Savings and Investment Behaviour of Bank Employees in Aizawl

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Submitted by
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CERTIFICATE

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I certify that the dissertation work was appreciated by all whom remain present and no negative comments made for this dissertation work.

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DECLARATION

I, SAIZAMPUII SAILO, hereby declare that the subject matter of this dissertation is the record of work done by me, that the contents of this dissertation did not form basis of the award of any previous degree to me or to do the best of my knowledge to anybody else, and that the dissertation has not been submitted by me for any research degree in any other University/Institute.

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Chapter 1

INTRODUCTION

1.1 Introduction

Investing is an activity that attracts people from all walks of life irrespective of their economic status, education or family background. The savings and investment by individuals are important both for personal financial well-being and for economic growth of the country. Individual savings and investment pattern plays important role in any economy since it is a major component of resource market (Mathi & Kungumapriya, 2014). An increase in the rate of investment is made possible by increasing the rate of saving. Savings is an important factor for achieving economic investment of the country. “Savings” means the act of refraining from spending one’s consumption. The part of income which is unspent is called savings (Achar, 2012).

Savings is thus the portion of income not spent on current expenditures. Because a person does not know what will happen in the future, money should be saved to pay for unexpected events or emergencies. An individual’s car may breakdown, their dishwasher could begin to leak, or a medical emergency could occur. Without savings, unexpected events can become large financial burdens. Therefore, savings helps an individual or family become financially secure. Money can also be saved to purchase expensive items that are too costly to buy with monthly income. Buying a new camera, purchasing an automobile, or paying for a vacation can all be accomplished by saving a portion of income.

Savings shapes the important part of the economy of any nation. With the savings, in various options available to the people, the money acts as the driver for growth of the country. Indian financial scene also presents a surplus of avenues to the investors. It has reasonable options for an average individual to invest his savings. Investors may need to invest and earn return on their idle resources and generate a specified sum of money for a specific goal in life and make a provision for an uncertain future (Thulasipriya, 2015). One of the important motives why one needs to invest wisely is to meet the cost of inflation. Inflation causes money to drop value because it will not buy the same amount of a good or service in the future as it does now or did in the past. The faster one starts investing the better it is. By investing early the investor allow the investments for more time to grow, whereby the concept of compounding increases the income, by accumulating the principal and the interest or dividend.

Investment is something where investor put his/her money to make it grow. In simple words, it means putting money in various products such as stocks, mutual funds, gold etc in order to earn return and grow your wealth. It is the act of investing the saved money into financial products, with a view of earning profits. Investing is different from saving because it involves greater level of risk and there is no guarantee that investor will get his/her money back.

In an economic sense, an investment is the purchase of goods that are not consumed today but are used in the future to create wealth (www.investopedia.com). The investment behaviour is the process by which investor tends to satisfy his/her needs by showing his/her choices. Generally investors try to review his decision as to what makes a safe place to store his savings and wealth. Investment decision of individuals is affected by various factors. The behaviour of the investor can be affected by many of internal as well as external environment. The demographic factors, rural /urban background of individuals, availability of information, accessibility of avenues, and investment companies/colleagues, etc. can influence individuals in developing their perceptions on investment alternatives.

Bank plays an important role in shaping the individual financial fortune as it provides many facilities including people's savings through various services. Banks are essential part of daily life of most people. Millions turn to banks every day for services and advice to help them save, plan for retirement, start businesses and buy homes. As a result, banks already provide their customers and potential customers with a wealth of educational material, information, tools and services geared to help them make the best financial choices. It is thus generally perceived that bank employees have better financial literacy in comparison to other professionals. It shall be worthy to do an exploration how the bank employees do savings and investment. Generally, the individual's saving is carried out in various ways. It may range from holding surplus income such as hard cash or bank deposits to complex investments alternatives.

1.2 Significance and Scope of the Study

There are literatures that observe that in many economies, people are, on the whole, reluctant to save, even when they are aware of the benefits of doing so (Lewis & Messy, 2012). The motivation for an investor to invest is complex and depends upon a number of factors (Kaur & Vohra, 2012). The policy makers have been looking to a range of tools to encourage saving and enable households to provide the investors with a financial cushion. The present study shall help individual investor's awareness about suitable saving and investment available with respect to their income level.

This study basically attempts to provide an understanding about the awareness level of the bank employees about various investment avenues option and what factors determine in making an investment decision. The study was conducted in Aizawl city. Information were sought from the bank employees of three public sector banks viz. State Bank of India, United Bank of India & IDBI Bank and three private sector banks viz. Axis Bank, HDFC & ICICI Bank. The analysis shall throw a light on various investment avenues available in India that will help in many ways. It shall be helpful in understanding the common problem faced by individual investors. The outcome of the study shall be helpful to the market players in the financial sector in designing a better financial instrument customized to suit the needs of the investors. It shall also be helpful to policymakers in designing tools for encouraging individual savings and investment behaviour.

1.3 Review of Literature

Some of the literatures related to the study of savings and investment behaviour are discussed in the followings:

Nagy and Obenberger (1994) have conducted a study entitled, "Factors Influencing Individual Investor Behavior". They concluded that classical wealth maximization is important to investors, even though investors employ diverse criteria when choosing stock. Contemporary concerns like local or international operations, environmental track record and the firm's ethical posture appear to be given only cursory considerations.

Lusardi (2003) studied on "Planning and Saving for Retirement" and concluded that planning is a powerful predictor of wealth accumulation; those who plan have more than double the wealth of those who have not done any retirement planning.

Sultana (2010) concluded that individual investor still prefer to invest in financial products which give risk free returns. The study confirmed that Indian investors even if they are of high income, well-educated, salaried, and independent are conservative investors who prefer to play safe in the market.

Mohanta & Debasish (2011) concluded that people were ready to invest for meeting their financial, social and psychological need. But the investor always had a mindset of safety and security, higher capital gain, secured future, tax benefit, getting periodic return or dividends, easy purchase and meeting future contingency.

Brahmabhatt, Kumari and Malekar (2012) conducted "A study of investor behavior on investment avenues in Mumbai fenil" with the objective to understand the pattern of investing by the investors at the time of investing and to find out the factors that investors consider before investment. Primary data were collected through personal interviews, with the investors. They found out that the awareness of investment knowledge; investment opportunities of the respondents are quite high. These people are helped by financial portals, financial news channels, financial newspapers; various markets related T.V. shows, Expert talks, magazines. They opined that Indians are more sensitive about their money and ponder hundred times before investing in any market. It was found that investors felt that they are having enough money, time, resources and opportunities with them for investing. The study concludes that public is having sound knowledge of financial market and economic condition of India.

Behrman et al. (2012), have studied financial literacy amongst Chilean population. In this study, they have added questions regarding Chilean retirement system in addition to the set of questions used by Lusardi and Mitchell (2011), which were used in several international surveys. It was found that the respondents had poor knowledge about basic concepts or retirement system. However, the study concluded that financial literacy increases the possibility of contribution to pension savings.

Jain and Mandot (2012) studied the impact of demographic factors on investment decision of investors in Rajasthan. They concluded that various demographic factors like age, marital status, gender, city, income level, market knowledge, occupations and qualifications etc have major impact on decision of investors in Rajasthan. Demographic factors like Gender and City have no impact on investment decision of investors.

Harikanth & Pragathi (2012) indicated that there is a significant role of income and occupation in investment avenue selection by the male and female investors. Geographical horizon of the investors, risks bearing capacity, educational level, age, gender and risk tolerance capacity etc, also impacts their selection.

Das (2012) summarized that the bank deposits remain the most popular instrument of investment followed by insurance and small saving scheme to get benefit of safety and security of their life and investment. It was found that there is a need for increasing the financial literacy among the middle class households.

Gabhane and Kishor (2013) conducted a study to know the preferences and analyze the significance of demographic factors on the factors that influence the investor's decision towards making investments. Data were collected from secondary sources as well as primary sources using structured questionnaires. Survey method was adopted. Primary data were collected by conducting structured interviews from 384 respondents randomly selected from the population of Thane city in Maharastra. The study revealed that some of the demographic factors have significant relationship with the factors influencing investor's decision and insignificant in others too. It had been found that bank fixed deposit and life insurance is the preferred investment avenue followed by gold/silver, real estate, mutual fund and others.

Sellapan, Jamuna & Kavitha (2013) conducted a study on investment attitude of women towards different sources of securities with an objective to know the impact of marital status and age factors in the investment attitude of women while selecting the securities to invest. Descriptive research study was used to carry out the research with convenient sampling technique. Primary data were collected from the population through scheduled interview. They employed factor analysis to analyze the data. They found out that married women are more curious in making investment than the unmarried. As well as the younger are mostly like to invest in shares, mutual funds, insurance and fixed deposits than the older women. The middle age persons prefer to invest in real estate source of investment.

Bhardwaj, Sharma & Sharma (2013) conducted a study on income, saving and investment pattern of employees of Bahra University, Solan with an objective to study income, consumption and savings pattern of employees. The study analyzed that pattern of their investment and to evaluate the awareness level of investment in industrial securities. The study which is empirical in nature gathered information from the employees of the university. They found out that majority of the employees (80%) have knowledge about the industrial securities. As the income of the employees increases, awareness about securities also increases. Though 80 percent of the employees are aware of industrial securities but only 8 percent of them are investing in it. The study revealed that most of the employees are aware of investments in securities but they are not investing in it as they consider it as an unsafe investment.

Jangongo and Mutswenje (2014) conducted a study entitled "A survey of the factors influencing investment decision: the case of individual investor at the NSE". The objective of the study was to establish the factors influencing investment decisions at the Nairobi Stock Exchange. The data in this study was coded and tabulated, and were analyzed using descriptive statistics, Friedman's test and Factor analysis techniques. Results of factor analysis revealed that the most important factors were: Firms position and performance; Investment returns and economic conditions; Diversification and loss minimization; Third party opinion; The goodwill of the firm and accounting information; Perception towards the firm; Environmental factors; Firms feeling and Risk minimization.

Joseph & Prakash (2014) studied on preferred investment avenues among the people and factors considered for investment in Bangalore. The study analyzed the investment choice of people with the help of survey. They found out that some respondents are not much aware about various investment choices and also not much aware about the investing pattern in stock market, equity etc. All the age groups among their respondents give more importance to invest in bank deposit and insurance. Income level of a respondent is an important factor which affects investment portfolio of the respondent. Respondents are more aware about various investment avenues like insurance, and bank deposits.

Mathi and Kungumapriya (2014) conducted a study on Review of Literature on Investment Behavior of Rural Investor to understand individual investor behaviour. In order to review the literature, research papers were collected from various referred journals related to individual investor's behaviour. They concluded that the availability of financial services in rural areas is extremely important for the growth of economy as this will enable the large number of rural households to fund the growth of their livelihoods. They revealed that the growth of economy is dependent on the growth of rural market in the country. Lack of financial help stunts the growth of many rural micro-enterprises and force people to migrate to urban areas in search of jobs.

Altaf (2014) conducted a study titled "A changing financial investment behavior of households (A case study of Baramulla town)". They found that bank deposits received much attention because of assured yield, safety and risk free nature. Household leadership is still dominated by males being heads of the families, although growing tendency of dual careerism and adoption of home based or micro type enterprises among female counterparts were found. Majority of the population as per the survey falls under middle class income group category. Despite their abysmal performance in the wake of global slowdown and recession, it was found that there was a growing trend of investment in equity markets. Visual media/ Television are the most common and ideal source of information provider to investors followed by print media. Internet as a fast growing source is likely to outplace other traditional mass media sources. The study found large attraction of investors towards medium term horizon expecting current income and tax shield. The study concluded that investor's preferences, habits, perceptions are spontaneously under the influence of happenings in financial markets and the spontaneously flowing information turning them into a highly sensitive trading point for money and savings.

Bhushan (2014) conducted a study on Insights into awareness level and investment behavior of salaried individuals towards financial products from selected districts of Himachal Pradesh namely Shimla, Solan and Kangra. The objectives of the study were to examine the awareness level of salaried individuals about various financial products and to find out the investment preference of salaried individuals towards various financial products. They found out that respondents are quite aware about traditional and safe financial products whereas awareness level of new age financial products among the population is low. Majority of the respondents park their money in traditional and safe investment avenues.

Thulasipriya (2015) studied on Investment Preference of Government Employees on various investment avenues to premeditate the investment preference of salaried group of people which focused on a segment of government employees. He found out that employees still prefer to invest in financial products which give risk free returns. He confirmed that investors even if they are of high income, well educated, salaried, independent are conservative, investors prefer to play safe.

Kannan & Vijayakumar (2015) studied on investor behavioural finance in investment decision making in Tiruchirappalli by using survey method. They collected primary data from 75 respondents by convenient sampling method. They found out that investors invest in different investment avenues for fulfilling financial, social and psychological need. While selecting any financial avenues they also expect other type of benefits like, safety and security, getting periodic return or dividends, high capital gain, secured future, liquidity, easy purchase, tax benefit, meeting future contingency etc. They also make a good portfolio for them and think for their future with an objective of getting high capital gain from a particular avenue.

Abraham and Gurjar (2015) conducted a study on the awareness of investment avenues available for middle class families in PCMC (Pune, Maharastra) area to analyze awareness of investment avenues and risk and also the investment preferences of middle class families. They found out that 98 percent were planning to save and already had investment plans. They concluded that people were aware of risk associated with investment avenues and were aware of investment avenues available to them. They also concluded that there might be a chance that the perceptions of the respondents are varied due to diversity in social life, living pattern, income level, educational level etc. All the age group gave more importance to invest in savings account and were aware about various investment avenues like insurance, bank deposits, small savings like post office savings etc.

Jeyakumari and Soundaravalli (2015) studied on saving and investment pattern of college teachers with reference to Thanjavur City Corporation with an objective to learn the savings pattern of college teachers and to identify the preferred investment avenue of college teachers in Thanjavur City Corporation, Tamil Nadu. Data were collected mainly from primary sources. They found out that respondents are not much aware of the various investment choices such as stock market, equity, bond and debentures. All the age groups are more interested to invest in Insurance, bank deposit, post office rather than any other investment avenues. They are more aware about various investment avenues like Insurance, PPF, bank deposits, small savings like post office savings etc. The study revealed that most of the college teachers are saving their money for the purpose of tax benefit, house building, future requirements, children education and marriage. In short, college teachers generally prefer liquidity for their investment, safety of funds, a good return with minimum risk and maximization of return.

Fattepuria and Telgote (2015) studied on Saving and Investment Pattern of Private School Teachers in Wardha City, Maharashtra to determine the relationship between the savings and investments literacy among the private school teachers. Data were collected from primary sources through questionnaires. They concluded that teacher community has started realizing the importance of savings and proper investment of their savings. The study revealed that most of the teachers are aware of safety for selecting the mode of savings. Bank Deposit was considered as the main avenue of the investment followed by Insurance.

Shivakumar & Thimmaiah (2015) studied on saving and investment behaviour of school teachers with reference to Mysore city, Karnataka with an objective to identify the savings and investments methods adopted by the school teachers of Mysore city. The study found that there are various factors which influence the investment decision of the school teachers. The study revealed that the main objective of their savings and investments are to cover risk and children education. Majority of them prefers monthly investment over quarterly or yearly such as bank deposits and post office schemes.

