



A STUDY ON INVESTMENT PREFERENCES OF SALARIED CLASS INDIVIDUALS IN MADURAI DISTRICT

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Abstract

This study examines the investment preferences of salaried class individuals in Madurai District. The main objective is to analyze their personal profile, preferred investment avenues, and the factors influencing their savings and investment decisions. The study is based on a descriptive research design, and primary data were collected from 100 salaried respondents using a structured questionnaire. The findings reveal that most respondents prefer safe and traditional investment options such as government schemes, gold, and real estate. Safety, financial stability, and long-term goals like pension and future security are the major factors influencing their investment decisions. The study also indicates that many respondents have limited knowledge about modern investment instruments, which reduces their interest in market-based investments such as shares. The study concludes that improving financial awareness and investment knowledge can help salaried individuals make more informed and diversified investment decisions.

Key words:

Investment Preference, Salaried Individuals, Investment Avenues, Financial Security, Savings Behaviour

INTRODUCTION

Salaried class individuals are those who earn a fixed, regular income in the form of a salary from their employers. This group primarily includes professionals, office workers, teachers, government employees, private-sector employees, and other white-collar workers. They form a significant segment of the working population in most countries and play a crucial role in the economy. Salaried individuals receive a predetermined amount of money on a monthly basis. This provides financial stability but also imposes limitations on sudden income growth. Salaried individuals often fall under well-defined income tax brackets and contribute regularly through tax

deductions at source (TDS). Government salaried employees generally enjoy higher job security compared to their private-sector counterparts, who may face job uncertainties based on market performance and organizational changes. Apart from the basic salary, many are eligible for benefits like provident fund (PF), gratuity, health insurance, paid leave, and performance bonuses. They typically work in structured environments with set working hours, roles, and responsibilities. The salaried class drives consumption in various sectors such as housing, automobiles, insurance, and retail. They are a major group in the financial markets through instruments like mutual funds, fixed deposits, Employee Provident Funds (EPF), Public Provident Funds (PPF), and life insurance. The steady income of this group helps maintain stable economic demand, even in times of uncertainty. Salaried class individuals are a backbone of the modern workforce. They not only contribute to the economy through their productivity and spending but also shape social and cultural trends. Understanding their needs, challenges, and aspirations is essential for policymakers, employers, and financial institutions.

REVIEW OF LITRATURE

Puneet Bhushan Sood , Yajulu Medury (2012), in their study titled “Investment Preference of Salaried Individuals towards Financial Products”, aimed to explore how various demographic variables influence the investment decisions of salaried individuals. The research focused on identifying whether factors such as age, gender, income, marital status, and employment status have any significant impact on investment preferences toward financial products. Using appropriate statistical tools for analysis, the study found that there was no statistically significant relationship between these demographic factors and the investment preferences of the respondents.

Gurider singh, Dr.SaloniRaheja (2019), in their study titled “A Study on Factors Affecting Academicians’ Investment Behaviour,” aimed to identify the key factors that influence the investment decisions of academicians. The research was conducted using primary data collected from 208 academicians in Jalandhar city. To analyze the data, factor analysis was employed, which led to the identification of eight significant factors influencing investment behavior. These factors encompass both personal and external influences, although the study does not explicitly list them in the abstract. The findings underscore the complexity of investment behavior and the multifaceted influences that guide academicians in their financial decisions. The study contributes to the existing literature by offering a sector-specific understanding of investor behavior and emphasizes the importance of considering various psychological, financial, and socio-demographic variables in investment decision-making.

Aswin Prakash, Dr.Anupa.k Dr.Nishith Anand (2023),“Savings and Investment Behaviour of College Teachers – An Empirical Analysis from Calicut District,” investigated the investment patterns and preferences of college teachers with a focus on investment goals, time horizons, risk tolerance, and strategies. The research aimed to understand how demographic variables such as age, income, and education level influence investment behavior. The findings revealed that these demographic factors significantly affect the investment choices of college

instructors, emphasizing the importance of tailoring financial advice to individual profiles. The study highlights that college teachers display distinct investment behaviors, shaped by their socio-economic background and professional context. It also provides valuable insights for financial advisors in designing suitable investment plans for educators, thereby contributing to a more personalized approach in financial planning and advisory services.

