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STUDY OF SAVING PATTERN AND INVESTMENT PREFERENCES OF INDIVIDUAL HOUSEHOLD IN INDIA

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ABSTRACT

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 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. This paper aims 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.

KEYWORDS

Investment avenues, Saving schemes, Funds.

INTRODUCTION

An investment refers to the commitment of funds at present, in anticipation of some positive rate of return in future. Today the spectrum of investment is indeed wide. An investment is confronted with array of investment avenues like bank deposits, real estate, small savings, life insurance schemes, bullions, commercial deposits, corporate security- bonds, mutual funds, and equity and preference shares. Among all investment, investments in bank deposits are safest and most preferred by the household and in equity proportionately are most profitable.

This is because the history of stock market is booming and bursts overnight millionaires, an instant pauper. Indian economy is doing indeed well in recent years. The study has been undertaken to analyze the saving pattern and investment preferences of households. The main reasons behind the study is to study the demographic factors like income, gender, age, occupation, education and the risk covering nature of the household. The percentage of Indian investors investing in the Indian equity market is very less as compared to the bank deposits. This project contains the investors' preferences and as well as the different factors that affect investors decision on the different investment avenues; all investors are the household of India. This study includes response of investor in choosing securities in each classification and analysis has been for the respective performance based on their returns. The findings relates to the out-performing products and investors risk taking ability while investing in each different products.

The money you earn is partly spent and the rest saved for meeting future expenses. Instead of keeping the savings idle you may like to use savings in order to get return on it in the future, which is known as 'investment'. There are various investment avenues such as bank deposits, real estate, small savings, life insurance schemes, bullions, commercial deposits, corporate security- bonds, mutual funds, equity and preference shares, etc. A Portfolio is a combination of different investment assets mixed and matched for the purpose of achieving an investor's goal.

The two key aspects of investment are preferences and pattern. Benefit is expected in the future and tends to be uncertain. In some investments (like stock options) risk element is dominant attribute while in some investment (like govt. bonds) time is dominant attribute. There are various factors which affects investors' portfolio such as annual income, government policy, natural calamities, economical changes etc.

According to RBI data, household sector accounted for 82.4% of gross domestic savings during 2001-02. They invested 38% of financial savings in deposits, 33% in insurance/provident funds, 11% on small savings, and 8% in securities, including government securities and units of mutual funds during 2001-02. Thus the fixed income bearing instruments are the most preferred assets of the household sector. Their share in total financial savings of the household sector witnessed an increasing trend in the recent past and is estimated at 82.4% in 2001-02. In contrast, the share of financial savings of the household sector in securities (shares, debentures public sector bonds and units of UTI and other mutual funds and government securities) is estimated to have gone down from 22.9% in 1991-92 to 4.3% in 2000-01, which increased to 8% in 2001-02; Though there was a major shift in the saving pattern of the household sector from physical assets to financial assets and within financial assets, from bank deposits to securities, the trend got reversed in the recent past due to high real interest rates, prolonged subdued conditions in the secondary Market, lack of confidence by the issuers in the success of issue process as well as of investors in the credibility of the issuers and the systems and poor performance of mutual funds. The portfolio of household sector remains heavily weighted in favor of physical assets and fixed income bearing instruments. Investor Population the Society for Capital Market Research and Development carries out periodical surveys of household investors to estimate the number of investors. Their first survey carried out in 1990 placed the total number of share owners at 90-100 lakh. Their second survey estimated the number of share owners at around 140-150 lakh as of mid-1993. Their latest survey estimates the number of shareowners at around 2 crore in 1997 end, after which it remained stagnant up to the end of 1990s. The bulk of increase in number of investors took place during 1991-94 and tapered off thereafter. 49% of the share owners at the end of 2000 had, for the first time, entered the market before the end of 1990, 44% entered during 1991-94, 6.3% during 1995-96 and 0.8% since 1997.

OBJECTIVES OF THE STUDY

The basic objective of this research is to study the investment culture among the Indian Investors. For this purpose, the following has been examined:

- To study the saving pattern of the individual household in India.
- To analyze the Investment preferences of individual household in India.
- To study relation of saving pattern and investment preferences to social, economic, educational and occupational background of the individual household.
- To give suggestions for evolving better investor awareness and educational programs.