Ramanathan & MeenakshiSundaram (2015) conducted a study on factors influencing decision of bank employees with an objective to find out factors that affects individual investment decision and differences in the perception of investors in the decision of investing on the basis of gender and age. The study revealed that the investors are fundamentally influenced by the inherent qualities of the product followed by brand name and fringe benefits. Investors are aware of the capital appreciation and high risk factor involved. A prudent investor who can control his emotions can use his money for hedging against inflation by finding sources of right analytical presentation and by sparing sufficient time for investment decisions.

Vanlalthlana (2015) conducted a study on household investor behaviour. The data for the study was collected from 440 samples of the residents of Aizawl city, Mizoram. He found that fixed deposits, savings deposits and life insurance are known quite well by the majority of the households whereas other investment terms like equity linked savings scheme, demat account, debentures, equity shares, futures and options are not known. He also found that there is no correlation between income groups and high risk tolerance of the households. The study also explored that 17 percent of the households were a victim of financial scam/fraud.

1.4 Research Gap

A thorough examination of various studies reveals the fact that research in the area of savings and investment behaviour of individual investors has been conducted by many researchers worldwide. However, the savings and investment behaviour of individual investors and their problems can be explored further especially for bank employees. It is generally perceived that bank employees have better financial literacy. On the other hand, evidence shows that highly educated individuals with high income can be just as ignorant about financial issues as less educated lower income individuals (Zucchi, 2016). There have been instances in the past where individual investors fall to the trap of wrong saving and investment option. There are numbers of salaried person who are not aware of what would be the best suited option for their saving and investment. The review of literature also reveal that there have not been much studies conducted on the savings and investment behaviour of the bank employees. From the survey of literature only one study on bank employees was found. Thus there is a vacuum in the literature on the study of the savings and investment behaviour of the bank employees.

1.5 Statement of the problem

The earlier studies have found mixed results regarding the individual savings and investment behaviour of individuals. Bushan (2014) found awareness level of new age financial products among the population is low whereas Brahmabhatt, Kumari and Malekar (2012) concluded that individuals are having sound knowledge of financial market and economic conditions of India. Das (2012) opined that there is a need for increasing the financial literacy among the middle class households. Similarly, Jain and Mandot (2012) found that demographic factors like gender and city of residence have no impact on investment decisions of the investors. On the other hand, Sellapan, Jamuna & Kavitha, (2013); Ramanathan & MeenakshiSundaram, (2015) found that gender and age have influenced on individual investment behaviour. Savings and investments are mutually interconnected economic variables, when examining the importance of savings, it is essential to understand what the role of investment in one's life is. Many new avenues are introduced during the last two decades to attract public. As various new avenues are introduced, it is significant to explore adoption of these instruments by the individual investors. Hence there is still a need to explore the pattern of savings and investment of the individual. It is also equally required to identify the relationship between investment and demographic characteristics of the individuals. This study thus is an attempt to undertake the analysis of savings and investment pattern of different bank employees in Aizawl.

1.6 Objectives of the Study

The following are the objectives of the study:

1. To identify the existing savings and investment practices of bank employees in Aizawl.
2. To find the relationship between demographic factors of bank employees and their investment.

1.7 Hypotheses

The following hypotheses have been framed to give direction to the study:

Hypothesis 1

H0: There is no significant association between gender and investment

H1: There is a significant association between gender and investment

Hypothesis 2

H0: There is no significant association between marital status and investment

H1: There is a significant association between marital status and investment

Hypothesis 3

H0: There is no significant association between possessions of PAN Card and investment

H1: There is a significant association between possessions of PAN Card and investment

Hypothesis 4

H0: There is no significant association between income and investment

H1: There is a significant association between income and investment

Hypothesis 5

H0: There is no significant difference between investors and non-investors in terms of their age

H1: There is a significant difference between investors and non-investors in terms of their age

Hypothesis 6

H0: There is no significant difference between investors and non-investors in terms of their family size

H1: There is a significant difference between investors and non-investors in terms of their family size

1.8 Methodology

1.8.1 Population of the study

As per the economic survey 2014-15, Government of Mizoram, there are twenty five (25) banks operating in Mizoram. These include one rural Bank, two Co-operative Banks and twenty two other commercial banks with a total of 159 branches. The population of the present study included all the employees of the private and public sector banks in Aizawl city.

1.8.2 Sampling size and sampling unit

The present study was administered to the employees of public sector and private sector banks in Aizawl. Convenience sampling method was adopted whereby 200 questionnaires were distributed to the employees of the branches of these banks in Aizawl. Out of 200, one hundred eighteen questionnaires could be collected. Out of which, 52 questionnaires from public sector bank (State Bank of India, United Bank of India & IDBI Bank) employees and 48 questionnaires from private sector bank (Axis Bank, HDFC & ICICI Bank) employees were found to be valid. Hence, the total sample size of the study is 100 employees constituting 52 and 48 from public and private sector bank respectively. Therefore, employees of the banks are the sampling unit and the 100 bank employees are the sampling size of the study.

1.8.3 Source of data

The study was conducted by collecting data both from primary and secondary sources. The secondary data were collected from different journals, books, some selected research thesis, RBI websites and websites. The primary data were collected using questionnaire through a survey. The questionnaire containing detailed quantitative questions on income, expenditures and wealth as well as on socio-demographic characteristics of the respondents were administered to the selected bank employees. The questionnaires also cover economic, sociological and psychological characteristics which are the critical element for understanding saving behaviour of an individual. A pilot study were undertaken in order to know the accuracy of questionnaire. The final questionnaires were arrived after certain changes were incorporated.

1.8.4 Analysis of data

The data were tabulated using MS Excel as well as SPSS. Mean, percentage, cross tabulation, Chi-square and Mann-Whitney test, Reliability test of scale have been used for analysis of the data.

There are three scales related to general beliefs about finance, advice receive for investment, and planning before investment. The reliability statistic of the scale on the general belief about finance containing six items was found with Cronbach's alpha value of 0.810. The Cronbach's alpha value of the scale relating to the advice received about investment containing four items was 0.750. Similarly reliability statistic of the scale relating to the planning before investment containing four items the Cronbach's alpha value was 0.80. Thus all the scales are reliable as the Cronbach's alpha value was greater than the accepted level of 0.7.

1.8.5 Limitation of the study

Time was the main constraint. As far as the depth of the study is concerned, it would be unfair to assume that the sufficient amount of data has been collected within such a limited time frame. The exact population of the bank employees was not able to find out hence probability sampling method could not be carried out. The data collection has been done from a limited geographical area using convenience sampling technique. Hence the findings & conclusion have got their own limitations.

1.8.6 Chapterisation

The study is divided into six chapters.

Chapter 1 - Introduction: Chapter 1 introduces the concept of savings and investments. It highlighted the importance of savings and investment in the development of economy. Significance and scope of the study, review of literature, research gap, statement of the problem, objective of the study, hypotheses, methodology, limitation of the study and chapterisation are the components of this chapter.

Chapter 2 - Overview of Savings and Investment in India: This chapter discusses Indian financial system, regulatory framework, savings and investment instruments in India, Growth and trends of savings and investment in India; savings and investment instruments in India.

Chapter 3 - Demographic Characteristic Analysis of Bank Employees: The demographic profile of the bank employees, relationship between investment and demographic characteristics are presented in this chapter.

Chapter 4 - Savings and Investments Pattern of Bank Employees: The habits and preference of bank employees; objectives, perceptions and experiences of the bank employees are covered in this chapter.

Chapter 5 - Conclusions and Suggestions: In chapter 6, summary of research, findings, conclusions and suggestions related to this study are included.

Chapter 2

OVERVIEW OF SAVINGS AND INVESTMENT IN INDIA

2.1 Introduction

Savings and investments are important drivers in taking the economic growth process forward. Economic history suggests that countries that were able to accumulate high levels of domestic investment largely financed by domestic savings achieved faster rates of economic growth and development. Savings play an important role in economic development and the major objective of government policy has been the promotion of savings and capital formation in the economy as primary instruments of economic growth. In this chapter to have an overview of savings and investment in India, the Indian financial system; growth and trends of savings and investments in India; savings and investments instruments in India are discussed under different sub-headings.

2.2 Financial System

Financial systems are of crucial significance to capital formation. The volume of capital formation depends upon the intensity and efficiency with which the activities of savings finance and investments are carried on (Khan, 2003). The effective mobilization of savings, efficiency of the financial organization and the channelization of these savings into most desirable and productive forms of investment are all interconnected and have a great bearing on the contribution of capital formation to economic development.

An efficient and diversified financial system is must for promoting savings and canalizing them into investment and helps to achieve a faster rate in economic growth. The economic development of a nation is reflected by the progress of various economic units, broadly classified into corporate sector, government and household sector. While performing their activities, these units will be placed in a surplus/deficit/balanced budgetary situation. On both a personal and national level, maintaining a solid savings rate is one of the best cures for economic woes. In order to achieve higher growth of savings and investment, the financial system has been playing a vital role in economic development of a country.

According to Rao (1980) saving creates the basis for capital formation, and capital formation constitutes a major determinant of economic growth. In the developed countries, the income is generated at a higher rate which encourages people to have more savings which opines to more investment leading to more capital formation. But in developing countries, the income standard is almost uncertain and leads to more consumption rather than saving.

2.3 Indian Financial System

The Indian financial system is a combination of financial intermediaries, financial markets and instruments, and financial services. All these three segments which comprise the organizational structures of the financial system are closely interwoven. These broad-based organizational structures of the financial system have emerged in response to requirements of the emerging industrial and economic environment of the country (Singh, 2015).

2.3.1 Financial Intermediaries

Financial intermediaries mobilize savings and put those savings into productive investments. This facilitates smooth functioning of the financial system by making investors and borrowers come together. These mobilize savings of the surplus units and allocate them in productive activities promising a better rate of return. These can be grouped as:

a) Banking institutions
b) Non-banking financial institutions (NBFCs)
c) Mutual funds
d) Insurance companies

Most people do not enter financial markets directly but use intermediaries or middlemen. When people deposit money in a bank, the bank uses the funds to make to home buyers for mortgages, to students so they can pay for their education, to business to finance inventories, and to anyone else who needs to borrow. A person who has extra money could, of course seek out borrowers himself and bypass the intermediary. By eliminating the middlemen, the saver could get a higher return.

2.3.2 Financial Markets & Instruments

Financial markets are the link between the savers and investors, both individual as well as institutional. Based on the nature of funds which are the stock-in-trade, the financial markets can be classified into two: (a) Money market and (b) Capital market.

a) **Money markets**

Money market is market for dealing in monetary assets of short-term nature, generally less than one year. It refers to that segment of the financial market which enables the raising up of short-term funds for meeting temporary shortages of cash and obligations and the temporary deployment of excess funds for earning returns (Khan, 2003). Major participants in the money market are the RBI and commercial banks. Money market instruments include call money, treasury bills, commercial papers (CPs), certificate of deposits (CDs) and money market mutual funds (MMMF).

b) **Capital markets**

It is a market for long-term funds. Its focus is on financing fixed investment in contrast to money market which is the institutional source of working capital finance. The capital market which s also known as security market has two segments: 1) the primary/new issue market and 2) secondary market or stock exchanges. The new issue market deals in new securities, that is, securities which are not previously available but are offered to the investors for the first time. The stock exchange/secondary market is the market for old/existing securities which have already been sold in the primary market. Stock exchanges facilitate liquidity to investors by offering a place for transaction in securities. The financial instruments that are traded in the capital market include equity, debentures, bonds, preference shares, derivatives (future and options) and various other innovative financial instruments (Singh, 2015).

2.3.3 Financial Services

Financial services tend to give a fill up to the functioning of various financial intermediaries and the financial market. These activities broadly include services of depositories and custodial functions, credit-rating, factoring and forfeiting, merchant banking, etc. depository and custodian help in the issue of securities. Credit-rating agencies rate the performance and financial position of companies that help investors in taking a correct investment decision. Factoring and forfeiting are more concentrated on trade financing. Merchant banking services are related to floatation of new companies, planning and execution of new projects, drafting of prospectus, managing and underwriting of the issue of securities, etc. the efficiency of emerging financial system largely depends upon the quality and variety of financial services provided by financial intermediaries (Singh, 2015).

2.3.4 Regulatory Framework

The Ministry of Finance regulates through the Department of Economic Affairs - Capital Markets Division. The division is responsible for formulating the policies related to the orderly growth and development of the securities markets (i.e. share, debt and derivatives) as well as protecting the interest of the investors. In particular, it is responsible for

a) Institutional reforms in the securities markets,
b) Building regulatory and market institutions,
c) Strengthening investor protection mechanism, and
d) Providing efficient legislative framework for securities markets.

At present, the five main Acts governing the securities markets are (a) the SEBI Act, 1992; (b) the Companies Act, 2013, which sets the code of conduct for the corporate sector in relation to issuance, allotment, and transfer of securities, and disclosures to be made in public issues; (c) the Securities Contracts (Regulation) Act, 1956, which provides for the regulation of transactions in securities through control over stock exchanges; (d) the Depositories Act, 1996 which provides for electronic maintenance and transfer of ownership of demat (dematerialized) shares; and (e) the Prevention of Money Laundering Act, 2002.

2.3.4.1 The SEBI Act, 1992

The SEBI Act, 1992 was enacted to empower SEBI with statutory powers for (a) protecting the interests of investors in securities, (b) promoting the development of the securities market, and (c) regulating the securities market. Its regulatory jurisdiction extends over corporates in the issuance of capital and transfer of securities, in addition to all intermediaries and persons associated with the securities market. It can conduct enquiries, audits, and inspection of all concerned, and adjudicate offences under the Act. It has the powers to register and regulate all market intermediaries, as well as to penalize them in case of violations of the provisions of the Act, Rules, and Regulations made there under. SEBI has full autonomy and the authority to regulate and develop an orderly securities market.

2.3.4.2 Securities Contracts (Regulation) Act, 1956

This Act provides for the direct and indirect control of virtually all aspects of securities trading and the running of stock exchanges, and aims to prevent undesirable transactions in securities. It gives the Central Government regulatory jurisdiction over (a) stock exchanges through a process of recognition and continued supervision, (b) contracts in securities, and (c) the listing of securities on the stock exchanges. As a condition of recognition, a stock exchange complies with the conditions prescribed by the Central Government. Organized trading activity in securities takes place on a specified recognized stock exchange. The stock exchanges determine their own listing regulations, which have to conform to the minimum listing criteria set out in the Rules.

2.3.4.3 Depositories Act, 1996

The Depositories Act, 1996 provides for the establishment of depositories in securities with the objective of ensuring free transferability of securities with speed, accuracy, and security by (a) making securities of public limited companies freely transferable, subject to certain exceptions; (b) dematerializing the securities in the depository mode; and (c) providing for the maintenance of ownership records in a book entry form. In order to streamline the settlement process, the Act envisages the transfer of ownership of securities electronically by book entry, without making the securities move from person to person. The Act has made the securities of all public limited companies freely transferable, restricting the company’s right to use discretion in effecting the transfer of securities, and the transfer deed and other procedural requirements under the Companies Act have been dispensed with.

