



## **Assessment of Saving and Investment Pattern between Salaried and Business Class Investors from Life Sciences Background in Western India**

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### **ABSTRACT**

*The present research paper is based on empirical data and has a finding on experimental design. Present empirical research focuses on observing and measuring phenomena assessment of saving and investment pattern between salaried and business class investors in western India. Saving and investment are two crucial topics that must be examined to fully comprehend the investor's behaviour, pattern, and decision-making process. Present research study intended to examine the investment patterns of investors based upon several factors and developing the model and hypothesise. The research findings represent the investment possibilities in the present market condition to assist financial institutions in developing effective tactics for making high profits. Finding also implicates the proper justifications for investment and savings of the individual investors to guide for financial decision from various alternatives and also to earn the profit. Present research explores the various dimensions of inventor. After the in-depth analysis, it was found that there is a significant difference in the investment and saving option between salaried and business class in the western region of an India. In support to this, researchers also provide significant information that above financial investment decisions has many variations due to investors risk-taking capacity and financial awareness of both types. Therefore, the present research paper will help in deciding practical implication of financial companies and banks can offer customized investment options to their investors while keeping their tax liabilities in consideration and better serving the target markets. The findings of the research are going to be definitely helpful in determining the investment patterns, attitudes, and behaviours of investors in India.*

**Keywords:** Savings and Investment, Decision on Investment, Savings Options, Investment Options, Investment of Salaried Class, Investors in Western India

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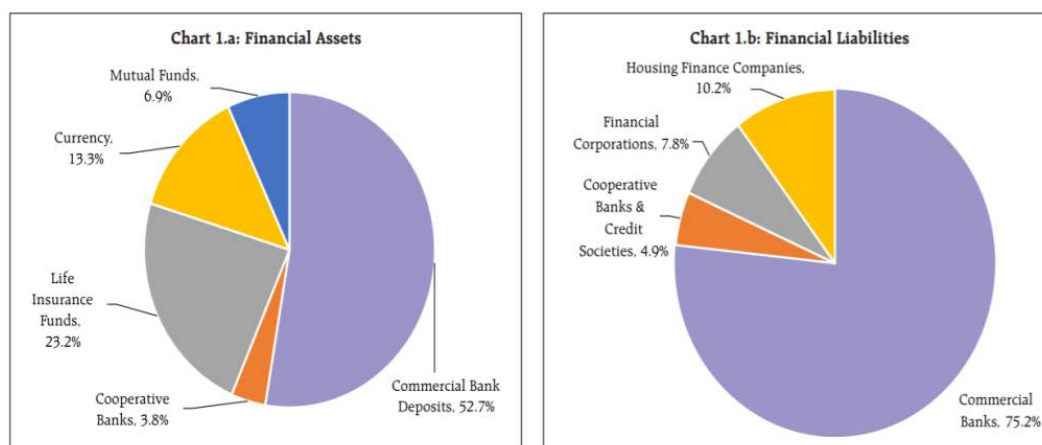
### **INTRODUCTION**

Investment is the current commitment of cash with the hope of a higher return in the future. Today's investment landscape is quite diverse which induces several options like real estate, Bank deposits, minor savings, life commercial deposits, insurance schemes, mutual funds, and equity and preference shares are all examples of investment routes [1,2]. Speaking about India, investors favour saving bank deposits above all other investment options because they are the safest and most secure [3]. It is vital to invest all the savings in a meaningful manner in order to achieve economic progress. Investors' behaviour and investment pattern are shown by the amount of money they invest out of their overall savings, the frequency with which they invest, the financial instruments in which they invest, and their risk aversion. Every investor wants to get a decent return on their money while taking the least amount of risk possible. Investment is seen as a necessary part of the economy and to generate revenue and capital gains. Aside from that, investors must put their money to work and make a return on it while also producing a certain amount of money for a certain purpose in life, all while creating an uncertain future. The growing cost of living is a major motivator for people to make wise investment decisions. In the long run, starting early allows an investor to benefit from the concept of compounding, which increases one's income by growing both capital and interest or dividends earned on it year over year.

It is critical to know the many investment avenues accessible in the market, as well as the risk returns connected with these avenues, to make good investments. Thus, given the present context, researcher identified the gaps after significant literature review to analysis critically thoroughly to study and asses

the investing patterns of Indian investors in order to comprehend how they act while making investment selections. Therefore, above research is taken investors pattern for the study from the western regions of India.

In addition to this, the report from the Reserve Bank of India Bulletin (Reserve Bank of India Bulletin, 2020) also indicates that there is drastic change in investments patterns of investors in India which represents spending cuts, less investments, economics imbalance of income etc (Reserve Bank of India Bulletin, 2020). Under COVID-19 scenario which also impacted the GDP of India. Present study will also provide significant guidelines to the inventors for their systemic planning of there saving and investments under this critical situation.