RESEARCH METHODOLOGY

DEFINITION OF THE POPULATION - Since the study is mainly related to know the saving pattern and investment patterns of the household. Their potential of earning income and reducing risk of the investment community on the products, where each security in the market has to be analyzed through their earnings over the others.

The population studied here is the household of Class 2 and Class 3 cities in India.

TYPE OF RESEARCH: This is a descriptive research where survey method is adopted to collect primary information from the investors using different scales; and secondary information for the analysis.

- Primary Data- A questionnaire was prepared and the primary data was collected through survey method
- Secondary Data- Companies websites, books and internet Customer database
- Sample Size- The population being large the survey was carried among 526 respondents, most of them are the household of India. They will be considered adequate to represent the characteristics of the entire population.
- Sampling Procedure- The sampling procedure followed in this study is non-probability convenient sampling. Simple random procedures are used to select the respondent from the available database.

While selecting the respondents, factors, such as rural-urban background, economic status, professional background and educational qualification of the population, were considered. A total of 526 respondents have been collected by using simple random sampling method.

REVIEW OF LITERATURE

Investment is the sacrifice of certain present value for the uncertain future reward. It entails arriving at numerous decisions such as type, mix, amount, timing, grade etc of investment and disinvestments. Further such decisions making has not only to be continuous but rational too. Instead of keeping the savings idle you may like to use savings in order to get return on it in the future, which is known as 'investment'. There are various investment avenues such as Equity, Bonds, Insurance, and Bank Deposit etc. A Portfolio is a combination of different investment assets mixed and matched for the purpose of achieving an investor's goal. There are various factors which affects investors' portfolio such as annual income, government policy, natural calamities, economical changes etc.

What is Investment? Investment is the employment of funds with the aim of achieving additional income or growth in value. The essential quality of income is that, it involves 'waiting' for a reward. It involves the commitment of resources which have been saved or put away from current consumption in the hope that some benefits will occur in future. The term 'investment' does not appear to be a simple as it has been defined. Investment has been categorized by financial experts and economists. It has also Financial and Economic Meaning—often been confused with the term speculation. Of Investment is the allocation of monetary resources to assets that expected to yield some gain or positive return over a given period of time. These assets range from safety investment to risky investments. Investments in this form are also called 'Financial Investments'. To the economists, 'Investment' means the net additions to the economy's capital stock which consists of goods and services that are used in the production of other goods and services. In this context the term investment implies the information of new and productive capital in the form of new construction, new producers' durable equipment such as plant and equipment. Inventories and human capital are included in the economist's definition of investment.

DATA ANALYSIS

The analysis of data collection is completed and presented systematically with the use of different tables and charts (pie chart and bar chart)

TABLE 1: RANKING OF INVESTMENT AVENUES BASED ON LEVEL OF AWARENESS

Sr.No.	Investment Avenues	High	Low	No. Awareness	Rank
1	Bank deposits	419 (79.6)	77 (14.6)	30 (5.7)	1
2	Real Estate	415 (78.9)	87 (16.5)	24 (4.6)	2
3	Small Saving	395 (75.1)	99 (18.8)	32 (6.1)	3
4	Life insurance scheme	398 (73.1)	90 (17.1)	38 (7.2)	4
5	Bullions	367 (69.8)	122 (23.2)	37 (7.0)	5
6	Commercial Deposits	188 (35.8)	133(25.2)	205 (39.0)	6
7	Corporate securities- Bonds	157 (29.8)	162 (30.8)	207 (39.4)	7
8	Mutual funds	147 (27.5)	151 (28.7)	228 (43.3)	8
9	Equity	139 (26.4)	140 (26.6)	247 (47.0)	9
10	Preference Shares	137 (25.7)	143 (27.2)	246 (46.8)	10

Source – Data Source Population Survey

The following conclusion have been drawn from the information furnished in table1

- Majority of the respondent (79.6%) stated that they had a high degree of awareness about bank deposits as investment avenues.
- As regards real estate, as an investment channel, 78.9% of the respondents showed a high level of awareness
- The other investment avenues , which follow bank deposits after real estate are: Small saving scheme (75.1% respondent high awareness), Life insurance scheme (73.7%) and Bullions (69.8%)
- The investment avenues which are not very popular amongst the investor are: Preference Share (47%), Equity share (47%), mutual funds (43%), corporate bonds and deposits (39%)

After having assessed the awareness level of the investors about the various avenues, it is necessary to identify the factors that contribute to investor awareness. To meet this need, an attempt is now to make to examine the relation between various factors, such as age, gender, education, occupation, income, and the level of awareness.