2.3.4.4 Companies Act, 2013

It deals with the issue, allotment, and transfer of securities, as well as various aspects relating to company management. It provides the standard of disclosure in public issues of capital, particularly in the fields of company management and projects, information about other listed companies under the same management, and the management’s perception of risk factors. It also regulates underwriting, the use of premium and discounts on issues, rights, and bonus issues, the payment of interest and dividends, the supply of annual reports, and other information.

2.3.4.5 Prevention of Money Laundering Act, 2002

The primary objective of this Act is to prevent money laundering, and to allow the confiscation of property derived from or involved in money laundering.

According to the definition of "money laundering," anyone who acquires, owns, possess, or transfers any proceeds of crime, or knowingly enters into any transaction that is related to the proceeds of crime either directly or indirectly, or conceals or aids in the concealment of the proceeds or gains of crime within India or outside India commits the offence of money laundering. Besides prescribing the punishment for this offence, the Act provides other measures for the prevention of money laundering. The Act also casts an obligation on the intermediaries, the banking companies, etc. to furnish information of such prescribed transactions to the Financial Intelligence Unit-India, to appoint a principal officer, to maintain certain records, etc.

2.4 Growth and trends of savings and investment in India

In the years since independence, India has achieved considerable progress in terms of real GDP growth, real volume of saving and real investment.

2.4.1 Sector wise domestic savings of India: The sector wise domestic savings of India is given in the table 3.1

Table 2.1 : Sector wise Domestic Savings at current price (Amt. in Billions)

Sl.No	Items	2011-12		2012-13		2013-14	
		Amount	**%**	**Amount**	**%**	**Amount**	**%**
1	Non-financial corporations	8773.86	29.31	9787.32	30.77	12006.32	34.54
2	Financial corporations	2629.05	8.78	3144.24	9.88	3217.52	9.26
3	General government	-1609.78	-5.38	-1280.16	-4.02	-1116.28	-3.21
4	Household sector	20146.13	67.29	20161.22	63.37	20651.79	59.41
5	**Gross savings**	**29939.26**	**100.00**	**31812.62**	**100.00**	**34759.35**	**100.00**

Source: Compiled from RBI Handbook 2014-15

As can be seen from the Table 2.1, there have been fluctuation in domestic savings. The Non-financial corporations such as Public non-financial corporations (Departmental enterprises & Non-departmental enterprises) and Private financial corporations contributed 29.31 percent of the Gross Domestic Savings during 2011-12, and continued to increase during 2013-14 constituting 34.54 percent. Regarding Financial corporations such as Public financial corporations (Departmental enterprises & Non-departmental enterprises) and Private financial corporations contributed 8.78 percent of the total gross savings in 2011-12 which continued to increase till 2012-13 by 1.10 percent but again reduced to 9.26 percent during 2013-14. The domestic savings of the household sectors went on decreasing over the years. The percentage deficit of the central government also went on decreasing over the years. Gross savings has a consistent increase in recent years mainly due to the growth of non-financial corporations and financial corporations.

2.4.2 Net resources mobilized by mutual funds in India: The net resources mobilized by mutual funds in India is given in the Table 2.2.

Table 2.2 : Net resources mobilized by mutual funds (*Amount in billions*)

Year	UTI	Bank-sponsored mutual fund	FI-sponsored mutual funds	Private sector mutual funds	Total (2 to 5)
1	**2**	**3**	**4**	**5**	**6**
1980-81	0.52	-	-	-	0.52
1990-91	45.53	23.52	6.04	-	75.09
2000-01	3.22	2.49	12.73	92.92	111.36
2010-11	-166.36	13.04	-169.88	-162.81	-486
2011-12	-31.79	3.89	-30.98	-395.52	-454.13

2012-13	46.29	67.08	22.41	652.84	788.62
2013-14	4.01	48.45	25.72	467.61	545.79
2014-15	-12.78	-7	-10.35	1123.9	1093.77

Note: Data for 2014-2015 are provisional

Source : RBI Handbook 2014-2015

The table 2.2 shows Net resources mobilized by mutual funds in India from the year 1980-81 to 2014-15. As can be seen from the table, mutual funds mobilized resources from only UTI which constitute Rs.0.52 billions in the year 1980-81; In the year 1990-91 mutual fund started mobilizing from Bank-sponsored mutual fund, Foreign Investment-sponsored mutual funds including UTI which constitute Rs.75.09 billions. In 2000-01, mutual funds started mobilizing from private sector Rs.92.92 billions which contributed the maximum portion of the total net resources to Rs.111.36 billions. However in 2010-11, there was a decline in the net resources mobilization constituting a total of -486 billions of net outflow during the year and reduced to Rs.-454.13 during the year 2011-12. In the year 2012-13, the maximum contribution was made by private sector which is Rs.652.84 billions to the total net sources of Rs.788.62 billions. There was a decrease in the year 2013-14 by Rs.242.83 billions which constitute a total of Rs.545.79 billions and in the year 2014-15 there was net outflow from UTI, bank-sponsored and FI sponsored, but there was a huge contribution from private sector which constitutes the total net resources of Rs.1093.77 billions.

2.4.3 Aggregate Public Deposits of NBFCs in India: Non-banking financial companies (NBFCs) are fast emerging as an important segment of Indian financial system. It is an heterogeneous group of institutions (other than commercial and co-operative banks) performing financial intermediation in a variety of ways, like accepting deposits, making loans and advances, leasing, hire purchase, etc. They raise funds from the public, directly or indirectly, and lend them to ultimate spenders. They advance loans to the various wholesale and retail traders, small-scale industries and self-employed persons. Thus, they have broadened and diversified the range of products and services offered by a financial sector. Gradually, they were being recognized as complementary to the banking sector due to their customer-oriented services; simplified procedures; attractive rates of return on deposits; flexibility and timeliness in meeting the credit needs of specified sectors; etc.

The working and operations of NBFCs are regulated by the Reserve Bank of India (RBI)within the framework of the Reserve Bank of India Act, 1934 (Chapter III B) and the directions issued by it under the Act. As per the RBI Act, a 'non-banking financial company' is defined as:- (i) a financial institution which is a company; (ii) a non banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner; (iii) such other non-banking institution or class of such institutions, as the bank may, with the previous approval of the Central Government and by notification in the Official Gazette, specify.

Under the Act, it is mandatory for a NBFC to get itself registered with the RBI as a deposit taking company. This registration authorizes it to conduct its business as an NBFC. For the registration with the RBI, a company incorporated under the Companies Act, 1956 and desirous of commencing business of non-banking financial institution, it should have a minimum net owned fund (NOF) of Rs 25 lakh (raised to Rs 200 lakh w.e.f April 21, 1999). The term 'NOF' refers to, owned funds (paid-up capital and free reserves, minus accumulated losses, deferred revenue expenditure and other intangible assets) less, (i) investments in shares of subsidiaries/companies in the same group/ all other NBFCs; and (ii) the book value of debentures/bonds/ outstanding loans and advances, including hire-purchase and lease finance made to, and deposits with, subsidiaries/ companies in the same group, in excess of 10% of the owned funds.

Residuary Non-Banking Company (RNBC) is a class of NBFC which is a company and has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner and not being investment, asset financing, loan company. These companies are required to maintain investments as per directions of RBI, in addition to liquid assets. The functioning of these companies is different from those of NBFCs in terms of method of mobilization of deposits and requirement of deployment of depositors' funds. However, Prudential Norms Directions are applicable to these companies also.

Table: 2.3. Aggregate Public Deposits of NBFCs Sector

Year (end March)	NBFCs		RNBCs		(Amount in billions)
	No. of reporting companies	Public deposits	No. of reporting companies	Public deposits	Total Public deposits (3+5)
1	2	3	4	5	6
1997-98	1420	135.72	9	102.49	238.2
2000-01	974	64.59	7	116.25	180.85
2005-06	428	24.48	3	201.75	226.23
2010-11	297	40.98	2	79.02	120
2011-12	271	57.35	2	42.65	100
2012-13	254	70.85	2	38.17	109.02
2013-14	240	108.08	2	35.82	143.9
2014-15P	220	275.04	2	31.83	306.87

Source: Reserve Bank of India handbook 2014-2015

Table 2.3 shows aggregate public deposits of the Non-banking financial companies (NBFCs). There had been fluctuations of total public deposits in the recent years. In the year 1997-98 there were 1420 reporting companies under NBFCs which contributed the public deposits of Rs.135.72 billions and there were 9 reporting companies under Residuary Non-Banking Company (RNBC) which contributed Rs. 102.49 billions to the total deposits of Rs. 238.2 billions. There was a consistent decrease in the number of reporting companies under NBFCs and there had been a slight decrease in the number of reporting company under RNBCs till 2010-11 to 2 which remain the same till 2014.The total public deposits reduced to Rs. 180.85 billions during the year 2000-01from Rs.238.2 1997-98. During the year 2005-06 the total public deposits went up to Rs.226.23 billions due to the maximum contribution of RNBCs but went on decreasing till 2012. From the year 2012-13 there had been a slight increase in the total deposits from Rs.109.02 billions to 143.9 billions during the year 2013-14 mainly due to the increase in the public deposits of NBFCs.

2.4.4 Small Savings in India

Table 2.4: Small savings in India

Year	Total deposits		Total certificates		Public provident fund		Total (Amt in billions)	
	Receipts	Outstandings	Receipts	Outstandings	Receipts	Outstandings	Receipts	Outstandings
1	2	3	4	5	6	7	8	9
1980-81	27.58	63.32	3.02	14.12	0.59	2	31.19	82.44
1990-91	94.55	170.22	82.14	332.57	3.47	25.95	180.16	528.74
2000-01	448.69	806.54	330.54	1380.41	13.98	63.92	793.11	2250.87
2010-11	1920.12	3741.28	313.87	2141.97	68.37	315.83	2302.36	6199.08
2011-12	1665.51	3607.22	179.79	2098.7	62.22	359.93	1907.52	6065.85
2012-13	1684.08	3679.39	191.29	1958.87	72.21	411.21	1947.58	6049.47
2013-14	1780.4	3866.31	169.46	1882.59	70.74	466.08	2020.6	6124.97

Source: Reserve Bank of India Handbook 2014-2015

Table 2.4 shows trends of small savings from the year 1980-81 to 2013-14. During 1980-81 receipts were Rs. 31.19 billion while the total outstandings were Rs. 82.44 billion. There was increase in total receipts and total outstandings till 2000-01 constituting Rs. 2302.36 billions and Rs.6199.08 billion respectively. However the total receipts and the total outstandings went down to Rs.1907.52 billion and Rs.6065.85 billion. Since 2011-12 till 2013-14 there was increase in the total receipts and the total outstandings constituting Rs. 2020.6 billion and Rs. 6124.97 billion respectively.

2.5 Savings and Investment Instruments in India

Investors need to be aware of various savings and investment option available. The various types of savings and investment options available in India are discussed below:

2.5.1 Savings bank account

Savings bank accounts are meant to promote the habit of saving among people while allowing them to use their funds when required. The main advantage of savings bank account is its high liquidity, safety and a moderate interest on the savings. It is traditional home for cash savings. Today, savings bank account is a necessity and is an essential component of an individual's finances. The most important reason to open an account is the automatic access that it offers to other financial instruments such as investments, loans and savings. The savings bank account offers several other facilities and features that one should explore to make optimum use of cash flows. The capital in a savings bank account is not completely safe. Balance in the account including interest earned, is insured by the Deposit Insurance and Credit Guarantee Corporation (DICGC) for all commercial banks, including the branches of foreign banks functioning in India, local area banks and regional rural banks.

The savings bank account is highly liquid and one can withdraw cash from one's account from the branch during the banking hours. Today, the automated teller machine (ATM) access is offered by most banks to savings account holder. Interest earned in the saving account up to Rs. 10000 per annum is tax exempt under sector Section 80TTA since 2012-13. This section allows an income tax deduction to an individual or a HUF for interest earned on the savings bank account held with a bank account, Post Office or a society. Interest amount above this limit is treated as income and taxed accordingly. The interest earned is taxable under head "Income from other sources".

2.5.2 Bank Fixed Deposit

The prime objective of the bank deposit is to earn better interest on savings compared to what an ordinary savings bank offered bank offers. Such deposits are preferred by risk-averse investors, who find the guaranteed fixed returns extremely reassuring invest in.

A bank fixed deposit is also known as termed deposit, which can be opened by account holders to earn better interest compared to the interest that the account balance earns in a savings bank account. This is a type of instrument in which a certain sum of money is placed with the bank for specified time period at a fixed interest rate.

The bank deposit is liquid, despite the lock-in during the tenure of the deposit. The liquidity is offered in the form of loans and withdrawals subject to conditions. The amount invested in deposits with maturity period of 5 years in a scheduled bank is eligible for tax deduction 80C. However, the interest earned on the deposit is taxable.

2.5.3 Company deposits

The prime objective of investing in company deposits is to earn a higher rate compared to bank fixed deposits. They are a good source of regular income by means of monthly, quarterly, half-yearly, or yearly interest incomes. Savings in this product are risky because deposits are not secured.

The sum invested in a company deposit of the interest that it earns is not eligible for any tax concessions. The interest earned on a deposit on yearly basis is added to the total income under the head “Income from other sources” and taxed accordingly. Deposits can be made directly with the companies offering deposit or distributors selling the same. Company deposit can be prematurely encashed and each company deposit has different charges on exit that is governed by the time that the deposit has been held for.

2.5.4 Bank Recurring Deposit

A bank recurring deposit (RD) is a type of deposit wherein one saves predefined sums of money every month in an account for a fixed tenure. The committed monthly investment earns higher interest compared to savings bank account. The RD provides an element of compulsive savings at a higher interest rate depending on the tenure of the deposits. The interest rates offered by banks on such deposits depend on the number of days, weeks or months for which for which the recurring deposits is maintained. There is great flexibility in the maturity period which ranges from 6 months to 10 years. The interest is higher in case of longer maturity periods, but largely depends on prevailing interest rates.

The prime objective of the recurring deposit is to earn better interest on saving compared to what an ordinary savings bank offers and instill discipline to save regularly.

The capital in a recurring deposit is not fully protected. Till recently, old bank deposits were insured under the Deposit Isurance and Credit Guarantee Scheme of India, which now has been made optional exposing the deposits to risk if the bank is not insuring deposits. The recurring deposit is liquid, even if the depositor defaults on a payment during the account's tenure. The liquidity is offered in the form of loans and withdrawals subject to conditions. Premature closure is permissible with the penalty.

2.5.5 Post Office Recurring Deposit

Post Office recurring Deposit (PORD) is a systematic savings plan, where individual saves a small but finite equal sum of money each month for a period of 60 months. The savings in the PORD earn a fixed interest which can be used to accumulate a sizeable and predetermined savings over time.

The main objective of the PORD is to provide and assured 8.40 percent return compounded quarterly earned every monthly deposit made over 60 months. Though it offers no tax incentives, it is a preferred instrument amongst small savers for the government backing that this product offers.

The capital in the PORD is completely protected as the scheme is backed by the government of India with guaranteed return. The PORD is liquid, despite the 60 month stipulated lock-in. the liquidity is offered in the form of withdrawals subject to conditions and penalties.

2.5.6 Post Office Term Deposit

Post Office Term Deposit (POTD) is similar to a bank fixed deposit where individual save money for a definite time period earning a guaranteed return through the tenure of the deposit. At the end of deposit's tenure; the maturity is made up of the capital deposited and interest it earns.

