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An Analysis the Individual Trends of Investment and Saving

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Abstract: Investment is essential from attaining financial independence, increasing wealth, fulfillingpersonal goals, and mitigating future risk. The investment follows acts of saving. Unless you already own aconsiderable amount of money, the only way to accumulate it is through saving. Individual Investors makeInvestment in various assets like Share, Mutual Funds, Purchase a life insurance policy or a home or bysome other mode of Investment. The research work is related to the whole Bhopal, Madhya Pradesh. Theterm sample refers to a selection of objects from a larger population based on some criterion. The datacollected by different agencies and research may be used by the main researcher, considered secondarydata. It is collected from academic journals, vernacular newspapers, annual reports, government reportsand reliable websites. In this research, secondary data collected from various sources is used.

Keywords: Investment, Saving, Financial Management, Investor, Individual

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INTRODUCTION

The researcher is interested in studying the saving and investment patterns of individual and investment schemes selected by investors from the region of Bhopal, Madhya Pradesh. Being a professional, the researcher would like to study the various aspects mentioned above and highlight the characteristics, advantages and disadvantages of savings & investment of individuals in the Madhya Pradesh state. A large number of investors are put to hardship and lose their money. Due to the wrong choice of investment, the amounts are irrecoverable.

Financial awareness is necessary for investors to invest. Financial awareness is how investors improve their understanding of financial products, concepts and risks involved. Here they develop the skill and confidence to understand financial risks and opportunities to make choices, know where to go for help, and take other effective remedial measures to improve financial wellbeing. Personal financial management is essential in an individual's life since it is related to financial stability, security, and liquidity. Many families get disturbed due to faulty financial planning, wrong savings pattern, and wrong selection of investment instruments. Creation of awareness, comparison of investment schemes, correlation of investment and age are some factors that need consideration. Personal finance is the application of principles of finance in the monetary decisions of individuals and families as a whole. Personal financial management is the anticipation, acquisition, allocation, and assessment of finances of an individual. Reserve Bank of India has introduced financial literacy and credit counselling centres in India to help investors

THE GOALS OR PURPOSES OF SAVING

a) **Marriage and children's education:** Every parent should include a provision for their children's

requirements in their budget. Furthermore, investors set aside a portion of their earnings to fund their children's education. After these requirements are completed, the couple's next goal is to save for their wedding.

b) **Make provisions for the unexpected:** One can never foresee how much money will be spent. Some expenditures appear out of nowhere. Investors must consider such costs. It is necessary to make provisions for potential situations. Physical assets are purchased:

c) Every person makes or desires to make capital purchases at some point in their life. The acquisition of certain tangible assets. Examples include purchasing a piece of jewellery, investing in a plot, and purchasing your own home. To fulfil all of one's desires, one must set aside a portion of one's salary and invest it in the future.

d) **To loan locally:** People save for a variety of reasons, including to invest in the local economy, help loved ones, and so on. One should only lend money if there is some left over after covering one's own expenses. Surpluses like these may only be attainable through savings.

e) Some people save so that they can have a regular & secure source of income in the future.

f) Reasons for Saving: Typically, Investors Save for Particular Reasons. The various motivations for putting money aside are:

- Transaction motive
- Precautionary motive
- Contingency motive

INVESTMENT PURPOSES

Each investor has their own unique way of learning about and pursuing their investment goals. The following is an overarching taxonomy of reasons why people invest.

1. **Highly Prioritized Goals:** These are the goals in which investors have a vested interest and a great deal of financial & psychological capital. Within a few years at the most, they hope to have accomplished their goals. Investors with a median income and a few urgently important goals to achieve are unlikely to put their money in high-risk ventures.

2. **High-Importance, Long-Term Objectives:** These are the goals that can't be put off indefinitely. For instance, putting away funds for a two-year-old's college tuition. Investors don't use a high-risk strategy when putting money toward such goals because they know the process will take a long time.

3. **Low Priority Goals:** Investors place a low priority on these types of goals. If these objectives are not met, it will not affect them. Such as a charitable contribution, a globe tour, etc.

4. **Money Making Goals; Investors** who are dissatisfied with the status quo of saving and investing can consider setting goals in this area. These financiers have a high tolerance for uncertainty. The following

investment goals were established on the basis of prior goals and investigation of the literature.

5. **Supplement your income:** Most people put money into investments so that they can make money in addition to what they put in. Other income refers to the interest earned on the principal amount. It's also important to think about how often the return is earned, or the return's periodicity.