AGE AND INVESTOR AWARENESS

The relation between age and awareness of investors, the age-wise distribution of investment avenues with high awareness and also with low awareness amongst the investors is analyzed hereunder.

TABLE 2: AGE-WISE DISTRIBUTION OF INVESTMENT AVENUES WITH HIGH AWARENESS

Age in Year	Bank In Deposits	Real Estate	SSS	LIC	Bullion
Below 30	74.6	92.1	65.1	63.5	77.8
31-40	78.4	83.0	72.1	70.5	69.3
41-50	82.8	74.5	85.5	83.5	65.5
51-60	78.8	76.0	68.5	69.9	69.9
Above 60	81.0	77.4	78.5	86.9	71.4

Source – Data Source Population Survey

It may be seen from table 2 that the respondents are almost equally distributed among the different age group while claiming their high level of awareness about these avenues. Therefore, the age of investor cannot be taken to influence their level of awareness

TABLE 3: AGE-WISE DISTRIBUTION OF INVESTMENT AVENUES WITH LOW AWARENESS

Corporate deposits	Corporate Bond	Mutual Fund	Equity Share	Preference share
44.4	31.7	38.1	39.7	31.7
42.0	39.8	31.8	25.0	34.1
39.3	29.0	29.0	28.3	26.2
26.7	28.1	17.8	19.2	17.1
32.1	22.6	32.1	27.4	28.6

Source – Data Source Population Survey

GENDER AND INVESTOR AWARENES

To examine whether any relation exist between the gender and the level of investor awareness, the gender wise distribution of the investor respondents of different investment avenues, which are divided into avenues with high awareness and those with low awareness, is analyzed. The relevant information is furnished in table 4 and 5.

TABLE 4: GENDER-WISE DISTRIBUTION OF INVESTMENT AVENUES WITH HIGH AWARENESS

Gender	BD	RE	SSS	LIC	Bullion
Male	80.7	78.0	76.3	75.8	68.9
Female	77.3	81.0	72.4	75.5	71.8

Source – Data Source Population Survey

It may be observed from table 4 that there are no significant differences in the level of awareness between male and female investors of all investment avenues. The difference between male and female investor is hardly 4% for any avenues and it can be insignificant for a sample size of 526.

TABLE 5: GENDER-WISE DISTRIBUTION OF INVESTMENT AVENUES WITH LOW AWARENESS

Gender	CD	CB	MF	ES	PS
Male	38.8	32.2	32	30.9	28.4
Female	20.9	20.9	21.0	20.9	20.9

Source – Data Source Population Survey

It may also be seen from table 5 that there are no significant differences in the level of awareness between male and female investors of all investment avenues. From table 4 and 5, it is very clear that the gender of the investor has no effect or influence on his or level of awareness about any investment channel.

OCCUPATION AND INVESTOR AWARENESS

To know whether there is any relation between investor’s occupation and their awareness, the occupational distribution of investment avenues with high as well as low awareness studied .The relevant data pertaining to this aspect is furnished in table 6 and 7.

TABLE 6: OCCUPATIONAL DISTRIBUTION OF INVESTMENT AVENUES WITH HIGH AWARENESS

Occupation	Bank Deposits	Real-estate	Small saving scheme	LIC	Bullion
Self	75.0	77.6	68.3	66.8	65.3
Fulltime	86.8	80.2	84.6	87.7	75.3
Relined	67.7	80.6	64.5	64.5	67.7

Source – Data Source Population Survey

Data furnished in the table 6 indicates that the percentage of responses of the sample investor is not equally distributed among the different occupational categories. It may be noted that the level of awareness among full time salaried person is significantly different from the other occupational categories namely, retired

And self employed person. This leads to a conclusion that the investor may be a factor influencing his level of awareness about an investment option.