The main objective of the POTD is to provide and assured return on the deposit depending on the duration of the deposit. The low-risk associated with this deposit scheme makes it a popular small savings deposit. The capital protection in the POTD is completely protected as a scheme is backed by the Government of India making it totally risk-free with guaranteed returns. The POTD is liquid; despite the deposit lock-in. one can borrow against the deposit or withdraw the deposit prematurely.

Table 2.5 Time deposit interest rate over the years (all figures in percentage)

Maturity period	2015-16	2014-15	2013-14	2012-13
1-year time deposit	8.4	8.4	8.2	8.2
2-year time deposit	8.4	8.4	8.2	8.2
3-year time deposit	8.4	8.4	8.3	8.4
5-year time deposit	8.5	8.5	8.4	8.5

Source: Savings and investment year book 2015-16 (Jalan, S. 2015)

Table 2.5 shows the time deposit interest rate over the years. 1 year time deposit and 2 year time deposit had interest rate of 8.2 percent during the year 2012-13 and 2013-14 and increased the rate of interest to 8.4 during the year 2014-15 and 2015-16. While the 3-year time deposit had an interest rate of 8.4

percent during the year 2012-13 and reduced to 8.3 percent in the year 2013-14. The interest rate increased to 8.4 percent during the year 2014-15 and 2015-16. The interest rate of 5-year time deposit during the year 2012-13 was 8.5 percent and decreased during 2013-14 to 8.4 percent while it increased the rate of interest during the year 2014-15 and 2015-16 to 8.5 percent.

2.5.7 Public Provident Fund (PPF)

This scheme came into force from July 1, 1968 and is backed by the government with the objective of providing old-age income security to the self-employed and those working in the unorganized sector. Though the scheme is voluntary, the assured return and tax deduction on savings has fuelled its popularity.

The primary objective of saving in the PPF accounted to avail tax deduction on deposits, guaranteed returns on investment and tax free withdrawal on maturity. The capital in the PPF account is completely protected as the scheme is backed by the Government of India making it fully risk-free with guaranteed returns.

The sum invested in PPF account is eligible for tax deduction under Section 80C subject to a maximum savings of Rs. 1.5 lakh in a financial year on maturity, the entire amount including the interest is tax free. The deposit is also exempt from wealth tax.

2.5.8 National Savings Certificate (Series VIII & IX)

The national Savings Certificate (NSC) is popular and safe small savings instrument that combines tax-savings with guaranteed returns. This scheme is backed by the government, and is one of the safest investment options available at post offices. The distribution reach of post office has added to the popularity of this scheme and is much sought after across all investing classes.

The main objective of investing in NSC is to avail tax deduction deposits and guaranteed returns on investment. The 5 and 10 year tenure is used by many to create a regular monthly income stream in retirement as the capital is backed by the Government of India, making it totally risk-free with guaranteed returns.

Table 2.6 :National Savings certificate (*All figures in percent*)

	2015-16	2014-15
5-year NSC	8.5	8.5
10-year NSC	8.8	8.8

Notes: Prior to April 2012, NSC was a six year instrument

Source: Savings and investment year book 2015-16 (*Jalan, S. 2015)*

Table 2.6 shows that National Savings Certificate of 5 and 10 year tenure. The interest rate on NSC during 2014-15 and 2015-16 is 8.5 percent on 5-year option compounded half yearly. The interest rate on NSC during the year 2014-15 and 2015-16 on 10 year option is 8.8 percent compounded half yearly.

2.5.9 Kisan Vikas Patra

The Kisan Vikas Patra (KVPs) is a popular and safe small savings instrument that doubles the invested money in 8 years and 4 months. The scheme is backed by the government which was relaunch by the government on November 18, 2014.

The main objective of the KVP is to double the sum deposited in 8 years and 4 months. The simplicity of doubling the investment is easy for every investor to understand, the government backing guaranteed make it a preferred routs of investment for small savers. For existing investors there is no tax benefit on the deposit or the interest that it earns. The yearly interest accrued in the KVP is taken as “Income from other sources” to compute income tax. However, there is no (Tax deducted at source) TDS deducted.

2.5.10 Sukanya Samriddhi Yojana

The Sukanya Samriddhi Yojana (SSY) is a tax-freesmall savings scheme for the girl child. It was launched on January 22, 2015. Parents are the legal guardian of a girl child of age 10 years or less can open an SSY account in the name of the girl child in designated branches of public sector banks or in a post office, with a minimum amount of Rs. 1000.

The Sykanya Samriddhi Yojana is a special initiative for the girl child. The scheme aims to encourage savings for the girl child. The potential risk is that there is no inflation protection, though the capital is adequately protected. The contributions under the SSY cannot be withdrawn before the girl attains 18 yrs of age. Therefore, the minimum lock-in period is 8 years. As of now there is no loan facility available.

The depositor can open only one account in the name of one girl child and a maximum of two accounts in the name of two different children. However, the guardian can open the third in the case of birth of twin girls as the second birth, or if the first birth itself results into three girl children.

2.5.11 Senior Citizen Saving Scheme

The Senior Citizen Savings Scheme (SCSS) launched in 2004, is a deposit scheme introduced by the government of India to provide guaranteed returns to senior citizens through a safe investment. This scheme ensures a regular income stream for senior citizens in retirement. The main objective of the SCSS is to prove an assured 9.30 % return paid every quarter to senior citizens which helps them create a guaranteed regular income flow. The capital is completely protected and the scheme is backed by the government of India making it totally risk-free with a guaranteed returns.

The SCSS is liquid, despite the year stipulated lock-in. The liquidity is offered in the form of withdrawals subject to conditions and penalties.

2.5.12 Post Office Monthly Income Scheme (POMIS)

The Post Office Monthly Income (POMIS) is a guaranteed return investment available at the Post Office. On the deposit that one make with the Post Office one get an assured monthly income. Currently, one earns an 8.4 % interest per year on the deposit, which is paid every month and hence the name monthly income scheme. Once investor make a deposit, the investor get the interest payout each month from the date of making the investment, not from start of the month.

The main objective of the POMIS is to provide an assured 8.4 % returns paid monthly to the account holders and helped them create a guaranteed regular income. Though it offers no tax incentive, it is preferred instrument amongst small savers for the government backing that this product offers. There is no risk associated with this investment and it is totally risk free.

2.5.13 RBI Savings Bonds

The RBI Savings Bond or Government of India Bonds is an assured return scheme backed by the government, and is one of the safest instruments available to those seeking fixed and assured returns. These bonds do not offer any tax benefits, are exempt from world tax and guarantee returns. The main objective o investing in this bond is the guaranteed 8 % returns on investment. The 6-year year tenure is used by many investors, especially retirees who have exhausted investments in the Senior Citizens Savings scheme for the guaranteed returns that it offers. Savings in this product is completely risk free because of the government-backing. The interest rate on this bond is currently 8 % per annum.

The RBI bond is liquid despite the 6-year stipulated lock-in. the liquidity id offered only in the form of loan and premature encashment is not allowed.

One can buy at authorized branches of State Bank of India and associate banks, nationalized banks. There is no tax benefit on the investment or the interest paid out of this bond. The interest earned from this bond I added to the total income under the head “Income from other sources” and taxed accordingly.

2.5.14 Capital Gains and Tax Exemption Bond or 54 EC bonds

The Capital Gains and Tax Exemption Bond or 54 EC Bonds are bonds in which investments offset the long-term capital gains (LTCG) that investors make on capital gains. Only LTCG earned by selling a residential flat or independent house, which one owned for at least three years, can be invested in this bond.

The main objective of this three-year bond is to avoid paying income tax on LTCG. Gains made on capital transfer need to be invested in this bond within six months from the sale of capital assets in order for the proceeds of such sale to be exempt from capital gains tax. However, the interest earn on this bonds is fully taxable. The interest rate on the bond is guaranteed and varies across bond issuers. The capital is completely protected as the bond is backed by the government of India, making it totally risk-free with guaranteed returns. So far the bond has managed a high credit rating.

Many banks are authorized to sale these bonds such as Union Bank of India (UBI), IDBI Bank, and selected branches of HDFC Bank, Canara Bank, Punjab National Bank and Syndicate Bank.

2.5.15 Rajiv Gandhi Equity Savings Scheme

The Rajiv Gandhi Savings Scheme is a Government of India initiative to encourage retail investors into the equity markets. The scheme is open to all resident Indians who are first time investors with an annual income of up to Rs 12 lakh and have never invested in equity or derivatives before November 23, 2012. One can invest in direct equity from a select list of stocks, approved exchange traded funds (ETF) and approved mutual fund schemes. The investment has a 3-year lock-in Investment up to Rs 50,000 in a financial year qualify for 50 per cent tax deduction of the invested sum from the taxable income for that year under section 80CCG.

The objective of the scheme is to inculcate the habit of investing in equities for which the scheme provides tax incentives. The scheme is open for a 3-year period from financial year 2012-13. Though it offers less tax incentives, nevertheless tax saved is money earn

2.5.16 Inflation Indexed Bonds

Inflation Indexed National Savings Securities-Cumulative (IINSS-C) is bond that guarantees a real return, or a return higher than the rate of inflation. Such bonds are indexed to combine final inflation rate, or in simple words, they're bonds with their capital appreciation and coupon payments linked to inflation rates. IINSS-C will protect investor savings from inflation and allowed investors to earn more interest on their savings. IINSS-C will have a fixed real coupon rate and normal principal value that is adjusted against inflation. Periodic coupon payments are paid on adjusted principal. At maturity the adjusted principal or the face value, whichever, is higher will be paid. These bonds protect savings from inflation as they are design to be inflation linked. Interest income from IINSS-C is taxable.

2.5.17 Mutual Funds

Mutual funds combine the savings of a large number of investors and manage it as a single pool of money. Instead of the investors worrying about which stock or bond or commodity to invest in, professional fund managers do the job. Mutual funds are run by mutual funds companies also known as Asset Management Companies (AMC). Each AMC operates a number of fund schemes that suit different types of investment needs.

For individual investors who do not have the time to study and research investment, mutual funds is the best option for reaping the benefits of diversified investment with minimum effort. In most funds, it is possible to start investing with as little as a few hundred rupees. Also, unlike many other investments, mutual funds investments are highly liquid and can be withdrawn without any delay.

There are literally hundreds of companies to track and their prospects could change without warning. Mutual funds employed professional, whole time investment managers and research staff. Their cost and effort gets shared “mutually” among all the investors in a fund.

There are many investment investors can make through mutual fund:

Government Securities: Individuals can’t buy Government bonds but they can buy funds that invest in such bonds.

International Stocks: one can easily invest in global market by investing in funds that reside in India, but invest in international markets.

2.5.18 Stocks and Equity

There is no guaranteed inflation protection with stock investing. However, over the long term stocks are capable of beating inflation better than any other investment product.

There are two ways to gain from investors ownership of shrares:

a) *Capital Gains*:

Profit made by selling a share at higher price than investors bought it.

b) *Dividend*:

Part of the company’s profit that is distributed by the company.

Most investors have capital gains as their primary goal with the dividend playing only a supporting role. Stocks have the highest risk and the potential to earn the highest returns from all the investment products featured in this book. Stock investing encompasses two very different kinds of activity. One consists of identifying fundamentally sound companies and investing in them for relative long-term. The other consists of identifying trends in stock prices and trading in them for short periods of time in the hope of turning a large and quick profit. The period may be as short as a few days or even hours. The first is investing and the second is trading or speculation. Trading is a high-involvement activity that generally carries a high-risk. It's not really suitable a savings medium. There are no capital protection and guarantee in stock investments.

2.5.19 National Pension System

National pension system (NPS) is Government of India initiative to extend pension benefit to all Indian citizens. The NPS is by far the least complicated, simplest and lowest cost pension system. The NPS is a defined contribution scheme regulated by the Pension Fund Regulatory and Development Authority (PFRDA) where the investment is to be maintained until maturity of retirement.

The main objective of the NPS is to offer tax deductions on investments up to Rs. 1.5 lakh under Section 80C and Rs. 50,000 under Section 80CCD in a financial year, and instill the discipline to save and invest towards old-age pension on retirement, a part of the corpus will be allowed to be withdrawn as lump sum, and the balance will be mandatorily paid out as pension annuity. The NPS is a market-linked product which does not guarantee returns on inflation protection.

An investor can withdraw up to 25 percent of the contribution for purposes like higher education and marriage of children, purchase/construction of own house or treatment of illness of self or spouse, only after completing at least 10 years. The maximum number of withdrawals allowed is 3, with a minimum difference of 5 years between 2 consecutive withdrawals. In case of untimely death of the subscriber before retirement, the nominee(s)/legal heir(s) can claim the corpus amount. For government subscribers, 80 percent of NPS corpus will have to be used to buy annuity while the remaining 20 percent can be claimed as a lump sum. For individual / corporate subscribers, the entire corpus can be claim as a lump sum.

2.5.20 Atal Pension Yojana

Atal Pension Yojana (APY) is a pension-oriented savings scheme focused on all citizens in the unorganized sector, who join the National Pension System (NPS) and who are not members of any statutory social security scheme. Under this scheme, the central government will contribute 50 percent of the subscriber's contribution or Rs.1000 per annum, whichever is lower, to each eligible subscriber account for a period of 5 years-from 2015-16 to 2019-20. The subscriber must join the NPS before December 31, 2015.

2.5.21 Unit Linked Insurance Plan (ULIP)

These are hybrid products that mix life insurance and investment. Like any other life insurance product, these offer life cover along with investment. However, it is left to the policy holder to make investment choice from the available funds option, thereby transferring the risk of investment to the policy holder. Though these policies can be more profitable than a traditional insurance policy, they also have a higher risk.

The main objective of these policies is to combine risk cover and investments. The choice of fund options available can be used as per one's rick profile to make the most of investments with a fixed insurance cover. The sum assured in a life insurance policy is guaranteed as per the terms of the policy as long as the premiums are paid and the policy is in force. Premiums paid towards the life policy qualify for tax deductions as under Section 80C with a limit or Rs. 1.5 lakh in a financial year only if the life cover is 10 times the annual premium.

2.5.22 Health Insurance

Health insurance works as a financial protection tool against medical expenses. It is an insurance which usually provides either direct payment or reimbursement for expenses associated with illness, injuries and hospitalization as detailed in the scope of the policy cover.

The cost and range of protection provided by the health insurance policy depends on the insurer and the policy type purchased by insurer. Some policies also cover pre and post hospitalization expenses.

The main objective of a health insurance policy is to protect against health care risks that one is exposed to. The policy provides reimbursement or payment towards healthcare cost incurred by the policy holder in the event of poor health and hospitalization as mentioned in the policy document. The sum assured is guaranteed and the premium is fixed for the policy tenure. Premium rates may go up or down on renewal. The scope of policy cover can also change depending on the insurer, because health insurance is most often an annual contract.