6. **Security**: You should always make sure an investment is secure before putting money into it. The "safety" of the transaction is defined as the certainty of getting the agreed-upon principal payment and the return of time. There's no purpose in putting money at danger if there's no assurance it will be secure.

7. **Liquidity**: The liquidity of an investment is measured by how easily it can be sold for a profit. The investment must be liquid at any time at the investor's request. The investor thinks about the investment's liquidity before committing his money to it.

OBJECTIVES OF THE STUDY

1. To analyses various investment options available to an individual investor.

2. To study the investment choices made by investors in the light of the opportunities available for investments.

METHODOLOGY

Research methodology is a science of studying how research is done scientifically. It is a way to solve the research problem systematically. The study's research design has been written, and its planned procedures have been laid out in detail. This investigation is a descriptive survey based on empirical data.

Data Collection

In order to obtain complete & relevant data, the researcher has employed a variety of methods. Given the scope of the investigation, it was essential that data collection come from a variety of trustworthy resources. Both primary and secondary sources of information have been utilized and relied upon by the researcher.

Primary Data

The primary data is the data collected by the researcher herself. It is more authentic and reliable. It can be obtained by using techniques like questionnaires, interviews, observation and by providing schedules etc. In this study, the researcher has used the questionnaire method as a technique of primary data collection.

Secondary Data

The data collected by different agencies and research may be used by the main researcher, considered secondary data. It is collected from academic journals, vernacular newspapers, annual reports, government reports and reliable websites.

SELECTION OF SAMPLE

The research work is related to the Bhopal Madhya Pradesh. A sample is a selection of a certain percentage of a group of items according to a predetermined plan. It is a more miniature representation of a total data popularly known as universe or population. Multistage random sampling technique is used to select respondents. From Bhopal city, 200 respondents are selected. In this study, the sample size is determined as follows:

Table No. 1 Sample Selection for Study

S. no.	Type of investor	Range of income (in lakh)		total
		Below 10 lakh	Above 10 lakh	
1	Government employee	25	25	50
2	Private employee	25	25	50
3	Business employee	25	25	50
4	Professionals	25	25	50
	Total	100	100	200

DATA ANALYSIS AND INTERPRETATION

The present research work deals with a study of patterns of savings and investments of individual investors in Bhopal Madhya Pradesh from the year 2010-11 and 2020-21. This data analysis aims at understanding the patterns of savings and investments of individual investors from Bhopal, Madhya Pradesh. Since investor's education levels are not up to the mark, investors are unaware of the various investment options and its peculiarities. Bank deposits, insurance policies, gold, and other tried-and-true forms of long-term savings are all that investors consider. Investors have various investing options. From the available options, they can select the best investment option which gives them a good return as well as satisfy their financial goals.

DEMOGRAPHIC ANALYSIS

Demographic factors highly influence an investor's saving and investment behaviour. These variables, such as gender, age group, & marital status. Accordingly, a complete profile of sample respondents is prepared at the outset by using simple percentage analysis.

Gender Analysis

Regardless of who runs the household, everyone should put an emphasis on saving, since it is seen in most of the studies that men are more likely to be involved in various occupational strata and, therefore, thus more willing to save. On the other hand, the gender of the workforce affects wages to a greater degree as the wages paid to males are higher than that paid to females, which in turn reveals disparities in population saving behaviour once again. The following Table 1 shows Gender analysis of sample respondent.

Table No. 2 Gender wise Analysis of Sample respondents

S.no.	Category	Male		Female		Total
		frequency	%	frequency	%	
1	Government employee	38	38.00	12	12.00	50
2	Private employee	28	28.00	22	22.00	50
3	Business employee	26	26.00	24	24.00	50
4	Professionals	30	30.00	20	20.00	50
	Total	122	61.00	78	39.00	200