TABLE 7: OCCUPATIONAL DISTRIBUTION OF INVESTMENT AVENUES WITH LOW AWARENESS

Occupation	Corporate Deposits	Corporate Bonds	Mutual Funds	Equity Shares	Preference Shares
Self	33.6	25.4	27.6	18.7	21.3
Fulltime	41.0	37.9	30.0	36.6	33.9
Relined	16.1	9.7	16.1	19.4	9.7

Source – Data Source Population Survey

Information provided in Table7 exhibits the similar picture. On the whole it is found that the full time salaried persons, had better awareness of the various investment alternatives, as compared to the investors of other occupational categories. From perusal of table 6 and 7, it can be concluded that there is a relation between occupation and level of investor awareness.

EDUCATION LEVEL AND INVESTOR AWARENESS

To verify the influence of education on the level of awareness among the investors about various investments alternatives available to them, an analysis of education-wise distribution of investment avenues (which are classified into high awareness and low awareness) is undertaken. The data is given in table 8 and 9.

TABLE 8: EDUCATION-WISE DISTRIBUTION OF INVESTMENT AVENUES WITH HIGH AWARENESS

Educational Qualification	Bank Deposits	Real-estate	Small saving scheme	LIC	Bullion
Post Graduation	82.9	76.6	83.8	86.5	74.8
Graduation	85.2	83.3	81.0	82.9	77.1
Intermediate	76.1	76.6	66.5	64.4	57.4
No.	29.4	64.7	41.2	41.2	82.4

Source – Data Source Population Survey

It is clear in the table 8 that there is no difference significant in respect of graduates and post graduates. However, there is a decline in percentage in respect of respondents whose educational level is intermediate or below. Further a significant decline has seen in respondent with no further formal education. It is therefore, evident that education is an important factor in influencing the level of awareness in the investor about various investment avenues available to them.

TABLE 9: EDUCATION-WISE DISTRIBUTION OF INVESTMENT AVENUES WITH LOW AWARENESS

Educational Qualification	Corporate Deposits	Corporate Bonds	Mutual Funds	Equity Shares	Preference Shares
Post Graduation	54.1	35.0	39.6	44.1	37.8
Graduation	45.2	33.8	29.0	35.7	37.6
Intermediate	16.5	8.0	21.8	8.0	6.4
No.	11.8	0.0	5.9	0.0	23.5

Source – Data Source Population Survey

Table 9 also leads us to the similar observations that was made out of the analysis of table 8. It can, thus, be concluded that education is a very important factor in shaping the level of awareness about different investment alternatives available.

INCOME LEVEL AND INVESTOR AWARENESS

Income is also identified as one of the variable that has a significant relation with the level of investor awareness. To assess the level of relation an analysis of income-distribution of investment avenues (classified as high and low) is attempted. The relevant data for this purpose is furnished in table 10 and 11.

TABLE 10: INCOME-WISE DISTRIBUTION OF INVESTMENT AVENUES WITH HIGH AWARENESS

Monthly Income	Bank Deposits	Real Estate	Small saving scheme	LIC	Bullion
10000	78.1	78.4	71.3	70.4	67.8
10-20	81.6	77.6	82.9	82.9	73.0
Above 20	86.1	88.9	87.8	94.4	75.0

Source – Data Source Population Survey

Table 10 reveals that there is a significant relation between the income level and investor awareness. It is observed from the contained data in the table that there is gradual increase in level of awareness of investor as income level increased.

TABLE 11: INCOME-WISE DISTRIBUTION OF INVESTMENT AVENUES WITH LOW AWARENESS

Monthly Income	Corporate Deposits	Corporate Bonds	Mutual Funds	Equity Shares	Preference Shares
10000	27.2	27.5	22.8	17.5	19.8
10-20	49.3	32.9	33.6	39.5	36.8
Above 20	58.3	38.9	52.8	55.6	38.9

Source – Data Source Population Survey

Table 11 leads to a similar conclusion that were made out of the analysis of table 10. Thus, it can be concluded that level and extent of awareness varies with the level of income.

INVESTOR PREFERENCES OF INVESTMENT AVENUES

Table 12 and 13 provide the information about the preference of sample investor towards various investment products.

The following observation may be made from the data provided in table 12.

- Most investor preferred ‘Bank Deposits’ as their first choice of investment, out of ten investment products placed before them.
- Next to bank deposits, small saving scheme constitute the second choice of investment among the sample investors.
- The small saving scheme followed by the life insurance policies as the next most preferred vehicle for the investment by the sample investor.

