savings, bank deposits, gold, real estate, equity investments and mutual funds. The preferences of the respondents were known according to their attributes like safety of principal, liquidity, stability of income, capital growth, tax benefits, inflation resistance and concealability. The authors studied this concept and found that the investors are unlikely to determine the financial product preference, that is, which is better on each attribute. So, the investors needed to make choices depending
on what is available and what are his own priority ratings of the attribute needed in the product. The rank preferences of investors were prioritized as post office, bank deposits, gold, real estate, equity investments and mutual funds.

**Sunil Gupta (2008)**⁷ the investment pattern among different groups in Shimla had revealed a clear and complex picture. The complex picture means that the people are not conscious about the different investment avenues and they did not respond positively, probably it was difficult for them to understand the different avenues. The study showed that the more investors in the city favor to deposit their surplus in banks, post offices, fixed deposits, saving accounts and different UTI schemes, etc. The approach of the investors towards the securities in general was bleak, though service and professional class is going in for investment in shares, debentures and in different mutual fund schemes. As far as the investments are concerned, people put their surplus in banks, past offices and other Government agencies. Most of the horticulturists in Shimla city who belong to Apple belt though being rich have a tendency of investing then surpluses in fixed deposits of banks, provident funds, Post Office savings, real estates, etc. for desire of safety and suitability of returns.

**Ujwala Bairagi and Charu Rastogi (2008)**⁸ In their article “An Empirical Study of Saving Pattern and Investment Preferences of Individual Household with Reference to Pune City” revealed that Investment is one of the major issues of the middle class families as their small savings of today are to meet the expenses of tomorrow. This study examines the investment pattern and awareness of the Pune based Investors about different investment instruments such as bank deposits, real estate, small savings, life insurance schemes, bullions, commercial deposits, corporate security- bonds, mutual funds, and equity and preference shares. This research finds the impact of age, education, occupation and income level of the individual on investment. The aim of the study is to know the awareness and preferences of investors for different investment option available and to analyze the factors influencing their perception and preferences. The population being large the survey was carried among 526 respondents, the household of Pune City. The investment product such as company deposits, mutual funds ,bullions, real estate, corporate securities, equity shares and preference shares received the fourth, fifth, sixth, seventh ,eighth , ninth and tenth places respectively. It is evident from the preference expressed by the sample investor that the capital market securities, like
corporate debt securities, equity and preference shares are not popular among the investor.

**Krishnamoorthi (2009)** in his research paper “Changing Pattern of Indian Households: Savings in Financial Assets” published in RVS Journal of management, 2009 concluded that irrespective of the developments in the capital market and economic conditions, investors like to invest regularly and this investment behavior is highly related to educational background. Their occupation, reading habit of investment news and the time taken for investment decision making process.

In an article named “An Empirical Analysis on Preferred Investment Avenues among Rural and Semi-Urban Households” by **Sanjay Kanti Das, (2011)** analysis has been made into preferred investment avenues of the household. The study reveals that insurance products still remains the most preferred investment avenues of the households. The study is based on personal interviews of household heads, using a structured questionnaire. Actually, the present study identifies the preferred investment avenues among the individual investors using self assessment test. The present study is based on primary sources of data which are collected by distribution of a close ended questionnaire to 150 respondents out of which 125 respondents have replied. The data has been analyzed using percentage and chi-square test with the help of statistical software. Further, it is observed that the level of income also influences the investment decisions. A significant portion of respondents also shows keen preference towards unit linked insurance policies so as to get short term gains. It is also observed that most of the respondents show their keen interest towards the insurance products so as to get tax benefits, life protection and average profitable investment avenues. Higher income group shows relatively high preference towards investment in share market, inversely lower and average income group shows keen preference towards insurance and banks as the most preferred investment avenues. The results also highlight that certain factors like education level, awareness about the financial system, age of invertors etc make significant impact while deciding on the avenues for investment.