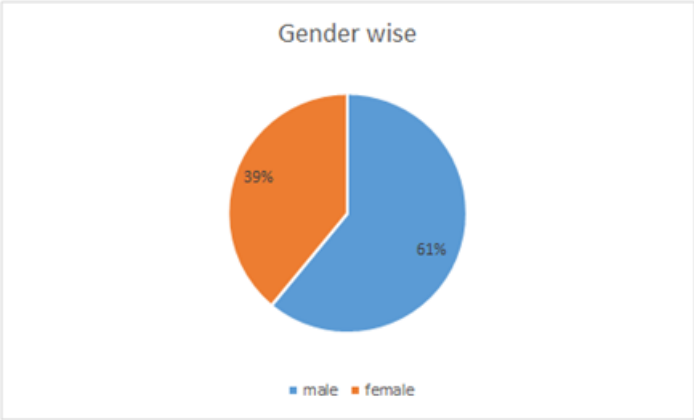
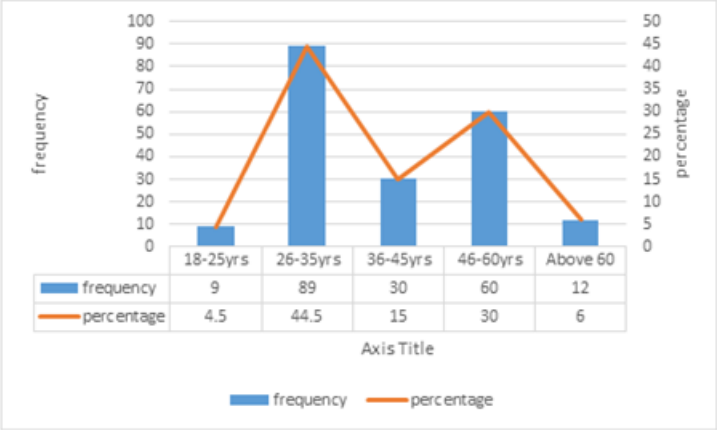


Chart No. 1 Gender wise Analysis of Sample respondents

Age Analysis

The investor's age group has a significant impact on their saving and investing habits and patterns. Individual's goals for saving and investing may change as they get older. People in their 50s and above are less likely to take significant risks. Instead, they would rather take fewer risks and spend in secure savings and investments.

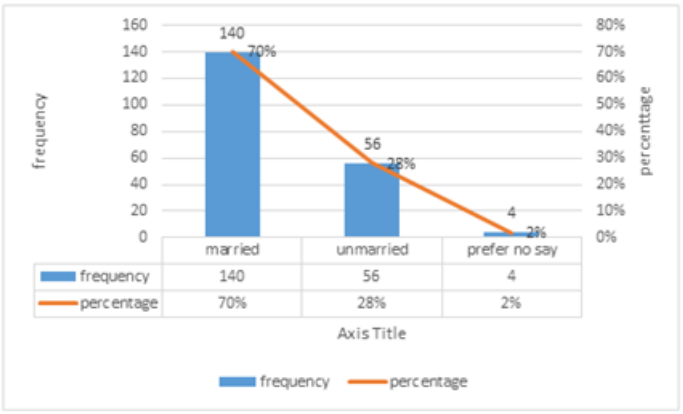


Graph No. 2 Respondents Age Analysis

Marital status

Another factor that influences an individual's saving and investment behaviour and the pattern is their

marital status. Marriage places certain duties and responsibilities on a person, limiting their financial independence. This might influence the investor's priorities and goals in the long run. Therefore, the sample individuals are divided into three categories: single, married, and prefer not to say to understand better the effect of marital status on individuals saving and investment



Graph No. 3 Marital Status of Sample Respondent

INCOME AND SAVING ANALYSIS OF RESPONDENTS

When it comes to saving and investment, an individual's profession is significantly vital. As a result, one of the most significant factors affecting saving and spending decisions is one's profession. People usually begin saving money after they have established themselves in their chosen profession. As per the research design, the researcher has chosen four types of respondents, namely Businessmen's, Govt. Employees, Private Sector Employees and Professionals. One hundred respondents were selected from each of the categories.

Yearly Income wise Distribution of Respondents Income Range

Individuals' income level plays a significant role in their lives as they make savings and investment decisions, as per their income. An individual's income-earning cycle begins with a low level of earnings and gradually increases as his life progresses, eventually reaching a peak level.

	below 2 lakhs	2-5 lakhs	5-8 lakhs	8-10 lakhs	10-20 lakhs	21-30 lakhs	30-40 lakhs	above 40 lakhs
Government employee	2%	7%	12%	10%	14%	5%	0%	0%
Private employee	3%	12%	10%	3%	14%	2%	1%	5%
Business employee	0%	10%	10%	6%	18%	0%	2%	4%
Professionals	3%	4%	8%	12%	18%	3%	2%	0%

Graph No. 4 Graph showing the Yearly Income Distribution of respondents

An additional source of income other than regular income

The household's earning capacity influences its spending needs and the amount of money available for saving and investment. An individual makes money from both his primary and secondary sources of income. Therefore, for better savings and investment purposes, a person requires regular income and an additional source of income. Secondary or additional income sources include agricultural income, salary income, spouse's income, business income, income by way of interest, dividend, mutual funds, pension, rent, share trading etc.