2.5.23 Life Insurance

Life Insurance is chiefly a risk management tool meant to offer financial protection to insurer dependents in the unfortunate event of death. If insurer is adequately insured, insurers life insurance should enable insurer dependents, spouse children or parents to maintain their current lifestyle and pursue life's financial goals till such time that they are able to set up and alternate income stream on their own. The only objective of the life insurance is protection. There are of course policies that offer savings and investments, which could be considered once adequate life protection needs are taken care of. Some of the life insurance policies are highlighted:

a) Endowment assurance policy

In this scheme, if the insurer dies during the policy term, the nominee gets the sum assured plus some returns depending on the policy performance. If the insurer survive the policy term, the insurer still get back the sum assured and returns earned by the policy.

b)Money back policy

In money back policy, a part of the sum assured is returned to the policyholder at periodic intervals throughout the policy tenure. The balance sum assured, along with profits earned is returned at the end of the tenure.

c) Whole life policy

These policies provide cover to the policyholder throughout their lifetime, not just a fixed term.

d) Term assurance policy

This is essentially a no-frills insurance policy in which, the nominee gets the sum assured if the policyholder dies during the tenure of the policy. Nothing accrues if the policyholder outlive the policy term.

e) Child Plans

Similar to endowment plans, these are savings-oriented plans that are used to create savings for child's education or marriage.

2.5.24 Annuity

Annuity is a type of financial investment which pays out of a fixed and regular dividend. These are flexible retirement plans used to create in retirement and are available as immediate annuity to manage instant pension needs or as deferred annuity for retirement income at a later date. There are many types of annuities, and annuity product is normally priced on the basis of product features as well as interest rates and other prevalent economic variables.

The main objective of an annuity is to provide income in retirement. the annuity can be purchases on retirement or earlier and be structured to provide fixed as well as variable income, with or without insurance cover there are several options within annuities, which address the specific needs of individuals seeking a define income source in retirement from their savings and investments.

The annuity payout is fixed and guaranteed as per the terms of the policy through the tenure of the annuity. In the accumulation phase of a deferred annuity plan, the contributions qualified for tax deductions under Section 80C with a limit of Rs. 1.5 lakh in a financial year.

2.6 Conclusions

As savings play an imp role not only in the economic development of the country but for personal well-being too; so understandings the sayings and thereby investment avenues is very imp. An efficient and diversified financial system is must for promoting savings and canalizing them into investment. The Indian financial system over the years have immersed in response to requirements of emerging industrial and economic environment of the country. The country has a achieved considerable progress in terms of GDP growth, volume of saving and investment. There are various types of saving and investment options available in India ranging from traditional instruments such as saving bank account, bank fixed deposit. Post o deposits, equity saving schemes, mutual funds, stocks and equities etc.

Chapter 3

DEMOGRAPHIC CHARACTERISTIC ANALYSIS OF BANK EMPLOYEES

3.1 Introduction

In this chapter analysis is done based on the data collected from the survey. Data analysis is done under different headings such as Demographic characteristics; Relation between investment and demographic factors. The analysis and interpretations of data are given as follows:

3.2 Demographic profile of the bank employees

3.2.1 Bank wise classification

Table 3.1: Classification based on banks

Name of banks	Frequency
SBI	39
UBI	6
IDBI	7
AXIS	27
HDFC	14
ICICI	7
Total	**100**

Source : Field survey

Table 3.1 shows the bank wise classification of the bank employees. Thirty nine respondents were from SBI constituting maximum number of the respondents. Twenty seven numbers of respondents were from Axis bank, 14 number of respondents were from HDFC, 7 respondents were from IDBI bank, another 7 respondents were from 7 ICICI and 6 respondents were from UBI bank.

3.2.2 Gender

Table 3.2 Gender wise classification of respondents

Category	Percent
Male	51
Female	49
Total	100

Source: Field Survey

Table 3.2 shows that gender wise classification of respondents. Fifty one percent of the respondents were male while 49 percent of the respondents were female. The table 4.1 indicates that almost equal proportions of employees are from both genders.

3.2.3 Age

Table 3.3: Age-wise classification of respondents

Age (in years)	Percent
20 to 30	48
30 to 40	48
40 to 50	1
50 to 56	3
Total	**100**

Source: Field Survey

The age profile of the respondents has shown in Table 4.3. The classification of respondents based on the age group shows that 48 percent of the respondents were from age group of 20 to 29 years. Also, similar numbers of respondents i.e. 48 per cent were from the age group of 30-39 years, 1 percent were from the age group of 40-49 years, 3 percent were from the age group of 50-55 years. Thus, the table indicates that majority of the respondents were less than 40 years and only three percent were above 40 years.

Table 3.4: Age wise classification based on gender

Age(in years)	Male	Female	Total
20-2	19	29	48
30-39	31	17	48
40-49	0	1	1
50-55	1	2	3
Total	51	49	100

Source : Field survey

Table 3.4 shows that age and gender wise classification. 19 male and 29 female were of the age group of 20-29, 31 male and 17 female were from the age group of 30-39, only 1 female was from the age group of 40-49 and 1 male and 2 female were from the age group of 50-55.

3.2.4 Marital status

Table 3.5: Marital status of the respondents

Category	Percent
Unmarried	64
Married	34
Widowed	2
Total	**100**

Source: Field Survey

The marital status of the respondents is given in the Table 3.5. The table shows that 64 percent of the respondents were unmarried while 34 percent were married and 2 percent of the respondents were widowed.

3.2.5 Gender wise classification based on Marital status

Table 3.6: Gender wise classification based on Marital status

Gender	Unmarried	Married	Widowed	Total
Male	31	18	2	51
Female	33	16	0	49
Total	**64**	**34**	**2**	**100**

Source: Field Survey

As can be seen from Table 3.6, out of 51 male respondents, 31 were unmarried, 18 were married and 2 were widowed. Similarly, out of 49 female respondents, 33 were unmarried and 16 were married.

3.2.6 Religion

Table 3.7: Classification based on religion

Religion	Percent
Christian	69
Hindu	29
Muslim	2
Total	**100**

Source: Field survey

As seen from the Table 3.7, 69 percent of the respondents were Christians constituting maximum percent, 29 percent of the respondents were Hindus, and 2 percent of the respondents were Muslims.

3.2.7 Family size

Table 3.8 : Family size of the respondents

Number of family member	Percent
2	4
3	19
4	23
5	18
6	18
7	7
8	5
9	4
10	1
14	1
Total	**100**

Source: Field survey

As shown in the Table 3.8, maximum of the respondents were having a family size of 4 constituting 23 percent of the total respondents followed by 19 percent of respondents having a family size of 3. There were 18 percent of the respondents having family size of 5. Similarly, there were 18 percent of the respondents having family size of 6. Seven percent of respondents were having family member of 7; 5 percent of the respondents were having family member of 8; 4 percent of the respondents were having family member of 9 and 1 percent the respondents were having family member of 10 similarly, another 1 percent the respondents were having family member of 14. Only 4 percent of the respondents were having family member of 2.

3.2.8 Number of adults

Table 3.9 : Number of adults in the family of the respondents

No. of adults	Percent
2	20
3	30
4	13
5	20
6	10
7	5
10	2
Total	**100**

Source : Field survey

In this study, 18 years of age is considered as adults as defined in the Indian Majority Act 1875. The Table 3.9 shows maximum number of respondents were found to have 3 adults in their household constituting 30 percent of the respondents, 20 percent of the respondents were having 2 adults, similarly another 20 percent of the respondents were having 5 adults, 13 percent of the respondents were having 4 adults in their household, 10 percent of the respondents were having 6 adults in their household, 5 percent of the respondents were having 7 adults and 2 percent of the respondents were having 10 adults in their household.

3.2.9 Number of earning adults

Table 3.10 : Composition based on number of earning adults in the respondent's household

No. of earning adults	Percent
1	6
2	51
3	25
4	11
5	5
6	1
7	1
Total	**100**

Source : Field survey

Table 3.10 shows that maximum of the respondents were having 2 earning adults constituting 51 percent of the total respondents, 25 percent of the respondents were having 3 earning adults, 11 percent of the respondents were having 4 earning adults 6; 6 percent of the respondents were having 1 earning adults in their household; 5 percent of the respondents were having 5 earning adults in their household while 1 percent of the respondents were having 6 earning adults and 1 percent of the respondents were having 7 earning adults in their household.

3.2.10 Possession of PAN card

Permanent Account Number (PAN) is a code that acts as identification for Indian nationals, especially those who pay Income Tax. It is a unique, 10-character alpha-numeric identifier, issued to all judicial entities identifiable under the Indian

Income Tax Act, 1961. It is issued by the Income Tax Department under the supervision of the Central Board for Direct Taxes (CBDT). It also serves as an important proof of identification. The PAN is a very vital part of any financial transaction. The PAN card is allotted to an individual by the tax department for the purpose of identification and also to relate to various transactions and information related to him/her.

Table 3.11: Classification based on possession of a PAN card

Response	Percent
YES	77
NO	23
Total	**100**

Source : Field survey

Table 3.11 shows that 77 percent of the respondents have possessed PAN card while 23 percent of the respondents do not possessed PAN card.

Earlier studies (Vanlalthlana, 2015) indicated that the possession of PAN card for households was 57 percent. Thus, the possession of PAN card by the bank employees is higher as compared with households.

3.2.11 Possession of AADHAR card

Aadhaar is a unique Identification number issued by UIDAI to individuals for the purpose of establishing unique identification of every single person. Aadhaar is actually a 12-digit number and not a card which is unique for every individual who enrol or apply to get his/her Aadhaar number. The Unique Identification Authority of India (UIDAI) is the regulatory body for this.

Aadhaar is meant for individuals of any age (including children) for the purpose of establishing identities. Since Aadhaar is for only individuals, it is different for all the members of a family. For deciding uniqueness of every individual, the

Table 3.12: Classification based on possession of AADHAAR card

Response	Percent
YES	65
NO	35
Total	**100**

Source: Field Survey

demographic details (residence address information) of the person and his/her biometric information (photograph, iris-scan, fingerprints) is collected which is stored in a centralized database. The Aadhaar number can be used while opening a bank account, applying for passport, booking e-tickets and many other places where there is a need to give your identity.

Table 3.12 shows that 65 percent of the respondents have possessed Adhaar card while 35 percent of the respondents do not possessed Adhaar card.

3.2.12 Monthly income of the respondents

Income plays an important role in the behaviour of individual investors as it is the basic ingredients of investment.

Table 3.13 Monthly income of the respondents

Between	Percent
0-9,999	2
10,000-19,999	31
20,000-29,999	37
30,000-39,999	14
40,000-49,999	5
50,000-59,999	6

60,000-69,999	2
above 80,000	3
Total	**100**

Source : Field survey

The investors in this study are classified into eight (8) income groups as shown in Table 3.13. It is observed from the table that respondents having a monthly income of between Rs.20, 000 and Rs. 29,999 constitute 37 per cent and, thereby, have the highest concentration of respondents among the income groups. The income group between Rs.10, 000 and Rs. 19,999 constitute 31 percent followed by income group of 30,000-39,999 constituting 14 percent. 3 percent of the respondents were having income of 80,000 and above.

3.2.13 Additional source income of the respondents

Table 3.14:Additional Source of Income of the Respondents

Response	Percent
Yes	15
No	85
Total	**100**

Source : Field survey

As can be seen from the Table 3.14, 15 percent of the respondents were having additional income while 85 percent of the respondents were not having additional income.

3.2.14 Work experience as Bank employees

Table 3.15: Year of recruitment of Bank employees

Year	Percent
1981	1
1983	1
1987	1
1993	1
2001	1
2005	1
2006	3
2008	3
2009	8
2010	9
2011	7
2012	13
2013	9
2014	18
2015	17
2016	7
Total	**100**

Source: Field survey

The Table 3.15 shows that 18 percent of the respondents were having work experience with bank for 3 years constituting the maximum percent, 17 percent of the respondents were having 2 years experience, 13 percent of the respondents were also having experience of 5 years. The maximum years of experience among the respondents with banks was 35 years, constituting 1 percent of the respondents while the minimum years of experience among the respondents was 1 year constituting 7 percent of the respondents.

3.2.15 Percentage recruitment of bank employees in current branch

Table 3.16: Percentage recruitment of bank employees in current branch

Year	Percent
2001	1
2005	1
2010	2
2011	5
2012	9
2013	12
2014	18
2015	30
2016	22
Total	**100**

Source: Field survey

As can be seen from the Table 3.16, maximum of the bank employees were recruited in the year 2015 where they were working constituting 30 percent of the respondents, 22 percent were recruited in the year 2016 in their current bank, 18 percent were recruited in the year 2014 in their current bank, 12 percent were recruited in the year 2013, 1 percent were recruited in 2005. Similarly, 1 percent was recruited in 2001 constituting minimum percentage.

3.2.16 Possession of ATM

One of the prime catalysts in the transformation of branch banking is a new generation of ATMs that makes the transition to high-tech branch banking easier, more customer-friendly and more profitable. Most customers feel comfortable using their ATM card to withdraw money from Automated Teller Machine (ATM). Some go the extra steps to use it to pay for goods and services in the Point of Sale and make online transactions. Hence ATM cards are very useful for day to day business activities in modern world.

Table 3.17 : Composition based on possession of ATM card and number of ATM card possessed

No. of ATM card	**No. of ATM card**	0	1	2	3	4	**Total**
Possession of ATM	Yes	3	15	64	12	6	100

Source : Field survey

Table 3.17 shows that 97 percent of the respondents possessed ATM card, out of which 15 percent of the total respondents possessed 1 ATM card, 64 percent of the total respondents possessed 2 ATM card, 12 percent of the total respondents possessed 3 ATM card and 6 percent of the total respondents possessed 4 ATM card.

3.2.17 Possession of Credit Card and number of Credit Card possessed

For small businesses, credit cards represent an important financial lifeline when traditional funding sources, such as small-business loans, aren’t available. Credit cards help businesses financially, and they also have a positive impact on small-business employment growth. Credit cards offer additional benefits for consumers. Based on the type of card the consumer have, he/she may qualify for rewards such as cash back or discounts on purchases, trip cancellation insurance, and air miles. With a little comparison shopping, consumer can find a credit card that offers rewards to fit his/her lifestyle.

Table 3.18: Composition based on possession of Credit card and number of Credit card possessed

No. of credit card	0	1	2	3	4	Total
Yes	48	37	11	2	2	100

Source : Field survey

As shown in the Table 3.18, 52 percent of the respondents possessed credit card, out of which 37 percent of the total respondents possessed 1 credit card, 11 percent of the total respondents possessed 2 credit card, 2 percent of the total respondents possessed 3 credit card, another 2 percent of the total respondents possessed 4 credit card while 48 percent of the total respondents do not possessed credit card.

3.2.18 Internet Banking Facilities

Table 3.19 : Internet banking facilities availed by respondents

Particulars	Percent
Yes	95
No	5
Total	**100**

Source :Field survey

Internet Banking refers to the banking services provided by the banks over the internet. Some of these services include paying of bills, funds transfer, viewing account statement, etc. Banks also deliver their latest products and services over the internet. Internet banking is performed through a computer system or similar devices that can connect to the banking site via the internet. Online banking has become an accepted norm of monetary transactions for millions in India over the past decade. The ease with which customer can check his account, make payments online and transfer money between accounts has made this mode of banking hugely popular among Indians who are perpetually short of time to visit the bank physically.