TABLE 12: INVESTMENT PREFERENCES OF INVESTMENT AVENUES (ON THE BASIS OF NO. OF RESPONDENT)

Preference	BD	CD	SSS	LIC	MF	B	RE	C.B	ES	PS	Total
1 st	263	12	97	101	13	8	10	10	12	27	553
2 nd	113	43	188	114	19	19	14	17	12	15	554
3 rd	70	49	118	178	35	19	24	10	20	10	533
4 th	25	129	43	63	64	88	42	34	34	15	537
5 th	12	114	37	22	121	70	58	45	17	34	530
6 th	12	72	10	14	121	100	58	59	36	30	512
7 th	8	37	8	8	61	84	133	74	61	34	508
8 th	7	36	8	9	33	38	49	190	89	42	501
9 th	3	14	14	9	36	37	63	64	166	91	497
10 th	13	20	3	8	23	63	35	23	69	228	485
Total	526	526	526	526	526	526	526	526	526	526	5260

Source – Data Source Population Survey

- 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 shares, preference shares are not popular among the investor.

TABLE 13: INVESTMENT PREFERENCES OF INVESTMENT AVENUES (FIGURES IN PERCENTAGE)

Preference	BD	CD	SSS	LIC	MF	B	RE	CS	ES	PS
1 st	50.0	2.3	18.4	19.2	2.5	1.5	1.9	1.9	4.2	5.1
2 nd	21.5	8.2	35.7	21.7	3.6	3.6	2.7	3.2	2.3	2.9
3 rd	13.5	9.3	22.4	33.8	6.7	3.6	4.6	1.9	3.8	1.9
4 th	4.8	24.5	8.2	12.0	12.2	16.7	15.6	6.5	6.5	2.9
5 th	2.3	21.7	7.0	4.2	23.0	13.4	11.0	8.6	3.2	6.5
6 th	2.3	13.7	1.9	2.7	23.0	19.0	11.0	11.2	6.8	5.7
7 th	1.5	7.0	1.5	1.5	11.6	16.0	25.3	14.1	11.6	6.5
8 th	1.3	6.8	1.5	1.7	6.3	7.2	9.3	36.1	16.9	8.0
9 th	0.6	2.7	2.7	1.7	6.8	7.0	12.0	12.2	31.6	17.3
10 th	2.4	3.8	0.7	1.5	4.3	12.0	6.6	4.3	13.1	43.2
Total	100	100	100	100	100	100	100	100	100	100

Source – Data Source Population Survey

Table 13 furnishes the information relating to the no. of investor in percentage term. The following points may be noted from this table

- About 50% of the sample investor given their first preference to Bank deposits as the most preferred investment product.
- Nearly 36% of the investor chosen Small saving scheme as the next most preferred instrument.
- Almost 34% of the investor has preferred life insurance policies in the third place.
- Above three are followed by company deposits by 24.5%,mutual fund 23%,bullion with 19% and real estate with 25%.
- And other securities are not much popular among the investors.

RANKING OF THE INVESTMENT AVENUES

It can be seen in the Table 14 that bank deposits, with a total score of 4,586 points, stood in the first place. These are followed by small saving scheme with total score of 4,266 points in the second place, and life insurance policies with 4,188 points in the third place. Next to these investment products, company deposits, with 3,150 points in the fourth place, mutual fund with 2,798 in the fifth place, bullions with 2,526 points in the sixth place, and real estate with 2,470 points are in seventh place. At the same time securities like corporate debt, equity shares and preference shares are placed at eighth, ninth and tenth place respectively.

TABLE 14: INVESTOR PREFERENCE OF INVESTMENT AVENUES-WEIGHTED SCORE

preference	BD	CD	SSS	LIC	MF	B	RE	CS	ES	PS	Total
First	2630	120	970	1010	130	80	100	100	220	270	5630
Second	1017	387	1692	1026	171	171	126	153	108	135	4986
Third	560	392	944	1424	280	152	192	80	160	80	4264
Fourth	175	903	301	441	448	616	574	238	238	105	4059
Fifth	72	684	222	132	126	420	348	270	102	204	3180
Sixth	60	360	50	70	605	500	290	295	180	150	2560
Seventh	32	148	32	32	244	336	532	296	244	136	2032
Eighth	21	108	24	27	99	114	147	570	267	126	1003
Ninth	6	28	28	18	72	74	126	128	332	182	994
Tenth	13	20	3	8	23	63	35	23	69	228	485
Total Score	4586	3150	4266	4188	2198	2526	2470	2153	1920	1616	29673
Rank	1	4	2	3	5	6	7	8	9	10	