As shown in the following table, 34.5 per cent of the total respondents earn agricultural income, 28 per cent get dividends, 43.5 per cent get income from interest, 6 per cent get income from salary, 49 per cent get income from spouse's earnings, 0.5 per cent get income from business other than primary business. 1 per cent get income from pension, 21 per cent get income from rent, 1 per cent get income from share trading, and 45.5 per cent of total respondents do not have any other source of income than the primary source.

Table No.3 Additional Source of Income

Sr. No	Additional Sources of Income	No. of Respondents	Percentage
1	Agriculture Income	69	34.5%
2	Dividends	56	28%
3	Interest	87	43.5%
4	Salary Income	12	6%
6	Spouse Income	98	49%
7	Business	1	0.5%
8	Pension	2	1%
9	Rent	42	21%
10	Share Trading	2	1%
12	No Income from any other Source	91	45.5%

Yearly saving wise Distribution of Respondents

Savings refer to the money left over after an individual has deducted their consumption expenses from their disposable income over some time. As a result, after all expenses and liabilities have been paid off, savings reflect a net surplus of funds for a person or household. Savings are held in currency or cash alternatives (such as bank deposits), which have little chance of risk but provide low returns. In addition, savings may be increased by borrowing, although this means putting the capital at risk.

The functional relationship between saving and income can be described symbolically as S= f (Y).

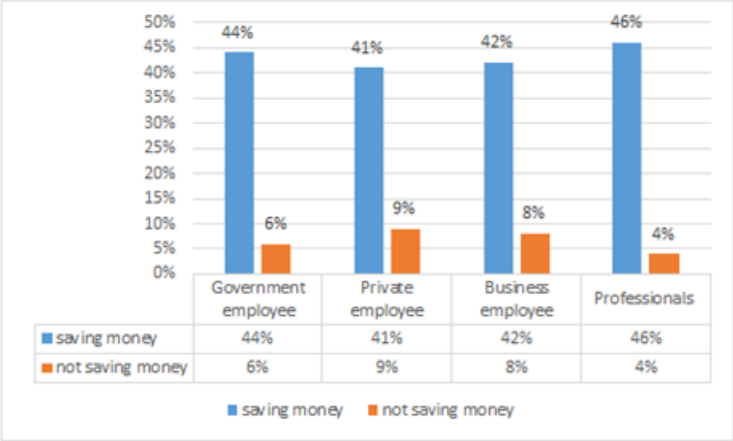
We are aware,

Y= C + S

Thus, S= Y-C.

Where, Y= Income; S= Saving; C= Consumption

The equation shows that the amount that remains after the deduction of expenditure from total income is saving. Thus, saving is that part of income that is not spent on consumption. The saving level of the individual plays an essential role in his life when they make a saving decision. Saving is directly impacted by investment decisions, and the saving factor has decided the investment of investors. The ability to save is directly linked to one's income. Savings tends to grow in tandem with one's income. The rate of saving tends to rise in tandem with personal income and fall in tandem with personal income. The pace of growth in savings is represented by the fluctuation in income.

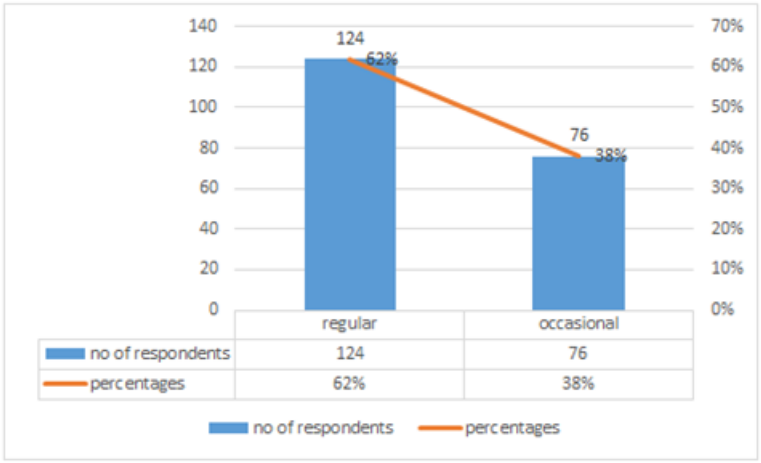


Graph No. 5 Graph showing the saving behaviour of sample individuals

EXAMINING THE PATTERN OF SAVING & INVESTMENT

Habit of Saving

Savings is the act of refraining from current consumption to save for a potential need, and it is closely linked to saving. Savings are significantly affected by an individual's income levels and spending habits. The respondents' financial situation usually determines the amount of money saved.