**Sangeeta Arora and Kanika Marwaha (2012)** in their article “Investment Patterns of Individual Stock Investors: An Empirical Analysis of Punjab” Asia-Pacific Journal of Management Research and Innovation 2012, attempted to analyse investment pattern of individual stock investors of Punjab. For the purpose, the preferences for various financial products, factors influencing such preferences, time spent on
monitoring investments and the sources of information chased by them before investing are gauged. An in-depth analysis is carried out to find out whether demographic variables, that is, age, gender and income, exert a significant impact on the choice of various investment avenues. A pre-tested, well-structured questionnaire was administered personally to 250 individual stock investors in Punjab and their responses were sought for further analysis. The responses have been analysed in terms of frequencies, percentages and weighted average scores and factor analytic techniques. Bank fixed deposits have been found as first preference followed by gold as the second preference and then stocks as the third preference. The results of the factor analysis revealed four factors, that is, projected benefits, personal financial need, taxation benefits and security needs. Internet, Investment advisors and family-member recommendations are their most preferred sources of information. Large numbers of investors have been found monitoring their investments monthly.

2.3. RISK PERCEPTION

Kent Baker H.et al., (1977)\(^{12}\) in their study entitled, “An empirical Analysis of the risk return preferences of individual investors”, tried to provide positive evidence on the nature of relationship between acceptable risk level and expected annual rates of return and attempted to examine the nature of the relationship between risk and the components of total return. The data for the study were collected from individual common stock investors in Washington D.C. though a pre-tested mail survey from 851 responses. A chi-square test of independence was used to test whether the responses to the risk return preference question were statistically independent. Based on the result of the study, the authors pointed out that a strong association existed between expected annual rate of returns and acceptable risk levels on common stocks. An extremely strong relationship prevailed between acceptable levels of risk & dividend income. Lower – Risk investors preferred high dividend paying stocks that are less risky, to growth oriented stocks that return small dividend. The study was also found a strong association between risk and capital appreciation.

Madhumathi (1998)\(^{13}\) “to examine the risk perception of individual investors and its impact of their investment decisions”. Sample of 450 individual investors selected on a random basis from major metropolitan cities in India. The investor where divided into groups as risk sectors, risk bearers and risk avoiders. The result of the study revealed that, a large number of investors (76%) were risk bears. The risk bearers me
tendency to use company performance as a basic factor to take investment decisions and they used to depend on the advice of share brokers and investment consultants. The risk avoiders, on the hand, took their decision on the basis of market conditions, industrial position, and social changes. Their sources of information consisted of impersonal sources such as newspapers and reports. In fact they were advice givers rather than advice takers. Risk avoiders did not have a specific trait in terms of information reception processing capacity or situational constraints. They were very objective and looked for facts and certainly in their investment decision situations. Their decisions were mainly based on the advice of their friends and relatives. Market performance of the share, company’s operating level, capital performance and the expectation of the investors were found to influence the risk perception of the investors.

Rajarajan (2000) in his article “Investor’s life styles and investment characteristics” with the objective of finding out life styles bared on regimentation of individual investor and to analyze the investment size, pattern and future investment preference of individual investors on the basis of their life styles, the study was carried out in a state capital with 405 investors, divided into three categories of groups like active investor, individualists and passive investors. The tools used were cluster analysis, correspondence analysis and wallis test. The study revealed that the level expenses, earnings and investment were associated with the size of the households active investor was dominated by officers. Individual groups were dominated by clerical & passive groups was dominated by professionals. The expected rate of return from the investment varied based on the investment styles. As for risk bearing capacity is concerned, it was found out, that investors who has more than 40% of their financial assets in risky category dominated the active investor group. Individualists were possessing upto 20% of them financial assets in the risky investment.

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all income classes and tax-saving schemes, were preferred by middle-income and higher-income groups. There was a correlation between the income levels and investments of households in market-related securities.

Ranjith Singh (2002) study “Equity Investment Culture and Entrepreneurship-Culture-Initiation and Adaptation” revealed that the increase in tendency to invest and decrease in risk taking attitudes among the investors. People in the service sector are the one who are actually involved in the share business. The respondents who are graduates actually participate in investment activities. Other who is working in government departments or organizations makes the poor investment decision. The investor’s awareness about the investment decision is limited to financial performance of the company. It was analysed that the level of risk and return associated with the following investment avenues like shares, Debenture, Bonds, Mutual fund are high when compared to others. In case of level of return, Real estates, Gold and Silver is high whereas NSC, Provident Fund, Fixed deposits insurance policies etc the level of return is low.


Mittal and Vyas (2008) in their article “Personality Type and Investment Choice: An Empirical Study” published in The ICFAI UNIVERSITY Journal of Behavioral Finance, 5(3): 6-22. 2008. Observed that investors have certain cognitive and emotional weaknesses which come in the way of their investment decisions. According to them, 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.