As can be seen from the Table 3.19, 95 percent of the respondents availed internet banking facilities however, only 5 percent of the respondents did not avail internet banking facilities. The analysis shows that as expected almost all the respondents are well literate about internet banking facilities which the banks have offered to the customer to have easy access of their financial transactions.

3.2.19 Mobile Banking Facilities

Internet banking has a step further in the last few years in the form of mobile internet banking which accords unlimited mobility to the customer who can now handle financial transactions even while on the move. Another important benefit of the concept of internet banking is that it is good for the environment as it cuts down the usage of paper, reduces pollution as people do not have to travel physically to reach the bank offices.

Online transactions take a toll on the relationship with the banker which the traditional visit to the branch office used to foster. Personal relationship with the staff at the banks comes handy when requesting for faster loan approval or a special service which may not be available to the public. The manager has many discretionary powers such as waiving of penal interest or service fees which were often taken advantage of by better acquaintance with the staff. Additionally personal contact also meant that the banker would provide essential financial advice and insights which are beneficial to the customer.

Table 3.20 : Mobile banking facilities availed by respondents

Particulars	Percent
Yes	90
No	10
Total	**100**

Source: Field Survey

As it is shown in the Table 3.20, 90 percent of the bank employees have availed internet banking facilities and enjoyed the benefits which can be derived from these services. However, 10 percent of the bank employees did not avail mobile banking facilities.

3.2.20 Possession of Vehicles

Table 3.21: Possession of Vehicles

Category	Bank financed	Own saving	Total
Two-wheeler	46 (60.52)	30 (39.47)	76
Car	10 (43.48)	13(56.52)	23

Notes: Figures in the brackets indicate percentage
Source : Field survey

Table 3.21 shows that 76 percent of the respondents possessed two- wheeler, out of which 46 (60.52 percent) of respondents possessed through bank finance while 30 (39.47 percent) of respondents possessed two-wheelers, out of their own savings. For Cars, 23 percent of the respondents possessed car, out of which 10 (43.48percent) of respondents possessed through bank finance while 13(56.52 percent) of respondents possessed car out of their own savings.

3.2.21 Possession of House/Plot of land

Table 3.22 : Possession of House/Plot of land

Category	**Inherited**	**Bank finance**	**Own savings**	**Total**
Frequency	42	9	16	67
Percentage	62.69	13.43	23.88	100

Source : Field survey

Table 3.22 shows that 67 percent of the respondents possessed house/plot of land. Out of which maximum percent of the respondents i.e. 62.69 percent, possessed house/plot of land through inheritance, 13.43 percent of the respondents possessed through bank finance while 23.88 percent of the respondents possessed it through their own savings.

3.3 Relationship between Investment and Demographic Factors

In order to analyse the relationship between investment and demographic characteristics of the investors, hypotheses are framed and tested statistically. For the present study the operational definition of an investor is considered as any employee who has atleast a saving and investment in any of the following instruments such as bank recurring deposit, bank fixed deposit, company deposit, post office deposit, insurance, mutual funds, stock and equities and small saving schemes other than savings bank account. The analysis and interpretation of the same is presented as follows:

The analysis and interpretation of the same is presented as follows:

3.3.1 Composition based on investors and non-investors in public and private sector banks

Table 3.23: Composition of investors and non-investors in public and private sector banks

	Public	Private	Total
Investors	42 (51.22)	40(48.78)	82
Non-investors	10 (55.56)	8(44.44)	18

Source: Field survey

As can be seen from the Table 3.23, out of the total investors, 51.22 percent were the employees of public sector banks while 48.78 were the employees of private sector banks. Out of the total non-investors, 55.56 percent were the employees of public sector bank while 44.44 percent were the employees of private sector banks.

3.3.2 Percentage based on investment of bank employees

Table 3.24: Percentage based on investment of bank employees

Response	No. of respondents	Percent
Yes	82	82

No	18	18
Total	100	100

Source : Field survey

As can be seen from the Table 3.24, eighty two (82) percent of the respondents were having investment while 18 percent of the total respondents do not invest.

To identify the relationship between investment and demographic factors of the respondents, the following hypotheses are tested.

Hypothesis 1

H0: There is no significant association between gender and investment

H1: There is a significant association between gender and investment

Table 3.25: Comparative analysis of Gender of the respondents and Investment

		Investors	Non investors	Total
Male	Observed	42	9	51
	Expected Count	41.82	9.18	51
Female	Observed	40	9	49
	Expected Count	40.18	8.82	49
Total	Observed	82	18	100
	Expected Count	82	18	100

Source: Computed from Field survey

Table 3.26: Summary of the Chi-Square Tests Statistics showing Association between Gender and Investment

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	0.009	1	0.925
Continuity Correction[b]	0	1	1
Likelihood Ratio	0.009	1	0.925
Linear-by-Linear Association	0.009	1	0.926
N of Valid Cases[b]	100		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 8.82.

b. Computed only for a 2x2 table
Source: Computed from Field survey

As can be seen from the Table 3.25, there are 82 respondents who have an investment while 18 respondents are not having any investment. Out of 82 respondents, 42 are male investors while other 40 are female investors. Chi-square test was conducted to find out whether there is any significant association between gender of the respondents and the investment. As can be seen from the Chi-square Table 3.26, the Chi-square value is 0.009 with 1 degree of freedom which is insignificant with alpha value of 0.925. Hence, the null hypothesis is failed to be rejected meaning that there is no significant association between gender and investment.

Hypothesis 2

H0: There is no significant association between marital status and investment

H1: There is a significant association between marital status and investment

Table 3.27: Comparative analysis of Marital status of the respondents and Investment

		Investor	Non investor	Total
Unmarried	Observed	51	13	64
	Expected Count	52.5	11.5	64.0
Married	Observed	29	5	34
	Expected Count	27.9	6.1	34.0
Widowed	Observed	2	0	2
	Expected Count	1.6	0.4	2.0
Total	Observed	82	18	100
	Expected Count	82.0	18.0	100.0

Source: Computed from Field survey

Table 3.28: Summary of the Chi-Square Tests Statistics showing Association between Marital status and Investment

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.921[a]	2	0.631
Likelihood Ratio	1.282	2	0.527
Linear-by-Linear Association	.824	1	0.364
No of Valid Cases	100		

a 2 cells (33.3%) have expected count less than 5. The minimum expected count is .36.

Source: Computed from Field survey

As can be seen from the Table 3.27, out of the 82 respondents who have an investment 51 are unmarried, 29 are married and another 2 are widowed. Chi-square test was conducted to find out whether there is any significant association between marital status of the respondents and the investment. As can be seen from the Chi-square Table 3.28, the Maximum likelihood value is 1.282 with 2 degree of freedom which is insignificant with alpha value of 0.527. Hence, the null hypothesis is failed to be rejected meaning that there is no significant association between marital status and investment.

Hypothesis 3

H0: There is no significant association between possessions of PAN Card and investment

H1: There is a significant association between possessions of PAN Card and investment

Table 3.29: Comparative analysis of possession of PAN card and investment

		Investors	Non-investors	Total
PAN card	Observed	63	14	77

	Expected Count	63.1	13.9	77.0
No PAN card	Observed	19	4	23
	Expected Count	18.9	4.1	23.0
Total	Observed	82	18	100
	Expected Count	82.0	18.0	100.0

Source: Computed from Field survey

Table 3.30: Summary of the Chi-Square Tests Statistics showing association between possession of PAN card and Investment

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)
Pearson Chi-Square	.007[a]	1	.931	
Continuity Correction[b]	.000	1	1.000	
Likelihood Ratio	.008	1	.931	
Fisher's Exact Test				1.000
Linear-by-Linear Association	.007	1	.931	
N of Valid Cases[b]	100			

a. 1 cells (25.0%) have expected count less than 5. The minimum expected count is 4.14.
b. Computed only for a 2x2 table
Source: Computed from Field survey

As can be seen from the Table 3.29, out of the 82 respondents who have an investment 63 are having a PAN card whereas 19 do not have PAN numbers. Chi-square test was conducted to find out whether there is any significant association between possession of PAN and the investment. As can be seen from the Chi-square Table 3.30, the Pearson Chi-square value is .007 with 1 degree of freedom which is insignificant with alpha value of 1(as per Fisher's exact Test value). Hence, the null hypothesis is failed to be rejected meaning that there is no significant association between PAN and investment.

Hypothesis 5:

H0: There is no significant association between income and investment

H1: There is a significant association between income and investment

Table 3.31: Comparative analysis of income and investment of the respondents

		Investors	Non-investors	Total
0-9,999	Observed	2	0	2
	Expected Count	1.6	0.4	2
10,000-19,999	Observed	25	6	31
	Expected Count	25.4	5.6	31
20,000-29,999	Observed	31	6	37
	Expected Count	30.3	6.7	37
30,000-39,999	Observed	9	5	14
	Expected Count	11.5	2.5	14
40,000-49,999	Observed	5	0	5
	Expected Count	4.1	0.9	5
50,000-59,999	Observed	6	0	6
	Expected Count	4.9	1.1	6
60,000-69,999	Observed	2	0	2
	Expected Count	1.6	0.4	2
above 80,000	Observed	2	1	3
	Expected Count	2.5	0.5	3
Total	Observed	82	18	100
	Expected Count	82	18	100

Source: Computed from Field survey

Table 3.32: Summary of the Chi square statistics showing association between possession of income and investment

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.467[a]	3	0.481
Likelihood Ratio	2.616	3	0.455
Linear-by-Linear Association	0.398	1	0.528
N of Valid Cases	100		

a. 4 cells (50.0%) have expected count less than 5. The minimum expected count is 0.18.

Source: Computed from Field survey

As can be seen from the Table 3.32, Chi-square test was conducted to find out whether there is any significant association between income and the investment. As eleven cells i.e. more than 20 percent cells have expected count less than 5, the likelihood ratio value is being used for the test instead of the Pearson chi-square value. The likelihood ratio value is 8.949 with 7 degree of freedom which is insignificant with alpha value of 0.256. Hence, the null hypothesis is failed to be rejected meaning that there is no significant association between income and investment.

Hypothesis 5

H0: There is no significant difference in the average age of the investors and non-investors

H1: There is a significant difference in the average age of the investors and non-investors

Table 3.33: Mann Whitney Mean Ranks of age of the investors and non-investors

Category	Frequency	Mean Rank	Sum of Ranks
Investors	82	52.68	4320
Non-investors	18	40.56	730
Total	100		

Source: Computed from Field survey

Table 3.34: Mann Whitney U Test Statistics to compare the Mean Ranks of age of the investors and non-investors

	Age
Mann-Whitney U	559.000
Wilcoxon W	730.000
Z	-1.611
Asymp. Sig. (2-tailed)	0.107

a. Grouping Variable: Invest

Source: Computed from Field survey

In order to find out whether there is a significant difference in the average age of the investors and non-investors, the normality assumption test of the dependent variable age was conducted. The normality test was found to be significant indicating that the variable is not normally distributed. Hence the Mann-Whitney U test, a non-parametric test was conducted for the hypothesis. As can be seen from the Table 3.33, the mean rank of the investors was found to be 52.68 while the mean rank of the non-investors was 40.56. The Mann-Whitney test was conducted as can be seen from the Table 3.34. The Mann-Whitney U value was found to be 559 which was insignificant with 0.107 value. Hence, we failed to reject the null hypothesis meaning that there is no significant difference in the average age of the investors and non-investors.

Hypothesis 6

H0: There is no significant difference between investors and non-investors in terms of their family size

H1: There is a significant difference between investors and non-investors in terms of their family size

Table 3.35: Mann Whitney Mean Ranks of family size of the investors and non-investors

Category	Freqeuncy	Mean Rank	Sum of Ranks
Investors	80	45.33	3626.5
Non-investors	18	68.03	1224.5
Total	98		

Source: Computed from Field survey

Table 3.36: Mann Whitney U Test Statistics to compare the Mean Ranks of family size of the investors and non-investors

	Age
Mann-Whitney U	386.500
Wilcoxon W	3626.500
Z	-3.112
Asymp. Sig. (2-tailed)	0.002

a. Grouping Variable: Invest

Source: Computed from Field survey

In order to find out the whether there is a significant difference in the average family size of the investors and non-investors, the normality test assumption of the dependent variable age was conducted. The box-plot test was also conducted and the test revealed two observations as outlier. The two outliers were removed. The normality test after removing outlier was found to be significant indicating that the variable is not normally distributed. Hence, the Mann-Whitney U test, a non-parametric test was conducted for testing the hypothesis. The Table 3.35 shows that, the mean rank of the investors was found to be 45.33 while the mean rank of the non-investors was 68.03. The Mann-Whitney test was conducted as can be seen from the Table 3.36. The Mann-Whitney U value was found to be 386.5 which was significant with 0.002 value. Hence, we reject the null hypothesis and accept the alternative hypothesis. Therefore, it can be concluded that there is a significant difference in the average family size of the investors and non-investors.

Conclusions

Thus, from the analysis, it is revealed that investment was independent of the gender, martial-status and income of the employees however family sizes of the employees have an impact on the investment. Investment was also independent of the possession of either PAN card. No significant difference was found between the average age of the investors and non-investors however, in terms of average family size there was a significant difference between investors and non investors.

Chapter 4

SAVINGS AND INVESTMENT PATTERN OF BANK EMPLOYEES

4.1 Introduction

In this chapter, data analysis is done on the basis of two sub-headings viz. habits and preferences of bank employees; and objectives, perceptions and experiences of the bank employees. The analysis and interpretation are given as follows:

4.2 Habits and Preferences of Bank Employees

4.2.1 Classification based on percentage of income saved by respondents last year

Table 4.1: Percentage of income saved by respondents last year

Percent of income of saved	Percent
None	8
1-10	38
11-20	43
21-30	8
31-40	3
Total	**100**

Source : Field survey

The Table 4.1 shows that maximum number of the respondents saved 11 to 20 percent of their income during last year constituting 43 per cent of the respondents, 38 percent of the respondents saved up to 10 percent of their income, 8 percent of the respondents saved 21 to 30 percent of their income, 3 percent of the respondents saved 31 to 40 percent of their income while 8 percent of the total respondents did not save.

4.2.2 Composition based on periodical savings plan availed by the respondents

Table 4.2 : Composition Based on Periodical Savings Plan Availed by the Employees

Savings plan	Savings Bank Account	Bank Fixed Deposit	Company Deposits	Bank Recurring Deposit	Public Provident Fund	Post Office Deposits	Mutual Fund	Stock and Equity
Percentage	77	17	11	22	12	2	20	4

Source : Field survey

As shown in the Table 4.2, maximum employees have availed periodical savings on savings bank account constituting seventy seven (77) percent of the total sample. Bank Recurring Deposit was availed by 22 percent of the respondents while 20 percent of the respondents availed periodical savings on Mutual fund. Bank fixed deposit was availed by 17 percent of the employees. Public Provident Fund was availed by 12 percent of the employees. Company Deposit was availed by 11 percent. Stock and Equity, and Post Office Deposits were availed by only 4 and 2 percent of the employees respectively.

4.2.3 Classification based on Periodical Investment of respondents

Table 4.3: Classification based on Periodical Investment of respondents

Period	No. of respondents	Percent
Monthly	26	31.71
Half yearly	33	40.24
Yearly	15	18.29
No fixed period	8	9.76

Total	82	100

Source : Field survey

The Table 4.3 shows that maximum of respondents invested half yearly constituting 40.24 percent of the respondents, 31.71 percent of the respondents invested monthly, 18.29 percent of the respondents invested yearly, 9.75percent of respondents invested with no fixed period constituting minimum percent of the respondents.