**Figure 1 : Composition of household financial asset and Liabilities – outstanding position (As on June 2020) [4].**

On two counts, it's probable that families' willingness to save increased dramatically during the epidemic. First, since they couldn't consume at their typical levels, the families would have been compelled to save more [5]. In comparison to the pre-COVID era, the home consumption basket would have had a smaller number of products. Second, they may have increased their precautionary savings as a result of concern about their future earnings, which stems in part from cautious reactions to news of real and probable job losses. The Reserve Bank of India Annual Report 2019-20 provided early estimates of household financial savings for 2019-20 at 7.7% of GDP (7.6% of GNDI), which have recently been updated to 8.3% of GDP [6]. The series from 2018-19 has also been updated on this page. The data modification is mostly due to new information on household participation in bank credit, bank savings, and insurance policy subscriptions.

COVID-19 Efforts to Increase Household Savings Households have a propensity to raise precautionary savings/forced savings as a result of the COVID-19-induced lockdown globally. The forced savings component arose as a result of the virus's containment tactics, which prevented families from spending a considerable portion of their typical spending basket [7]. Furthermore, the unexpected emergence of the pandemic generated an increase in precautionary savings due to the uncertainty about future income, particularly the danger of future unemployment [8]. The dramatic rise in household savings was reflected in official statistics throughout the globe.

Banking Instruments Dominate Household Financial Assets/Liabilities Deposits and borrowing from the banking sector have a substantial impact on personal financial savings in India. Bank deposits and bank loans account for about 56% and 80% of all family financial assets and liabilities, respectively [9]. According to the most recent statistics, aggregate bank deposits in India reached nearly'138.7 lakh crore in June 2020, up'3.0 lakh crore from end March 2020, while advances remained modest at just over'102.5 lakh crore, down'1.2 lakh crore from end March 2020 (RBI Bulletin, 2020). During the April-June quarter of 2020, the disparity between credit granted and deposits mobilized expanded. Deposits with banks increased by 11% y-o-y in June 2020, compared to 7.9% growth in 2019-20 and 10% at the end of June 2019 (RBI Bulletin, 2020) this is despite planned commercial banks' weighted average domestic term deposit rates decreasing by roughly 40 basis points in the final three months after March 2020. Credit growth, on the other hand, slowed from 12 percent in June 2019 to 6.2 percent in June 2020 (RBI Bulletin, 2020). In Q1:2020-21, the disparity between deposit and credit growth led to a rise in household net financial savings [10].

**MATERIAL AND METHODS**

**Research Objectives**

- To assess the significant difference in the investment options between salaried and business class in the western region of the country.
- To assess the significant difference in the saving percentage between salaried and business class in the western region of the country.

**Research Hypothesis**

Ho1 -There is no significant difference in the investment options between salaried and business classes in the western region of the country.

Ha1: There is a significant difference in the investment options between salaried and business classes in the western region of the country.

H02 -There is no significant difference in the saving percentage between salaried and business class in the western region of the country.

Ha2: There is a significant difference in the saving percentage between salaried and business class in the western region of the country.

The present research is based on empirical data and has an experimental design. Instead of relying on theory or belief, this empirical research is focused on the observation and measurement of phenomena and draws information from real experience rather than theory or belief. As the nature of the research is empirical the research design is based on the specific research questions to be answered and shall describe the population and According to nature of research, an appropriate statistical tool has been used.

**Data Collection**

Data was collected from 400 respondents of life science background through primary method and respondents were asked about their choice of investment, other financial information was also collected through a closed-ended questionnaire. Responses included were through random sampling technique had different factors like category, age, gender, marital status, employment, educational level, income group.

**Data Interpretation & Analysis**

**Table 1: Investment Allocation Stake**

<i>Levels</i>	<i>Counts</i>	<i>% of Total</i>	<i>Cumulative %</i>
<i>Real Estate</i>	109	27.3 %	27.3 %
<i>Stock Market</i>	119	29.8 %	57.0 %
<i>Bond/Debit</i>	58	14.5 %	71.5 %
<i>Bank Deposits</i>	54	13.5 %	85.0 %
<i>Gold</i>	60	15.0 %	100.0 %

The table first of the investment allocation stack indicates that 27.3% person people are interested in real estate, in the stock market 29.8% of people were deemed to be interested, as the investor's risk is going up. Some fewer people are interested in the less risky investment options such as bonds and bank deposits, therefore the percentage investment in Bond and Bank deposits were 14.5% and 13.5% approximate respectively. Still, 15% of people found interested to invest in gold.