Gavini and Athma (2009) found that social considerations, tax benefits, and provision for old age were the reasons cited for saving in urban areas, whereas to provide for old age was the main reason in rural areas. Among the post office schemes, Indira Vikas Patra (IVP), KVP and Post Office Recurring Deposit Account (PORD) were the most popular, in both urban and rural areas.

STATEMENT OF THE PROBLEM

With the liberalization of the financial services sector in India, salaried individuals now have access to a wide variety of investment options beyond traditional instruments such as bank deposits, LIC policies, and postal savings. Modern investment avenues including mutual funds, equities, ULIPs, pension schemes, and other market-linked products have significantly transformed the investment environment. However, the investment preferences of individuals differ widely based on factors such as income level, risk tolerance, financial literacy, and personal financial goals. Even with the availability of numerous financial products, many salaried individuals continue to prefer conservative investments or make decisions without fully understanding the associated risks and returns. Therefore, this study attempts to examine the savings and investment behavior of salaried individuals by analyzing their investment preferences, influencing factors, and level of awareness in the present financial scenario.

OBJECTIVES OF THE STUDY

1. To study the profile of the respondents.
1. To examine the savings and investment preferences of salaried individuals.
2. To analyse the opinion of the savings and investment decisions of salaried individuals.

SCOPE OF THE STUDY

Salaried individuals typically have a fixed income, which often influences their investment patterns. This study aims to explore the investment behavior of the salaried class and will help identify various savings and investment options available in the market. The scope of the study is limited to salaried individuals residing in Madurai district.

RESEARCH METHODOLOGY

Research Design

The study adopts a Descriptive research design to understand the savings and investment preferences of salaried individuals in Madurai city. This design is suitable as it helps in analyzing current practices, preferences, and influencing factors through structured data collection.

Area of Study

The geographical focus of this research is Madurai City, Tamil Nadu. The study is confined to salaried individuals working in both government and private sectors within this city.

Target Population

The population for this study includes salaried individuals in Madurai city across various sectors such as education, healthcare, IT, manufacturing, banking, and government services.

Sampling Technique

A stratified random sampling method is employed to ensure representation from different income levels and employment sectors. The sample is divided based on sectors and income brackets to capture diverse investment behaviors.

Sample Size

A sample size of 100 respondents is selected to ensure reliable and meaningful results. The actual size may vary depending on the accessibility and response rate of participants. simple percentage analysis, likert scales, Garret ranking tests are used for analysis.

Table :1 Profile of the respondents

Variables		No of Respondents
Gender	Male	52
	Female	48
Age	Below 25	20
	26–35	38
	36–45	18
	46–55	16

	Above 55	8
Education	School Education	8
	UG	42
	PG	18
	Professional Degree	8
	Others	24
Occupation	Education	34
	Health	20
	Local Administration	14
	Police	10
	Bank	12
	Others	10

Source: Computed data

It is observed from the table 1 that, 52% of the respondents are male, 38% of the respondents are in the age group of 26-35 , 42% of the respondents have completed UG, 34% of the respondents are in the field of education.

Investment preference

Investment preference refers to the choices made by salaried individuals regarding different investment avenues for their savings.

Table 2
Investment preference

Investment Avenues	Total	Mean score	Garret Ranking
Real Estate	5334	53.34	III
Gold	5411	54.11	II
Govt Scheme	6803	68.03	I
Chit funds	5146	51.46	IV
PPF/Pension Fund	4459	44.59	VI
Shares /Stock market	4080	40.80	VII
Insurance	4879	48.79	V
others	3908	39.08	VIII

Source : Primary Data

The table 2 shows the preference of respondents towards various investment avenues based on the Garrett Ranking technique. The ranking indicates the most preferred investment option among the respondents. Government Schemes secured the first rank with the highest mean score of 68.03, indicating that respondents highly prefer investing in government-backed schemes due to their safety and reliability. Gold occupies the second rank with a mean score of 54.11, showing that it is one of the most popular traditional investment options among respondents. Real Estate stands in the third rank with a mean score of 53.34, indicating that property investment is also considered an important avenue for long-term wealth creation. Chit Funds received the fourth rank with a mean score of 51.46, suggesting a moderate level of preference among respondents. Insurance holds the fifth rank with a mean score of 48.79, reflecting that respondents consider insurance mainly as a protection tool rather than a primary investment option. PPF/Pension Funds are ranked sixth with a mean score of 44.59, indicating relatively lower preference compared to other options. Shares/Stock Market stands in the seventh rank with a mean score of 40.80, showing that respondents are less inclined towards market-based investments, possibly due to risk factors or lack of knowledge. Other investment avenues received the eighth rank with the lowest mean score of 39.08, indicating the least preference among respondents.