4.2.4 Classification based on respondents monitoring of Investment

Table 4.4 : Classification based on respondents monitoring of Investment

Frequency	No. of respondents	Percent
Daily	4	4.94
Monthly	16	19.75
Quarterly	36	44.44
Bi annually	13	16.05
Annually	3	3.70
No fixed period	9	11.11
Total	**81**	**100**

Source : Field survey

The Table 4.4 shows that maximum of respondents monitor their investment quarterly constituting 44.44 percent of respondents, 19.75 percent of the respondents monitor their investment monthly, 16.05 percent of the respondents monitor their investment bi-annually, 11.11 percent of the respondents monitor their investment with no fixed period, 4.94 percent of the respondents monitor their investment daily, 3.70 percent of the respondents monitor their investment annually.

4.2.5 Classification based on respondents' sources of investment

Table 4.5: Classification based on respondents' sources of investment

Sources	No. of investment	Percent
Savings out of salary	65	81.25
Money extracted from other sources	15	18.5
Total	**80**	**100**

Sources: Primary data

Table 4.5 shows that 81.25 percent of the respondents were making investments out of their salary while 18.5 percent of the respondent's extracted money from other sources.

4.2.6 Investment in mutual funds

Table 4.6: Investment in Mutual funds

Response	Percent
Yes	25
No	75
Total	**100**

Source: Field survey

Table 4.6 shows that 75 percent of the respondents were not having investment in mutual fund while only 25 percent of the respondents were having investment.

4.2.6.1 Reasons for investing in mutual fund

Table 4.7 : Reasons for investing in Mutual funds

	R1		R2		R3	
Particulars	**Freq**	**%**	**Freq**	**%**	**Freq**	**%**
Efficient investment advisor	5	25	2	13.33	3	21.43

Simplicity in selection of schemes	2	10	3	20.00	2	14.29
Confidence	7	35	3	20.00	2	14.29
Abundant knowledge	2	10	4	26.67	4	28.57
Pleasant past experience	3	15	3	20.00	1	7.14
Others	1	5	0	0.00	2	14.29
Total	20	100	15	100	14	100

Notes: R1, R2 and R3 indicate Ranks
Source : Field survey

Table 4.7 shows that reasons for investing in mutual funds of the bank employees. The most important reasons for investing in mutual funds are due to confidence, for the maximum bank employees constituting 35 percent. Efficient investment advisor is the most important reason for 25 percent of the bank employees followed by pleasant past experience (15%), simplicity in selection of schemes (10%), abundant knowledge (10), and others (5%).

Maximum of the bank employees i.e. 26.67 percent have given the second most important reason for investing in mutual fund due to abundant knowledge. Regarding the third reason investment, abundant knowledge is opted by the maximum of the employee constituting 28.57 percent.

4.2.6.2 Reasons for not investing in mutual fund

Table 4.8: Reasons for not savings in mutual funds.

	R1		R2		R3	
	Frequency	**%**	**Frequency**	**%**	**Frequency**	**%**
Inefficient investment advisor	12	21.82	9	16.36	14	27.45
Difficulty in selections of schemes	16	29.09	8	14.55	13	25.49
Lack of confidence	16	29.0	14	25.45	10	19.61

		9				
Lack of knowledge	9	16.36	8	14.55	6	11.76
Bitter past experience	1	1.82	16	29.09	8	15.69
Others	1	1.82	0	0	0	0
Total	**55**	**100**	**55**	**100**	**51**	**100**

Notes : R1, R2, R3 indicates Ranks
Source : Field survey

Table 4.8 shows that the reasons for not investing in mutual funds. Equal percent of the bank employees most important for not saving in mutual fund was due to difficulty in selection of schemes and lack of confidence constituting 29.09 percent each, followed by inefficient advisor (21.82 percent), lack of knowledge (16.36 percent),bitter past experience (1.82 percent) and others (1.82 percent).

Maximum percent of the employees i.e. 29.09 percent have given the second most important reason for not saving in mutual fund is due to bitter past experience.

Regarding the third reason for not saving in mutual fund, maximum percent of the employees opted for inefficient investment advisor.

The analysis clearly indicates that the employee were also lack of confidence in selecting mutual funds schemes.

4.2.7 Percent of respondents based on Insurance Policy

The insurance policy is a contract (generally a standard form contract) between the insurer and the insured, known as the policyholder, which determines the claims which the insurer is legally required to pay. In exchange for an initial payment, known as the premium, the insurer promises to pay for loss caused by perils covered under the policy language. Insurance is a form of risk management primarily used to hedge against the risk of contingent, uncertain loss. Many investors preferred insurance as an investment option.

Table 4.9: Percent of respondents based on insurance policy

Response	No. of respondents	Percent
Yes	90	90
No	10	10
Total	**100**	**100**

Source : Primary data

Table 4.9 shows that 90 percent of the respondents were having insurance policy while 10 percent of the respondents were not having insurance policy.

4.2.8 Percent of respondents based on Health Insurance

Health insurance is insurance against the risk of incurring medical expenses among individuals. By estimating the overall risk of health care and health system expenses, among a targeted group, an insurer can develop a routine finance structure, such as a monthly premium or payroll tax, to ensure that money is available to pay for the health care benefits specified in the insurance agreement. The benefit is administered by a central organization such as a government agency, private business, or not-for-profit entity.

Table 4.10: Percent of respondents based on Health Insurance

Response	No. of response	Percent
Yes	76	76
No	24	24
Total	**100**	**100**

Source: Primary data

The Table 4.10 shows that 76 per cent of the respondents were having health insurance, while 24 per cent of the respondents do not have health insurance.

4.2.9 Risk preferences

Investment risk can be defined as the probability or likelihood of occurrence of losses relative to the expected return on any particular investment. Stating simply, it is a measure of the level of uncertainty of achieving the returns as per the expectations of the investor. It is the extent of unexpected results to be realized. Risk is an important component in assessment of the prospects of an investment

Table 4.11: Percent on respondents base on level of risk of Investment

Response	No. of response	Percent
Very high	1	1
High	11	11
Medium	60	60
Low	8	8
Very low	1	1
No response	19	19
Total	**100**	**100**

Source: Primary data

The Table 4.11 shows that maximum percent of the respondents preferred medium level of risk constituting 60, 1 percent of the respondents preferred very high level of risk, 11 percent of the respondents preferred high level of risk, 8 percent of the respondents preferred low level of risk preference and subsequently 1 percent of the respondents prefer very low level of risk, 19 percent of the respondents did not give response.

4.2.10 Advice given to children about savings and investments

Table 4.12: Advice given to children about savings and investments

Respondents	No. of respondents	Percent
Yes	30	30
No	69	69
No response	1	1
Total	**100**	**100**
Source: Primary data		

The Table 4.12 shows that 30 percent of respondents have advised their children about savings and investments while 69 percent of the respondents have not advised their children about savings and investments.

4.2.11 Investors' behaviour before making investment decision

Table 4.13: Review of overall investment goals

Category	Frequency	Percent
Always	27	31.76
Often	28	32.94
Sometimes	15	17.65
Seldom	7	8.24
Never	8	9.41
Total	**85**	**100.00**

Source: Field survey

As can be seen from the Table 4.13, 32.94 percent of the investors often reviewed the overall investment goals, 31.76 percent of the investors always reviewed their investment goals before making decision while 9.41 percent of the investors never reviewed the goals of the overall investment.

Table 4.14: Assessment of risk tolerance level

Category	Frequency	Percent
Always	6	7.32
Often	23	28.05
Sometimes	33	40.24
Seldom	4	4.88
Never	16	19.51
Total	**82**	**100**

Source : Field survey

Table 4.14 shows that the maximum of the respondents first assesses their risk tolerance before making investment decision constituting 40.24 percent, 28.05 percent of the respondents often assess their risk tolerance before making investment decision while 4.88 percent of the respondents hardly assess their risk tolerance before making investment decision.

Table 4.15: Determining return objective for the investment

Category	Frequency	Percent
Always	5	6.02
Often	24	28.92
Sometimes	29	34.94
Seldom	11	13.25
Never	14	16.87
Total	**83**	**100.00**

Source : Field survey

Table 4.15 shows that 34.94 percent of the respondents first determine their return objective for investment sometimes, 28.92 percent of the respondents first determine their return objective for investment often, 6.02 percent of the respondents first determine their return objective for investment always, while 13.25 percent of the respondents hardly first determine their risk return objective and 16.87 percent of the respondents never determine their return objective for investment.

Table 4.16: Consideration of variety of investment options

Category	Frequency	Percent
Always	2	2.44
Often	23	28.05
Sometimes	30	36.59
Seldom	12	14.63
Never	15	18.29
Total	**82**	**100.00**

Source : Field survey

Table 4.16 shows that 36.59 percent of the respondents first consider a variety of investment options before making investment decision sometimes, 28.05 percent of the respondents first consider a variety of investment options before making investment decision often, 2.44 percent of the respondents always consider a variety of investment options before making investment decision while 14.63 percent hardly consider before making investment decision and 14.63 percent never consider before making investment decision.

Table 4.17: Checking current financial market condition

Particulars	Frequency	Percent
Always	5	6.17
Often	21	25.93
Sometimes	17	20.99
Seldom	22	27.16
Never	16	19.75
Total	**81**	**100**

Source: Field survey

Table 4.17 shows that 25.93 percent of the respondents often check financial market condition before making investment decision, 25.93 percent of the respondents often check financial condition, 6.17 percent of the respondents always check financial condition while 27.16 percent of the respondents hardly check financial condition before making investment decision constituting maximum percentage of the respondents and 19.75 percent of the respondents never check financial condition before making investment decision.

4.2.12 Investment decision in household

Table 4.18: Investment decision in households

Sl. No.	Decision by	Yes	No
1	Self	76	24
2	Spouse alone	1	15
3	Together with spouse	21	4
4	With others	11	19
5	Spouse with others	18	18

Source: Field Survey

Table 4.18 shows that 76 percent of the respondents made investment decision by themselves, only 1 percent of the respondents spouse made investment decision alone, 21 percent of the respondents made investment decision with their spouse, 11 percent of the respondents made investment decision with others and 18 percents of the respondents spouse made investment decision with others.

4.2.13 Assistance received when investing

Table 4.19 : Assistance received when investing

Particulars	Frequency	Percent
Professional consultant	10	12.35
Friends	29	35.80
Relatives	25	30.86
Peers	4	4.94
Family	3	3.70
From internet	2	2.47
None	8	9.88
Total	**81**	**100.00**

Source: Field survey

As can be seen from the Table 4.19, maximum percent of the respondents received assistance from friends constituting 35.80 percent, followed by relatives constituting 30.86, 12.35 percent of the respondents received from professional consultant, 4.94 percent of the respondents received from peers, 3.70 percent of the respondents received from family, 2.47 percent received from internet while 8 percent of the respondents did not receive assistance from anywhere.

4.3 Objectives, Perceptions and Experiences of the Bank Employees

4.3.1 Reasons for Savings and Investment

Table 4.20 : Classification based on top three reasons for savings and investment

Particulars	Rank 1		Rank 2		Rank 3	
	Freq	Percent	Freq	Percent	Freq	Percent
Higher education of children	13	13.98	9	10.47	8	9.76
Buying house or land	15	16.13	9	10.47	5	6.10
Tax savings	29	31.18	4	4.65	7	8.54

High return from invested amount	10	10.75	5	5.81	7	8.54
Capital gains	3	3.23	15	17.44	4	4.88
Compulsion from family members	6	6.45	10	11.63	12	14.63
Marriage of children	1	1.08	11	12.79	3	3.66
Buying durable goods	2	2.15	8	9.30	13	15.85
To meet medical expenses	8	8.60	7	8.14	15	18.29
For retirement	4	4.30	7	8.14	7	8.54
Any other	2	2.15	1	1.16	1	1.22
Total	**93**	**100**	**86**	**100**	**82**	**100**

Source: Field survey

As can be seen from the Table 4.20, tax saving is the most important reasons for savings and investments for the maximum bank employees constituting 31 percent. Buying house or land is the most important reason for 16 percent of the bank employees followed by saving for higher education for children (14%), high return from invested amount (11%), to meet medical expenses (8.60%), Compulsion from family members (6.45%), Retirement (4.30%), Capital gains (3.23%), Buying durable goods (2.15%).

Maximum of the bank employees i.e. 17 percent have given capital gains as the second most important reason for their savings and investment. Marriage of children is second most important reason for 13 percent of the bank employees.

Regarding the third reason for savings and investment, covering medical expenses is opted by the maximum of the employee constituting 18 percent.

4.3.2 Classification based on the most preferred investment instruments

Table 4.21 : Classification based on the most preferred investment instruments

	R1		R2		R3		R4		R5	
	No.	%	No.	%	No.	%	No.	%	No.	%
Savings Bank Account	18	22.5	4	4.94	8	9.88	22	26.51	10	11.9
Bank fixed Deposit	14	17.5	16	19.75	24	29.63	6	7.23	10	11.9
Company Deposit	9	11.25	9	11.11	9	11.11	8	9.64	7	8.33
Post office Deposit	9	11.25	7	8.64	6	7.41	18	21.69	13	15.48
Public Provident Fund	4	5	11	13.58	5	6.17	10	12.05	13	15.48
Mutual Funds	9	11.25	15	18.52	10	12.35	8	9.64	9	10.71
Stocks and Equity	5	6.25	10	12.35	7	8.64	7	8.43	13	15.48
Life Insurance	10	12.5	9	11.11	11	13.58	3	3.61	7	8.33
Any other	2	2.5	0	0	1	1.23	1	1.2	2	2.38
Total	**80**	**100**	**81**	**100**	**81**	**100**	**83**	**100**	**84**	**100**

Notes : R1, R2, R3, R4,R5 indicates Ranks

Source: Field survey

The Table 4.21 shows the top most preference investment instruments of the respondents based on the eight most commonly known instruments available in the market. It is seen from the table, Savings Bank Account is the most preferred instruments for savings constituting 22.5 percent of the respondents while Public Provident Fund is the least preferred from the list and 2.5 percent of the respondents opted for some other alternatives for their most preferred instruments which are not included in the list.

Bank Fixed Deposit is the highest preference for the second choice given by the respondents from the listed instruments constituting 19.75 percent followed by Mutual funds constituting 18.52 percent. The table clearly shows that the respondents are more comfortable with less risk instruments than higher risk instrument for investment.