Ajmi (2008), The Wealthy Investor in his research observed that a questionnaire used to know determinants of risk tolerance of individual investors and collected responses from 1500 respondents. In his study he concluded that men are less risk averse than women, less educated investor are less likely to take risk and age factor is also important in risk tolerance and also wealthy investors are more risk tolerance than the less wealthy investors.

Kabra et al. (2010) studied the various factors that influenced investment risk tolerance and the decision-making process among men and women and among different age groups. The major variables considered for the study were investing background, opinion, leadership, duration of investment, awareness of investments and security. The authors concluded that risk-averse people opted for insurance policies, fixed deposits with banks, post office, PPF and NSC.

Joseph Anbarasu, Clifford Paul and Annette (2011) in their article “An Empirical Study on Some Demographic Characteristics of Investors and its Impact on Pattern of their Savings and Risk Coverage Through Insurance Schemes” published in The IUP Journal of Risk & Insurance, January 2011 concluded that The saving pattern of the people is crucial to the government in designing policies to promote savings and investment. Their study reveals that the people are aware about the importance of saving, but the awareness about investment opportunities is low. Steps have to be taken by the government and private companies to increase the awareness by advertising campaigns. Investment companies need to offer schemes that are affordable by the low income, uneducated, unsalaried and families with children. Investment companies should make the provision and increase benefits, for their schemes, to allow people to invest in the monthly mode, which is preferred by most investors. If people invest in long term saving schemes and infrastructure, the national saving rate will increase, which in turn will lead to a more prosperous India.
Pati and Shome (2011) in their article “Do Households Still Prefer Bank Deposits? An Analysis of shift in Savings and Savings Determinants” Published in The IUP Journal of Bank Management, Feb-2011 concluded that Financial reforms have, in the recent years, opened up several avenues for the households for savings. The study suggest that despite the reform, households are still preferring the safe channels of bank deposit schemes rather than switching over to high yielding but risky channels of savings. However, between the two phases (pre- and post-liberalization period) a significant structural shift of savings in bank deposit is observed. Variables like income and inflation are found to be statistically significant determinants of savings in bank deposit of Indian households.

Sanjay Kanti Das (2012) in his paper titled “Middle Class Household’s Investment Behaviour: An Empirical Analysis” with the objectives like To know the investors preference, the various objectives of investment of the middle class households, to know the various factors influencing investment decisions of the middle class households, to know whether there has been any increase in savings & reasons for the same, to study the saving pattern of the individual household, to analyze the investment constraints of middle class household and to study the risk tolerance capacity of the selected middle class investors with 150 respondents through close ended questionnaire with simple statistical tools analysed that the saving & investment pattern of the middle class households of Barak Valley in Assam can be summarized that the bank deposits remain the most popular instrument of investment followed by insurance and small saving scheme. Insurance remains the most preferred investment option to the middle class income households in Barak Valley as 34.67% respondents marking it as the most preferred investment option. This is followed by the small saving where 28.67% respondents marked it as relatively preferred investment option. Bank deposits (35.33%) are considered as the preferred investment option among the middle class investor’s of Barak Valley. It is further observed that all age groups marked highest preference towards bank deposits and insurance investment so as to get the benefit of safety and security of their life and investment. Tax benefit, security & safety, high returns, liquidity and so on are the common order of investment objectives among the respondents. It is also observed that the investors are still watching to get a strong secured and safe investment market in India. Further, there is also a need for increasing the financial literacy among the middle class households in this Valley.
Meenakshi Chaturvedi and Shruti Khare (2012) in their article “Study of Saving Pattern and Investment Preferences of Individual Household in India” analysed about the investment pattern and awareness of the Indian Investors about different investment instruments such as bank deposits, real estate, small savings, life insurance schemes, bullions, commercial deposits, corporate security- bonds, mutual funds, and equity and preference shares. This research finds the impact of age, education, occupation and income level of the individual on investment. The objective was to study the awareness and preferences of investor for different investment option available to them and to analyze the factors influencing their perception and preferences. More especially, an attempt has been in this article to measure the level of awareness of investor about several pre-identified investment products; to rank the investment products in terms of awareness; to analyze the relation between awareness and socio-economic factors relating to the investors; to study the preferences of investors for different investment products; and finally to identify the factors influencing investor awareness and preferences. It was concluded that the investors had a high degree of awareness about bank deposits, real estate, Small saving scheme, Life insurance. The investment avenues like Preference Share, Equity share, mutual funds, corporate bonds and deposits which are not very popular amongst the investor and level and extent of awareness varies with the level of income.