Opinions of salaried class individual on savings and Investment:

Since salaried individuals earn a fixed income, they usually plan their investments carefully to achieve financial security and future stability. Their investment decisions are influenced by factors such as safety, return, liquidity, and long-term financial goals like retirement, children's education, and medical needs. Understanding their investment preferences helps to identify the most preferred investment options and the factors influencing their decisions.

Table 3

Opinions of salaried class individual on savings and Investment

Opinion	SA	A	N	DA	SDA	Total Score	Mean
Financial stability	11	36	53	-	-	425	4.25
Feel safe in Govt scheme	61	39	-	-	-	542	5.42
Limited financial knowledge in modern investment instruments	55	45	-	-	-	534	5.34
Risk	70	30	-	-	-	474	4.74
Tax benefits	-	25	30	25	20	310	3.10
High returns	-	45	31	24	-	362	3.62

Peer group influence	54	46	-	-	-	503	5.03
Prefer to invest for pension	44	56	-	-	-	514	5.14
Prefer to invest for medical emergencies	40	60	-	-	-	340	3.40
Prefer to invest for childrens education and marriage	-	53	47	-	-	413	4.13
Prefer to invest in long term	41	59	-	-	-	509	5.09
Prefer to invest in safest investment option	14	38	48	-	-	426	4.26

Source : Primary Data

Note: Strongly Agree(SA), Agree (A), Neutral (N), Disagree (DA), Strongly Disagree (SDA)

The above table 3 The statement Feel safe in Government scheme has the highest mean score of 5.42, indicating that most respondents strongly believe that government schemes are safe investment options. Limited financial knowledge in modern investment instruments also has a high mean score of 5.34, showing that many respondents feel they lack adequate knowledge about modern investment avenues. Preference to invest for pension (Mean = 5.14) and preference to invest in long-term investments (Mean = 5.09) suggest that respondents mainly focus on long-term financial security and retirement planning. Peer group influence (Mean = 5.03) also plays an important role in shaping investment decisions. The factor risk (Mean = 4.74) indicates that respondents are aware of risk while making investment decisions. Financial stability (Mean = 4.25) and preference to invest in the safest investment options (Mean = 4.26) show that respondents prioritize stability and security in their investments. Preference to invest for children's education and marriage (Mean = 4.13) also indicates a moderate level of agreement among respondents. High returns (Mean = 3.62) and investment for medical emergencies (Mean = 3.40) show moderate importance in investment decisions. The lowest mean score is for tax benefits (Mean = 3.10), indicating that tax benefits are comparatively less influential in the investment decision of the respondents.

Findings

1. The demographic analysis shows that 52% of the respondents are male, and the majority (38%) belong to the 26–35 age group, indicating that young salaried individuals actively participate in investment activities.
2. Most respondents (42%) have completed undergraduate education, and a significant proportion (34%) work in the education sector.
3. The Garrett ranking analysis reveals that Government Schemes (Mean Score: 68.03) are the most preferred investment avenue, mainly due to their safety and reliability.

4. Gold (Mean Score: 54.11) and Real Estate (Mean Score: 53.34) are ranked second and third, showing a strong preference for traditional and tangible investment options.
5. The opinion analysis shows that respondents strongly believe that Government schemes are safe investments (Mean = 5.42).

Suggestions

1. Financial literacy programs should be conducted to improve awareness about modern investment avenues such as mutual funds, equities, and systematic investment plans (SIPs).
2. Financial institutions and government agencies should provide proper guidance and counseling to salaried individuals to help them make informed investment decisions.
3. Investors should be encouraged to diversify their investment portfolios rather than concentrating only on traditional and safe investments.
4. Awareness campaigns can be organized to educate individuals about risk and return trade-offs, helping them understand the benefits of balanced investment strategies.

Conclusion

The study concludes that salaried individuals in Madurai district prefer safe and traditional investment avenues, particularly government schemes, gold, and real estate. Safety, financial stability, and long-term goals such as pension are the major factors influencing their investment decisions. The findings also reveal that many respondents have limited knowledge about modern investment instruments, which results in a lower preference for market-based investments. Therefore, improving financial literacy and awareness can help salaried individuals make better and more diversified investment decisions.

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