Source – Data Source Population Survey

INVESTMENT OBJECTIVE

To ascertain the investment objective influencing the investor preferences and their behavior, sample investor are asked to indicate their choices for various investment objectives in the descending order of their preferences. For this purpose, six objectives, such as, safety, liquidity and marketability, income generation, capital appreciation, tax benefit and diversification were placed before them. The obtained information is presented and analyzed in table 15 and 16

TABLE 15: INVESTMENT OBJECTIVE (NO. OF RESPONDENT)

Preference	Safety	Liquidity & marketability	income generation	Capital appreciation	Tax benefit	Diversification	Total
1 st	328	22	122	27	33	16	548
2 nd	115	78	258	42	48	23	564
3 rd	39	138	72	69	180	23	521
4 th	19	149	43	136	96	66	509
5 th	22	97	24	146	108	125	522
6 th	3	42	7	106	61	273	492
Total	526	526	526	526	526	526	3,156

Source – Data Source Population Survey

Information presented in table 16 and 71 reveals that mot of the sample investors, i.e. , 328 out of 526 which work out 62.4% of them, has indicated that ‘safety of the investment’ as their first objective in choosing the investment alternative. The second objective influencing the investor behavior and preferences in the

selection of investment alternative is 'income' earned from the investment made. This is stated by 258 out of 526 which will work out to 49% of the total. The two objectives are followed by liquidity and marketability, capital appreciation, tax benefit and diversification benefits.

TABLE 16: INVESTMENT OBJECTIVE (PERCENTAGE BASIS)

Preference	Safety	Liquidity & marketability	income generation	Capital appreciation	Tax benefit	Diversification	Total
1 st	62.4	4.2	23.2	5.1	6.3	3.0	104.20
2 nd	21.9	14.8	49.0	8.0	9.1	4.4	107.20
3 rd	7.4	26.2	13.7	13.1	34.2	4.4	99.00
4 th	3.6	28.3	8.2	25.9	18.3	12.6	96.90
5 th	4.2	18.4	4.6	27.8	20.5	23.7	99.20
6 th	0.5	8.1	1.3	20.1	11.6	51.9	93.50
Total	100	100	100	100	100	100	600

Source – Data Source Population Survey

INVESTOR SAVING PATTERN

To analyze the effect of saving pattern on the investors, the savings pattern of the sample investor is studied. The information showing the saving pattern of the sample investor is furnished in table 17.

TABLE 16: SAVING PATTERN OF THE SAMPLE INVESTOR

Percentage Of Saving		
Saving As % Of Annual Income	No. Of Respedent	% Of Total
01-10%	138	26-2
11-20%	200	38-0
21-30%	121	23-0
Over 30%	45	8-6
No Saving	22	4-2
Total	526	100

Saving pattern of the sample investor

It may be noted from the information given in the table 17 that the most of the respondent are able to save between 10-30% of the annual income. Only a few of the respondent, i.e., around 4% of the total respondent were not able to save from their income. It can be noted that 38% of the total respondent are able to save to the extent of 10-20% of their annual income. While 23% are saving between 21-30%. And 9% are saving over the 30% of their annual income. It is therefore, concluded that most of the sample investors are able to save substantially out of their annual income and is in position to make investment.

SUGGESTIONS

Through the conclusion drawn earlier, the following suggestions may help to improve the investment pattern and investor preferences among the small household.

- There is an explosion in the growth of middle class families due to double income and increase in number of working women. Hence effort should be made to attract women investors by providing right information and knowledge about the market through advertisement
- There is a dire need to initiate steps to inculcate saving habit among the growing middle class families.
- The savings are to be pooled and channelized into productive investments. Thereby enhancing the return to the investor which may result in the further investment in corporate securities also.

Different groups of investors like, professionals, businessman pay less attention while evaluating the pros and cons of investing in different securities. The need and benefits of the systematic and analytical evaluation of different alternatives and competitive avenues need to be explained to them. Then only it is possible to park their surplus funds in economical viable condition.

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