Sabat Kumar Digal and Suman Chakraborty (2012) in their article titled “A Study of Saving and Investment Behaviour of Individual Households – An Empirical Evidence From Orissa” makes an attempts to analyse the investment pattern, saving objective and preferences of individual investor’s for various investment options available in India. The study used a structured questionnaire with 200 potential investors as respondents from the state of Orissa (India) were asked for their reactions to some specific situations using parametric and non-parametric statistical methods. The result shows that, objective to saving is significantly influenced by demographic factors such as age, occupation and the income level of investors. The study exhibits the saving habit of retail investors across the different income levels. Savings is a habit specially embodied into women. It was found that female investors tend to save more in a disciplined way than the male investors. Paper attempts to explore whether dichotomy of the popular believes that men are more pro-risk than women. It was observed that women are risk averse indeed but save more than the male counterparts as the income level rises. From
the research point of view, such a study will help in developing and expanding knowledge in this field of personal finance and investment.

2.4. LEVEL OF INVESTMENT

Muhlesen (1997)\textsuperscript{27} in his article “Improving India’s Saving Performance” published in Finance & Development, 1997 said that India’s saving rate is relatively high, compared to other countries. He concludes that with a view to increase the efficiency of savings, allocation and financing the heavy infrastructure needs of the Indian economy, particular attention should be paid to long-term saving instruments.

Somasundaram (1998)\textsuperscript{28} has found that bank deposits and chit funds were the best known modes of savings among investors and the least known modes were Unit Trust of India (UTI) schemes and plantation schemes. Attitudes of investors were highly positive and showed their intention to save for better future.

Gavini and Athma (1999)\textsuperscript{29} A study on the perception of investors towards small saving schemes. During their research found that the post office schemes, Indira Vikaspatra (IVP), KVP and post office recurring deposit account were most popular in rural and urban areas. They concluded their study by saying that the reason behind investing in these schemes were tax saving.

Kar Pratip, Natarajan and Singh (2000)\textsuperscript{30} in their research paper “Survey of Indian Investors” published in SEBI-NCAER June 2000 concluded that the households investment in shares, debentures and mutual funds was below 10% and the equity investor households portfolio was of relatively small value and undiversified. Further they found that one set of households, in spite of their lower income and lower penetration level of consumer durables, were in the securities market, while another set of household with higher income and higher penetration level of consumer durables did not have investment in securities market.

Gnana Desigan.et.al (2006)\textsuperscript{31} in their article titled “Women investors perception towards investment. An empirical study was made an attempt to examine the investment pattern, investment preference, to study the problems and factors influencing while making investment and to measure the level of awareness about various aspects of investments. The sample size was 150 investors through convenient sampling method. Tool used for level of awareness about right of investors was chi-square test was applied. The result reveals that safety is the most important factor for making an investment.
Liquidity, stability and regular income went to capital appreciation, tax benefits given me next order. The hypothesis of age, education and level of awareness are significantly associated.

**Avinash Kumar Singh (2006)** The study entitled "Investment Pattern of People" has been undertaken with the objective, to analyze the investment pattern of people in Bangalore city and Bhubaneswar analysis of the study was undertaken with the help of survey conducted. 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. Generally those investors who are invested in equity, are personally follow the stock market frequently i.e. in daily basis. But those who are invested in mutual funds are watch stock market weekly or fortnightly. In Bangalore, investors are more aware about various investment avenues and the risk associated with that. But in Bhubaneswar, investors are more conservative in nature and they prefer to invest in those avenues where risk is less like bank deposits, small savings, post office savings etc.

**Mittal Manish and Vyas (2007)** in their research paper “Demographics and Investment Choice Among Indian Investors”, published in The ICFAI Journal of Behavioral Finance, 2007 investigated how investment choice gets affected by the demographics of the investor. Their study was based on responses obtained from the respondents belonging to a wide cross section. Non-probabilistic sampling method was employed to select the respondents. They found that investors of different age groups do wary significantly with regard to mutual funds and debentures/bonds as their choice of Investment Avenue. As far as occupation is concerned, they found that service class people would like to invest their money in equities and mutual funds, while business class showed an inclination to invest their money in debentures/bonds and real estate/bullions. Housewives prefer safe investments like real estate/bullions, while professionals invest their money in post office deposits and derivatives. Students prefer high risk investments like derivatives and equities.