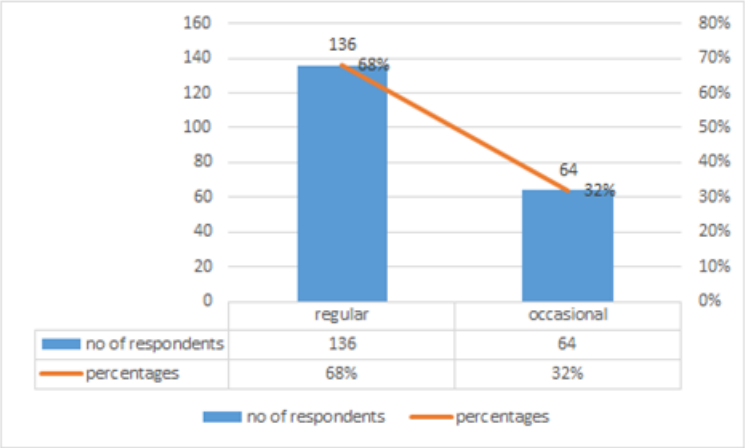


Graph No. 6 Respondent Classification Based on Saving Habit

From the data presented above, we may infer that 62% of respondents regularly put money aside. Conversely, 38% of people polled do not make it a practice to save money.

Regularity of Saving

Any income earner considers savings to be a necessary part of their lives. Some investors set aside money regularly to make savings, obtain tax benefits, and ensure their financial stability for the future. Some investors save more when they earn additional income, or their household expenses reduce for various reasons.



Graph No. 6 Analysis of Regularity of Saving by respondents

The above graph shows that 68 per cent of total respondents save regularly while 32 per of total respondents save occasionally. Hence, the ratio of having regular savings is more.

LIKERT RATING BASED ANALYSIS. (CHI-SQUARE TEST - χ^2):

A Likert scale is made up of 4 or more questions that assess a single attitude or trait when response scores are combined. Each question can assess a different aspect of the overall subject. Likert scale items are used to gauge how people feel about a specific question or statement. Respondents' attitudes toward a specific question or argument are measured using a Likert Rating. The data is usually coded in the following way to analyse it.

1 = "Strongly disagree"

2 = "Disagree"

3 = "Neutral"

4 = "Agree"

5 = "Strongly agree"

It is important to remember that Likert-type data is ordinal data, which means that we can only say if one score is better than another, not how far apart points are.

Researchers cannot use the mean to measure central tendency with Likert scale data because it's meaningless. The most appropriate measure is the mode, the most frequent responses, or the median. A bar chart is the easiest way to show the distribution of responses, such as the per cent of respondents who agree, disagree, and so on.

Each question and answer was assigned a numerical value from 1 to 5. The data was analyzed quantitatively. Tabular & graphical representations of the data are used as needed. Among the non-parametric methods used, the Chi-square test is the most common. The right statistical methods were used to verify the hypotheses. The SPSS program was used to analyze the data.

The chi-square test of independence helps the researcher to see whether variables are independent of one another or whether they have a pattern of dependency.

The researcher was decided to assess the opinion of respondents of safety for the investment instruments. With this view, the Likert Rating Scale has been used. The Five points rating scale mostly used in the Chi-square test is as follows:

Five points rating scale Absolute safe				
Absolute safe	Reasonably safe	Neutral	Reasonably unsafe	Absoluteunsafe

Table No.4 Five points rating scale

The researcher has decided certain statements for the response on a given five-point rating scale. The statements could be treated as Sub -Hypothesis which supports to the data interpretation For example,

1) Bank deposits are a safe and secure investment.
2) The savings scheme of the post office is safe and secure.
3) The investment in bonds and debentures are safe and secure.

Based on the foregoing examples, the researcher formulated some additional statements with the help of the guide. The sampled respondents were already told to rate their responses on a five-point scale.

Every statement has its own set of frequencies, which is referred to as the Observed frequency. For the Chi-Square test, the expected frequencies (E) and observed frequencies (O) were used. The strategic claims or sub hypothesis that follow are put to the test.

Following strategic statements or Sub Hypothesis are tested.

Sub Hypothesis: Bank deposits are safe and secure investment.