**Table 2 : Frequencies of Investment Allocation**

<b>Investment Allocation</b>	<b>Occupation</b>	
	<b>Salaried Class</b>	<b>Business Class</b>
Real Estate	32	77
Stock Market	58	61
Bond/Debit	37	21
Bank Deposits	33	21
Gold	40	20

The table of investment allocation indicates that there are very few people in the salaried class who are interested in real estate investment due to less risk capacity. 77 people were found interested in the real estate market. on the other side, the percentage was found almost equal in the stock market investment for salaried and business class due to the tendency of investing more money into it. has been noticed in the recent years, particularly for the salaried class people, that new generation is more interested in the stock market due to their financial awareness rather than investing into the real estate, which seems to be highly risky than the stock market. less risky investment options such as bonds, bank deposits and gold are not on the very top priority of the investors from both sides.

**Table 3 : Frequencies of % Income that is Saved**

Levels	Counts	% of Total	Cumulative %
Below 10%	60	15.0 %	15.0 %
10- 20 %	128	32.0 %	47.0 %
20-30%	117	29.3 %	76.3 %
30-40%	95	23.8 %	100.0 %

It has been observed in the research and same is confirmed by table third that 15% of people have savings below 10% or equals to 10%, 32% of people having their savings between 10% to 20% of the total income the maximum percentage was found in this group only. people who save between 20% to 30%, are 29% approximate. Those having the very highest savings between 30% to 40% are approximate 23.8 percent of people.

**Table 4 : Frequencies of Investment Allocation**

Investment Allocation	that % Income Your Save			
	Below 10%	10- 20 %	20-30%	30-40%
Real Estate	0	0	78	31
Stock Market	16	0	39	64
Bond/Debt	16	42	0	0
Bank Deposits	12	42	0	0
Gold	16	44	0	0

A very important fact that came into the observation was, that the real estate investment is almost zero wherever total savings is below 10%. wherever the saving percentage is ranging between 20% to 30%, real estate investment seems to be very high and the 30% to 40% saving range also has a good number of people having an interest in the real estate market. on the other side, as mentioned above, that financial awareness is being raised by the government institutions, that's why the Z generation is investing more into the stock market. therefore, in the range of 30% to 40% savings rate, 64 people have invested in the stock market, while 39 seemed interested into the 20% to 30% salary range.

**Table 5: Group Descriptive**

	Occupation	N	Mean	SD	SE
Investment Allocation	Salaried Class	200	2.96	1.38	0.0975
	Business Class	200	2.23	1.33	0.0940
One-Way ANOVA (Welch's)					
	F	df1	df2	p	
Investment Allocation	28.7	1	397	< .001	

The P-value of < .001 shows that there is a significant difference was observed between the salaried and business class as far as their investment allocation is concerned among various investment options, hence this can be concluded that there is a much variation has been observed in the investment choice between both the classes of people.

**Table 6 : Group Descriptive**

	Occupation	that % Income Your Save
N	Salaried Class	200
	Business Class	200
Missing	Salaried Class	0
	Business Class	0
Mean	Salaried Class	2.53
	Business Class	2.71
Median	Salaried Class	2.00
	Business Class	3.00
Standard deviation	Salaried Class	1.05
	Business Class	0.961
Minimum	Salaried Class	1
	Business Class	1
Maximum	Salaried Class	4
	Business Class	4

Table 6 shows much variation in saving ratio for different classes and the same can be observed by the value of standard deviation and mean value.

**Table 7 : Frequencies of that % Income Your Save**

that % Income Your Save	Occupation	
	Salaried Class	Business Class
Below 10%	34	26
10- 20 %	76	52
20-30%	40	77
30-40%	50	45

Table seven shows that maximum saving for business class ranging in 20% -30% and for salaried class same observation was seen in the range of 10% -20%. Hence this can be concluded that saving in the salaried class comparative less than business class.

**Table 8 : One-Way ANOVA (Welch's)**

	F	df1	df2	P
Investment Allocation	377	3	177	< .001

Table 9 One-Way ANOVA (Welch's) p-value that is < .001 and less than the 0.5 hence this can be concluded that there is a significant difference in the saving percentage between salaried and business class in the western region of the country.

### CONCLUSION AND FUTURE WORK

Investment and savings are two important components of the individual financial interest and contrary to each other, therefore researcher has chosen to explore the various dimensions of both and after the in-depth research, this is concluded that there is a significant difference in the investment and saving option between salaried and business class in the western region of the country. Therefore, researcher stated that salaried and business class investment allocation and saving options have many variations due to their Risk-taking capacity and financial awareness of both classes separately. In this research, researcher has concentrated on the Western region people from the salaried and business class. In future research, another part of the country can be taken. Moreover, different classes of salaried people can also be taken like private employees and Government employees within the same group for assessing their saving and investment allocation.

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