**Chaiubey and Rajat Dimri (2009)** in their research article, “Investment Pattern: A Psychographic Study of Investors of Garhwal Region of Uttrakhand” identify the investment perceptions and their behavior for designing effective investment policies.
Analysis indicates the shifting trend of investors from post office and other government investment schemes to investments in banks, mutual funds and equity etc,

Kathirvel (2009)\textsuperscript{35} in his article “Investment Option with Reference to Insurance Products” published in SOUTHERN ECONOMIST, Oct. 1, 2009 concluded that the insurance plays a very important role in the financial sector of our country. The IRDA Act, 1999 is a landmark in the Indian insurance industry which opened up the insurance sector to the private sector participants in 2000. Keen element in the reform process was the participation of overseas insurance companies though restricted to 26% of the capital. The act protects, promotes and ensures orderly development at the life and own life industry. The insurance companies are required to use the vast network of banks and post offices to market the micro-insurance products and unit linked product for the low income group and rural poor of the society.

Lalit Mohan Kathuria and Kanika Singhania (2010)\textsuperscript{36} in their research paper “Investor Knowledge and Investment Practices of Private Sector Bank Employees” published in The Indian journal of commerce, July-September 2010 concluded that the marketers of investment avenues should keep advertising in the print as well as electronic media. Another highlighting finding of the study was that even the bank employees considered insurance as an investment tool rather than risk coverage instrument. Also, another significant finding was that only four per cent of the respondents made their investment decisions with the help of investment planner. There is an immense need to raise the level of awareness about the various investment avenues among the bank employees.

Saleem Abid and Ghulam Sadiq Afridi (2010)\textsuperscript{37} in their article titled “Assessing the Household Saving Pattern of Urban and Rural Households in District Muzaffarabad”, observes with an attempt to analyze saving behavior of household in urban and rural areas of District Muzaffarabad, AJ&K. A sample of 120 households, 60 from rural areas and 60 from urban areas 10 households from each locality were randomly selected. For the empirical analysis, the author have constructed an econometric model to study the effect of income, family size, locality and education on saving behavior of households of District Muzaffarabad. The analysis concludes that there is a strong relationship exists between saving behavior of households and proposed variables. Further the results indicates that income and locality have positive effect on saving behavior of household whereas, education and family size have negative effect on
saving behavior of the household in District Muzaffarabad. It means that if income of the peoples increases the savings will be increases and people in rural areas save more as compare to urban areas. On the other hand, large family size and more educated peoples have less saving.

**Syed Tabassum Sultana (2010)**

opines in his study, that, Indian investor today have to endure sluggish economy, the steep market declines prompted by deteriorating revenues, alarming reports of scandals ranging from illegal corporate accounting practices like that of Satyam to insider trading to make investment decisions. She, in her study, while discussing the characteristics of the Indian individual investors along, makes an attempt to discover the relationship between a dependent variable i.e., Risk Tolerance level and independent variables such as Age, Gender of an individual investor on the basis of the survey. Indian investors are high income, well educated, salaried, and independent in making investment decisions and conservative investors. From the empirical study it was found that irrespective of gender, most of the investors (41%) are found have low risk tolerance level and many others (34%) have high risk tolerance level rather than moderate risk tolerance level. It is also found that there is a strong negative correlation between Age and Risk tolerance level of the investor. Television is the media that is largely influencing the investor’s decisions. Hence, this study can facilitate the investment.

**Mohanta and Debasis (2011)**

Risk Free Investment this research states that people are ready to invest in different investment avenues for fulfillment their financial, social and psychological need. But the investor always had a mindset of safety and security, higher capital gain, secured future, easy purchase and meeting future contingency etc.