Null Hypothesis: Bank deposits are not safe and secure investment.

For such statement the responses (i.e., Frequencies) given by respondents are as follows:

Table No. 5 Response Sheet

Degree	Absolute safe	Reasonably safe	Neutral al	Reasonably unsafe	Absolute unsafe	Total
Observed Frequency	92	58	30	12	8	200

The Expected frequencies can be computed by the following equation:

Ef = Total Respondents / No. of Column's

Ef = 200/5

Ef = 40

The Expected frequencies will always 40 forgiven every statement.

Table No. 6 Table of frequencies regarding safety and security of Bank deposits

Degree	Absolute safe	Reasonably safe	Neutral al	Reasonable unsafe	Absolute unsafe	Total
Observed Frequency	101	65	20	11	3	200
Expected Frequency	40	40	40	40	40	200
$(O-E)^2/E$	93	15.6	10	21	34.2	173.8
$\chi^2 = \sum [(O-E)^2/E] = 173.8$						

Degree of Freedom = (Number of Rows – 1) × (Number of Column's – 1)

= (2 - 1) × (5 - 1) = 1 × 4

Degree of Freedom = 4

Level of Significance

The probability of the test rejecting a null hypothesis is known as the level of significance.

1) The level of significance 0.05 is related to the 95% confidence level.

2) The level of significance of 0.01 is related to the 99% confidence level.

The researcher could decide an approval or non-approval of Hypothesis based on the above-mentioned level of significance.

The researcher has decided that the hypothesis will be tested at a 0.01 level of significance.

The $\chi 2$ value is 173.8 when the degree of freedom is 4.

The value of $\chi 2$ is greater than the table value, so the Null Hypothesis is rejected.

This means the Sub - Hypothesis (Statement) "Bank deposits are safe and secure investment" is accepted. And Null Hypothesis: Bank deposits are not safe and secure investment" is rejected.

Table No. 7 Table of frequencies regarding safety and security of Investment in post office scheme

Degree	Absolute safe	Reasonably safe	Neutral	Reasonably unsafe	Absolute unsafe	Total
Observed Frequencies	93	46	37	21	3	200
Expected Frequencies	40	40	40	40	40	200
$(O-E)^2/E$	70.22	0.9	10.5	0.22	34.22	116.06
$\chi^2 = \sum [(O-E)^2/E] = 116.06$						

Sub Hypothesis: The savings scheme of the post office is safe and secure.

Null Hypothesis: The savings scheme of the post office is not safe and secure.

The Computed $\chi 2$ value is 116.06 when the degree of freedom is 4.

The Computed value of $\chi 2$ is Greater than the table value, so the Null

Hypothesis is rejected. This means the Sub - Hypothesis (Statement) is accepted. Hence, it can be concluded that, as per the response received from the respondents, the savings schemes of the post office is safe and secure.

Table No. 8 Table of frequencies regarding safety and security of investment in Bonds and Debentures

Degree	Absolute safe	Reasonably safe	Neutral	Reasonably unsafe	Absolute unsafe	Total
Observed Frequency	30	21	30	49	70	200
Expected Frequency	40	40	40	40	40	200
$(O-E)^2/E$	2.5	9	2.5	2.0	22.5	38.5
$\chi^2 = \sum [(O-E)^2/E] = 38.5$						

Sub Hypothesis: The Investment in Bonds and Debentures are safe and secure.

Null Hypothesis: The Investment in Bonds and Debentures are not safe and secure.

The Computed $\chi 2$ value is 38.5 when the degree of freedom is 4.

The Computed value of $\chi 2$ is less than the table value, so the Null Hypothesis is accepted. This means the Sub - Hypothesis (Statement) is rejected. Hence, it can be concluded that as per the response received from the respondents. The investment in Bonds and Debentures are not safe and secured.

CONCLUSION

A considerable portion of Indian domestic earning goes into savings. A recent initiative to provide all households with bank accounts has laid the foundation for increased financial savings. Savings for capital formation are made from both the public and private sectors, in addition to families. Many socioeconomic factors like Gender, Age, and Marital status. The current study attempts to know about the saving and individual Trends of Individual investors in Bhopal, Madhya Pradesh. 200respondents were selected from businessmen, Government employees, Private Employees, and Professionals from Bhopal, Madhya Pradesh. The scope of the current study can be expanded from the regional level to the state level, national level, and international level. In future research, the sample size can be raised, other demographic variables can be included, and various statistical tests can be utilised for a more comprehensive analysis and findings.

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