**Murugan (2012)**

in his article “Investors Attitude towards Investment Option in Nellore Region” in International Journal of Research in Commerce & Management Volume No. 3 (2012) had analysed that A study on the investors’ perceptions and preferences, thus, assumes a greater significance in the formulation of policies for the development and regulation of security markets in general and protection and promotion of small and house-hold investors in particular. The structure of Indian Securities Market has transformed beyond recognition since 1990s. The profile of the investing public, investment vehicles available, the investment environment and the nature of problems encountered by the small and household investors are substantially different today from
what they were a decade ago. The research work, thus attempts to study the socio-economic profile of the 200 investors in Nellore district region, Andhra Pradesh; their perceptions; and behavior in respect of various investment avenues. The study aims to study the needs, concerns, and problems of the small investors in the given socioeconomic backdrop. It also provides a foundation of facts relating investors' behavior towards various types of securities and assessment of investment risks. Most of the investors generally have limited information about the developments in the securities market. Information about the financial performance of the companies and data of share market available to investor is also limited. It is found that a majority of the investors in Chittoor district Region are quite unaware of corporate investment avenues like equity and preference shares, mutual funds, corporate debt securities and deposits. At the same time, they are highly aware of traditional investment avenues like real estate, bullion, bank deposits, life insurance schemes, and small savings schemes.

Pandiyan and Aranganathan (2012) in their article titled “Savings and investments among salaried class: An Evaluation” analyses that the savings and investments behavior of salaried class such as purpose of savings, current holding of investment are evaluated after focusing on general profile of the respondents with the objective To study the factor that influence savings and investment behavior of the salaried class in the study area. The samples sizes of 520 respondents. Primary data have been collected from 520 respondents through a structure questionnaire covering different groups of salaried class among cuddalore district. The secondary have been collected from various books, magazine, journals, news papers and websites. The sampling technique followed in this study is multistage sample. The simple percent and Canonical Correlation of statistical tools are used. Majority of the salaried class save money for their children’s education, emergency need and future life. It is found that current holding of investment in bank deposit, house property, insurance, bullion and provident fund’ is more among salaried class people. Salaried class investor holds their investment in insurance and chit fund for the purpose of their daughters / sons marriage. The first pair of canonical variates (first canonical function) relates high holding of land as well as chit fund and low holding in provident fund to the respondents belong to small families with less number of earning members, working in non-government sector in low job status with low monthly income and low monthly expenses.
Dhiraj Jain and Parul Jain (2012) examined the savings and investment pattern of school teachers - a study with reference to Udaipur District, Rajasthan. The study concluded that in today's world money plays a vital role in one's life and that the importance of money has been started being recognized by the school teachers' community. They know the importance of money so they are initiated themselves to prepare the budget and lessen down their expenses to meet the future consequences. It has been evident from the study that most of the school teachers are saving their money for the purpose of their children's education, marriage and as security after retirement.

Ananthapadmanabha Achar (2012) studied on “Saving and Investment Behaviour of Teachers - An empirical study”. In the ultimate analysis, individual characteristics of teachers such as age, gender, marital status, and lifestyle determined the savings and investment behaviour of the teaching community in the study region. In a more or less similar manner, their family characteristics such as monthly family income, stage of family life cycle, and upbringing status emerged as determinants of their savings and investment behaviour.

Sree Priya and Gurusamy (2013) in their article “Investment Pattern of Salaried People – A Study in Coimbatore District” made an attempt to analyse with totally 150 samples which were collected by using simple random sampling method using Percentage analysis, Chi square test and Ranking analysis as statistical tools and with the objectives to know the mode of investments of the salaried respondents in various investment avenues, to study the factors influencing and problems faced by the respondents in the investment pattern of the respondents analysed that there is a close relationship between the education qualification of the respondents and their level of fulfillment.

Parimala Kanthi and Ashok Kumar (2013) in their study “Post office savings and its relevance in rural areas”. Various investment opportunities are available for an individual to his savings and he can choose the appropriate investment schemes, which suit his needs. The different types of investments are provided by many financial institutions like commercial banks, co-operative banks, post office saving banks, life insurance corporations, public limited companies etc... Of all the above mentioned institutions, Post Office Saving Bank play a vital role. The present study has made to study the investment awareness, preferences, experiences, satisfaction, objectives and purpose of the investors on post office saving schemes in Madukkarai Block, Coimbatore. The
primary data was collected purely on random basis from 200 sample respondents. The study found that majority of the investors are aware of all the post office saving schemes, preferred post office saving account, the main objectives of the investors are regular return, Children education and marriage are the main purpose, and only a very few investors are dissatisfied with post office saving schemes. IJSR - International Journal of Scientific Research.

This research conducted in India by Parihar and Sharma (2012) on salaried persons investment preferences. In this paper it is discussed that today investment decisions have become more complicated and difficult. There are the best options for salaried persons that they invest in different investment options according to their preferences as low or high risk to keep their savings in capital gains. This study analyzes the impact of different demographic variables like age, gender, income education on the investment decisions of salaried persons. Instead of it other factors like safety, liquidity, return, convenience and tax benefits are material for investment decisions. For this study sample of 200 different demographic characteristics of salaried persons are selected in Agra. The data is collected through questionnaire. The findings of the study described that salaried persons are prefer the secured investments because of fear of losses on small income. Demographic factors were influenced on the investment decisions.

Mukhi (1989) has revealed that NSC has been one of the most popular tax savings instruments in this country. He has stated that contractor and others who have to provide security while bidding for contracts finds it extremely convenient to buy NSC and pledge these to the appropriate authorities while earning 12 per cent per annum on the pledged securities. He also stated that the major attraction of NSC is its simplicity. Even the average investor does not have to scratch his head to understand the scheme.

2.5. PERCEPTION ON RETURN ON INVESTMENT

National Council of Applied Economic Research (NCAER) (1961) 'Urban Saving Survey' noticed that irrespective of occupation followed and educational level and age attained, households in each group thought saving for the future was desirable. It was found that desire to make provision for emergencies were a very important motive for saving and importance was given next to 'saving for old age'. Among motives for saving, provision for emergencies, old age, and purchase of house occur with same frequencies in all occupational and educational groups. The proportion of households
expressing a preference for financial assets increases with the level of education. The preference for financial assets, especially bank accounts and small savings, while rising markedly with education, does not seem to increase with income, except at the lowest end of income distribution. Thus, it would appear that efforts must be taken to popularize financial forms of savings particularly among the less educated members of upper-income group. Profitability seems to be the most important motive for determining saving preference. Safety is another significant consideration for most people and liquidity ranked third.

Repetto and Shah, (1975)\(^{49}\) studied the demographic and other influences on long term saving behavior in India. The data for the study was collected from surveys conducted in the Kaira district of Maharashtra in 1930 and 1965. They analysed that large family size had a depressing effect on long term household saving rate and that sons in rural India served as substitute assets in households and fulfill some of the demand for wealth and that the long term saving rate responds positively to a higher rate of return on saving and positively to higher-level of permanent income.

Rastogi and Meenakshi Chaturvedi (2012)\(^{50}\) in their article “Impact of risk on the saving pattern in present scenario: ways and means to diversify it” examined that Risk and its consequences cause a terrible threat to saving pattern in present scenario. The saving rate will probably continue to rise but if we notice that the saving rate shows fluctuation and went negative during the depression as investor used savings to supplement income. This study examines the impact of risk on saving pattern and different ways to diversify it. After analyzing the data related to Gross Domestic Saving and Gross Capital Formation from the Economic Survey of India a positive correlation comes between Gross Domestic Saving and Gross Capital formation. The Objective of Research were to identify various types of risk, to identify saving pattern of the household, to analyze the impact of risk on saving pattern and to identify the various tools to diversify the risk. The Study also shows that risk causes an inverse impact on the saving of the investor because every investor wants to make a balance between their risk and return.

Nanavati Nihar (2012)\(^{51}\) in the article titled “Investment Preferences of Salaried People: A Survey” in Journal of Advances in Developmental Research, June 2012 reviewed that The investment ideology depends upon the individuality and many other factors. A market survey with an instrumental tool of Questionnaire, 25 salaried people
were selected randomly in specific area of Ahmedabad has been conducted to identify their investment psychology and relevant preference. It was concluded that Inclination towards safe, secure and tax beneficial investment is more than that of risky or high return investment. With lower income segment, one cannot create wealth but with good combination of investments, one can create a better and respectable living.

Suyam Praba (2013) titled “Investors’ Decision Making Process and Pattern of Investments- A Study of Individual Investors in Coimbatore” in this project is to study how the Investor’s Behavior is changing and they are now leaving behind the sacred investment options like the POSB, Mutual funds, Insurance, Bank deposits, gold etc. by conducting a survey among 109 salaried respondents in Coimbatore city who either work for IT, Bank or for NBFC with the objective to study the savings pattern, factors influencing the decision making process of savings and investment, to do risk profiling of investors and to assess the conceptual knowledge, awareness level and perception about Mutual funds. Research shows that most of the working people do not plan their savings and believe that their current savings will be enough to take care of their post retirement needs. Research implies that there is significant relationship between gender and MF investment and also annual income of the investors does have an impact of MF investment.

2.6. LEVEL OF SATISFACTION

Srinivasan Sakthi and Lakshmi Devi (2006), focuses on rural investment with reference to post office savings schemes under title, ‘Post office savings scheme– An Impetus for Rural Investment’. Researchers have undertaken almost all savings schemes offered by post office savings banks for analysis. Study has been arrowed to assess the saving habit of individuals, to understand the awareness of people towards post office savings scheme and to bring out the investors perception towards post office for their investment. Researcher has observed the significant relationship between gender and percentage of income saved by the respondents, status and percentage of income saved, income level and percentage of income saved, ages and purpose of savings by the respondents and relationship between income and purpose of saving. Absence of relationship found between age and percentage of income saved by the respondents, investment and status of the respondents, investment and income pattern. Majority of rural investors i.e. 61.9% invest in post office savings schemes followed by insurance 48.5% and bank savings account 46.4%. Security is a major reason behind investment in
post office saving schemes. The research was descriptive nature worked on 291 rural investor samples.

**Geetha and Ramesh (2011)** in their study on “A Study on People’s Preferences in Investment Behaviour” examined on people’s choice in investment avenues of Kurumbalur. The objectives were to study the factor that influence investment behavior of the people and to study the attitude of the respondents towards different investment choices. Data were collected using structured questionnaires. The sample size of area is analyzed by tools selected for this study was two hundred and ten respondents were randomly selected from the town. Data were analyzed using descriptive statistics and chi-square technique. This study reflects the perceptions of those respondents who are residing in Kurumbalur. There might be a chance that the perceptions of the respondents of different are varied due to diversity in social life, living pattern, income level etc. All the age groups give more important to invest in Insurance, NSC, PPF and bank deposit. Income level of a respondent is an impotent factor which affects portfolio of the respondent. Middle age group, Lower income level groups respondents are preferred to invest in Insurance, NSC, PPF and bank deposit rather than any other investment avenues. In Kurumbalur respondents are more aware about various investment avenues like Insurance, PPF, bank deposits, small savings like post office savings etc. For that awareness program has to be conducted by Stock Brokering firms because most of the respondents unaware about this new service and about stock market.

**Yogesh P. Patel and Charul Y. Patel (2012)** in their article “ A Study of Investment Perspective of Salaried People (Private Sector)” published in Asia Pacific Journal of Marketing & Management Review, Vol.1 No. 2, October 2012 concluded that investor's greatest and most portent enemy is Greed for Higher Returns. Many a times, rational thinking people tend to behave in the most irrational manner while investing their savings. A well known investment guru has analyzed this uncanny behavior in one sentence - "Investor, protect thyself from thyself". While analyzing, the popular savings options, one should consider two key factors: Taxation and Inflation along with risk and return. Thus, a sound investment is one which gives the investor reasonable return after deducting outgo of tax as well as the invisible tax of inflation.

**Kalavathi (2009)** in her study “A study on savings and investment behavior of salaried persons – with special reference to Coimbatore city” concluded that with the proportion of population in the working age group of 15-64 years is also going to
increase in future. The study evidences grown in real interest rate, grown in percapita income, spread of banking facilities and the rate of inflation as statistically positive influences on domestic savings. Accumulated savings converted into investment total savings comprises of domestic, corporate, foreign and household.

2.7. CONCLUSION

Many studies relating to the importance of savings and investment of investors and salaried class individuals have been reviewed in this chapter. There are many theoretical and empirical studies assessing the factors influencing savings and investment leading to the development of the economy. It is understood from the review that the level of investment is influenced by risk and return and perception on investment and level of investment. It is elicited that risk and return have a large effect on investment which results in satisfaction of the employees which is identified as a gap among the employees. Moreover none of the study were found to have a comparative study on the Government and private sector employees investment pattern. So, this has been considered as a major theme for research analysis.
REFERENCE:


3. The Securities and Exchange Board of India (SEBI) and NCAER, (2000). ‘Survey of Indian Investors’ has reported that safety and liquidity were the primary considerations which determined the choice of an asset.


32. **Avinash Kumar Singh (2006).** "Investment Pattern of People"