4.3.3 Sources of information of savings and investment

Table 4.22 : Classification based on top three sources of information of savings and investment

Instruments	Rank 1		Rank 2		Rank 3	
	Freq	%	Freq	%	Freq	%
News papers/magazines books	9	9.78	13	14.13	23	25
Websites	21	22.83	21	22.83	21	22.83
Bank/Post Office/Insurance Company	37	40.22	20	21.74	11	11.96
Tv channels	6	6.52	13	14.13	10	10.87
Brokers and Agents	13	14.13	19	20.65	10	10.87
Friends and Relatives	1	1.09	2	2.17	8	8.70
Spouse / Family	5	5.43	4	4.35	9	9.78
Total	**92**	**100**	**92**	**100**	**92**	**100**

Notes : R1, R2, R3 indicates Ranks
Source: Primary data

As it is seen from the Table 4.22, the sources of necessary information that helped the respondents to gain knowledge about savings and investments are ranked by the respondents. Bank/Post Office/Insurance Company is the sources of information for maximum of the bank employees constituting 40.22 percent of the respondents. Websites is the top most sources of information for 22.83 followed by Brokers and Agents (14.3%), News papers/Magazines books (9.7 %), Tv channels (6.5 %), Spouse/Family (5.4 %), Friends and Relatives (1.09 %).

Maximum of the bank employees i.e. 22.83 percent have given Websites as the second most sources of information for their savings and investment. Bank/Post Office/Insurance Company is second most sources for 21.74 percent of the bank employees.

Regarding the third sources of information of savings and investment, News papers/magazines books is opted by the maximum of the employee constituting 22.83percent.

4.3.4 Investment objectives of the respondents

It is important to determine the investment objective to match the requirement of the investor. Setting investment objectives is a must for investor to have an effective financial planning to attain sustainable livelihood.

Table 4.23: Top three investment objectives of the respondents

Preference	Short term profit seeking		Steady income		Long term profit seeking	
	No. of respondents	%	No. of respondents	%	No. of respondents	%
Most preferred	11	12.22	28	30.77	50	55.56
Preferred	24	26.67	45	49.45	19	21.11
Least preferred	52	57.78	16	17.58	19	21.11
Others	3	3.33	2	2.20	2	2.22
Total	**90**	**100**	**91**	**100**	**90**	**100**

Source: Field survey

It is seen from the Table 4.23 the most common three objectives of the investments of the respondents are short term profit seeking, steady income and long-term profit. The preferences of the respondents were as follows:

Short term profit seeking: Twelve percent of the respondents mostly preferred investment for short term while 57.78 percent of the respondents least preferred for short term and 3.33 percent preferred for some other purposes.

Steady income: Thirty percent of the respondents mostly preferred investment for steady income while 17.58 percent of the respondents preferred for steady income and 2.20 percent preferred for some other purposes.

Long term profit: Fifty five percent of the respondents preferred for long term profit which constitute the maximum percentage of the respondents while 2.22 percent of the respondents opted for some other purposes.

4.3.5 Mode of investment preferred

There are alternatives available to the investors for investing their money. One can invest in the form of one-time investment i.e. in a lump –sum or may do a systematic investment plan (SIP).

Table 4.24: Mode of investment preferred

Particulars	Frequency	Percent
One Time Investment	48	60.76
Systematic Investment Plan	31	39.24
Total	**79**	**100**

Source : Primary data

As can be seen from the Table 4.24, more than 60.76 percent of the respondents preferred One Time Investment (OTI) while 39.24 Preferred Systematic Investment Plan (SIP).

4.3.6 Sources of advice received in investing

Table 4.25: Advice from parents on how to invest when young

Particulars	Frequency	Percent
Never	42	42
Rarely	35	35
Occasionally	10	10
Frequently	5	5
Very Frequently	8	8
Total	**100**	**100**

Source : Field survey

As can be seen from the Table 4.25, maximum of the respondents were never advised about investment when they are young constituting 42 percent of the respondents, 35 percent of the respondents rarely received advice from their parents about investment, 10 percent of the respondents occasionally received advice from their parents about investment while 5 percent of the respondents were advised frequently when they were young, 8 percent of the respondents were advised very frequent.

Table 4.26: Taught by teachers on how to invest

Particulars	Frequency	Percent
Never	8	8
Rarely	46	46
Occasionally	27	27

Frequently	10	10
Very Frequently	9	9
Total	**100**	**100**

Source : Field survey

As can be seen from the Table 4.26, majority of the respondents were not taught properly about how to invest during their school time, however 9 percent of the respondents were taught about how to invest very frequent and 10 percent of the respondents were taught about how to invest frequently.

Table 4.27: Good investment advice received from friends

Particulars	Frequency	Percent
Never	8	8
Rarely	31	31
Occasionally	37	37
Frequently	14	14
Very Frequently	10	10
Total	**100**	**100**

Source : Field survey

As can be seen from the Table 4.27, 37 percent of the respondents were given occasional good investment advice by their friends, 31 percent of the respondents rarely got good advice by their friends; and 24 percent of the respondents were given good advice by their friends frequently.

Table 4.28: Good investment advices received from family

Particulars	Frequency	Percent
Never	12	12
Rarely	30	30
Occasionally	27	27
Frequently	22	22
Very Frequently	9	9
Total	**100**	**100**

Source :Field survey

As can be seen from the Table 4.28, majority of the respondents were given good advices by their family members in which 31 percent of the respondents were given frequently, 27 percent of the respondents were given occasionally while 30 percent of the respondents were rarely given good advices by their family member, 12 percent of the respondents were never given good advices by their family member.

4.3.7 General beliefs about finances

In order to find out the general beliefs of the employees about finances, scales containing six items were enquired using likert's scale. The results are presented in the following tables:

Table 4.29: "I am responsible for my financial well-being"

Particulars	**Percent**
Strongly disagree	19
Disagree	40
Uncertain	3
Agree	5
Strongly agree	33
Total	**100**

Source : Field survey

Table 4.29 shows that 40 percent of the respondents disagreed with the statement i.e. I am responsible for my financial well-being, while 33 percent of the respondents strongly agreed with the statement, 19 percent of the respondents strongly disagreed with the statement, 5 percent of the respondents agreed while 3 percent of the respondents were uncertain about the statement.

Table 4.30: “I like to plan my financial future”

Particulars	Percent
Strongly disagree	7
Disagree	21
Uncertain	35
Agree	8
Strongly agree	29
Total	**100**

Source : Field survey

Table 4.30 shows that 35 percent of the respondents were uncertain about the statement i.e. I like to plan my financial future, 29 percent of the respondents strongly agreed with the statement, 8 percent of the respondents agreed with the statement while 21 percent of the respondents disagreed with the statement and the minimum percent of the respondents strongly disagreed with the statement.

Table 4.31: “I have a fair amount of control over my financial well-being”

Particulars	Percent
Strongly disagree	4
Disagree	35
Uncertain	26
Agree	17
Strongly agree	18
Total	**100**

Source : Field survey

Table 4.31 shows that 35 percent of the respondents disagreed with the statement i.e. he/she has a fair amount of control over his/her financial well-being.

Twenty (26) percent of the respondents are uncertain about the statement. Eighteen percent of the respondents strongly agreed with the statement while 17 percent of the respondents agreed with the statement. Four percent of the respondents strongly disagreed with the statement.

Table 4.32: “It is important to set clear financial goals with timelines and rupee amounts”

Particulars	Percent
Strongly disagree	3
Disagree	31
Uncertain	27
Agree	15
Strongly agree	24
Total	**100**

Source : Field survey

Table 4.32 shows that 31 percent of the respondents disagreed with the statement i.e. It is important to set clear financial goals with timelines and rupee amounts. Three percent of the respondents strongly disagreed with the statement. Twenty percent of the respondents were uncertain about the statement. Twenty four percent of the respondents strongly agreed with the statement. Fifteen percent of the respondents agreed with the statement.

Table 4.33: “I get irritated with people who don’t plan ahead and save or invest for their own future”

Particulars	Percent
Strongly disagree	9
Disagree	35
Uncertain	29
Agree	20
Strongly agree	7
Total	**100**

Source : Field survey

Table 4.33 shows that 35 percent of the respondents disagreed with the statement i.e. They get irritated with people who don’t plan ahead and save or invest for their own future. Also 9 percent of the respondent strongly disagreed with the statement. Twenty nine percent of the respondents were uncertain about the statement. Another 20 percent of the respondents agreed with the statement, and 7 percent of the respondents strongly disagreed with the statement.

Table 4.34: “I wish I did not have to handle financial responsibilities”

Particulars	**Percent**
Strongly disagree	16
Disagree	30
Uncertain	33
Agree	15
Strongly agree	6
Total	**100**

Source : Field survey

Table 4.34 shows that 33 percent of the respondents were uncertain with the statement i.e. wish He/she did not have to handle financial responsibilities. Thirty percent of the respondents disagreed with the statement. Sixteen percent of the respondents strongly disagreed with the statement. However, 15 percent of the respondents agreed with the statement and 6 percent of the respondents strongly agreed with the statement.

4.3.8 Risk Associated with savings and investment alternatives

The analyses of the perception of employees regarding the risk associated with investment instrument are presented in the following tables:

Table 4.35 : Savings Bank Account

Response	Frequency	Percent
Very low	25	30.86
Low	26	32.09
Moderate	3	3.70
High	6	7.40
Very high	21	25.93
Total	**81**	**100**

Source : Field survey

As can be seen from Table 4.35, maximum percent of the of the respondents perceived that Savings Bank Account is associated with Low risk constituting 32.09. Thirty one percent of the respondents perceived that it is associated with very low risk while 25.93 percent of the respondents also perceived that it is associated with very high risk. The minimum employees perceived that it is associated with Moderate risk constituting 3.70 percent.

Table 4.36: Bank Fixed Deposit

Response	Frequency	Percent
Very low	6	7.41
Low	28	34.57
Moderate	20	24.69
High	8	9.88
Very high	19	23.46
Total	**81**	**100**

Source : Field survey

Table 4.36 shows that maximum percent of the respondents perceived that Company Deposits is associated with Moderate risk constituting 45.68 percent. Twenty six percent of the respondents also perceived that it is associated with Low risk while 16.05 percent of the respondents perceived that it is associated with High risk. Seven percent of the employees perceived that it is associated with very low risk but 2.47 percent of the respondents perceived that it is associated with very high risk.

Table 4.37 : Company Deposits

Response	**Frequency**	**Percent**
Very low	7	8.64
Low	22	27.16
Moderate	37	45.68
High	13	16.05
Very high	2	2.47
Total	**81**	**100**

Source : Field survey

Table 4.37 shows that maximum percent of the respondents perceived that Post Office Term Deposit is associated with Moderate risk constituting 30.86 percent. Twenty eight percent of the respondents perceived that it is associated with low risk while 24.69 perceived that it is associated with High risk. Fifteen percent of the employees perceived that it is associated with very high risk but 1.23 percent of the respondents perceived that it is associated with Very low risk.

Table 4.38 : Public Provident Fund (PPF)

Response	**Frequency**	**Percent**
Very low	2	2.47
Low	25	30.86
Moderate	29	35.80
High	11	13.58
Very high	14	17.28
Total	**81**	**100**

Source : Field survey

Table 4.38 shows that maximum percent of the respondent perceived that Public Provident Fund is associated with moderate risk constituting 35.80 percent. Thirty one percent of the respondents perceived that PPF is associated with Low risk. Two percent of the respondents perceived that it is associated with very low risk, while 17.28 percent of the respondents perceived that it is associated with Very high risk. Fourteen percent of the respondents perceived that it is associated with high risk.

Table 4.39 : Mutual Funds

Response	Frequency	Percent
Very low	4	4.94
Low	30	37.04
Moderate	33	40.74
High	14	17.28
Very high	4	4.94
Total	**81**	**100**

Source : Field survey

Table 4.39 shows that maximum percent of the respondents perceived that a Mutual fund is associated with Moderate risk constituting 40.74 percent. Thirty seven percent of the respondents perceived that it is associated with Low risk. Five percent of the respondents perceived that it is associated with very low risk while 17.28 percent of the respondents perceived that it is associated with high risk. Five percent of the respondents perceived that it is associated with very high risk.

Table 4.40 : Stocks and Equity

Response	Frequency	Percent
Very low	14	17.28

Low	20	24.69
Moderate	31	38.27
High	15	18.52
Very high	1	1.23
Total	**81**	**100**

Source : Field survey

Table 4.40 shows that maximum percent of the respondents perceived that Stocks and Equity is associated with Moderate risk constituting 38.27 percent, Twenty five percent of the respondents perceived that it is associated with low risk. Seventeen percent of the respondents perceived that it is associated with Very low risk while 18.52 percent of the respondents perceived that it is associated with High risk. Only one percent of the employees perceived that it is associated with very high risk.

Table 4.41 : Life Insurance

Response	Frequency	Percent
Very low	4	4.94
Low	31	38.27
Moderate	24	29.63
High	17	20.99
Very high	5	6.17
Total	**81**	**100**

Source : Field survey

Table 4.41 shows that maximum percent of the respondents perceived Life insurance is associated with Low risk constituting 38.27. Thirty percent of the respondents perceived that it is associated with Moderate risk while 20.99 percent of the respondents perceived it is associated with High risk. Six percent perceived it is associated with very high and 4.94 percent of the respondents perceived it is associated with Very low risk.

4.3.9 Experiences as a victim of financial Scam

Table 4.42 : Classification based on experience as financial victim

Response	Frequency	Percent
No	71	71
Yes	0	0
Total	**71**	**100**

Source : Field survey

Table 4.42 shows that none of the respondents had experience as a victim of financial scam.

4.4 Conclusion

Savings and investments are mutually interconnected economic variables. Many new instruments have been introduced during the last two decades to attract the potential investors. Though various new avenues are introduced majority of the bank employees still opted for savings bank accounts for savings and investments. Bank/Post Office/Insurance Company are the sources of information for maximum of the bank employees. The results of the study indicates that majority of the bank employees still preferred One-time investment (OTI) to Systematic Investment plan (SIP)

Chapter 5

CONCLUSION AND SUGGESTIONS

5.1 Introduction

The present chapter deals with summary, findings, conclusion and suggestion related to the study. The summary of the findings are given under the following categories viz. Demographic characteristics; Relationship between investment and demographic factors; Habits and preferences of bank employees; Objectives, perceptions and experiences of the bank employees.

5.1.1 Demographic characteristics

In terms of demographic characteristics, the following were the findings of the study:

1) The percentage of male and female of the bank employees were equal, out of which majority (i.e. 64 percent) of them were unmarried and less than 40 years of age.

2) As Mizoram is a Christian dominated state, majority (i.e. 69 percent) of the employees belonged to Christian and eighty two percent were having family size of less than 7 members. Most of them (i.e. 93 percent) were also having less than 7 adults in their households.

3) Half of the employees were having either 2 or 3 earning adults in their household while other half were having four or more earning adults in their household.

4) Majority of the bank employees possessed PAN card (i.e. 77 percent), Aadhar Card (i.e. 65 percent), ATM card (i.e. 93 percent) and Credit card (i.e. 52 percet).

5) Majority (i.e. 68 percent) of the employees were from the income group between Rs. 10, 000 and Rs. 29,999. Only few of the employees were having income of Rs. 80,000 and above. Regarding additional source of income, only few of them (i.e.15 percent) were having additional source of income other than salary.

6) Majority (i.e. 42 percent) of the employees were having work experience with bank for 3 years. The maximum year of experience among the respondents with banks was 35 years, while the minimum years of experience among the respondents was 1 year. Maximum (i.e.30 percent) of the employees also started working with their current bank in the year 2015.

7) Majority of the employees availed internet banking (i.e. 95 percent) and mobile banking facilities (i.e.90 percent). This indicates that as expected majority the bank employees were well aware about internet banking and mobile facilities which the banks have offered to the customer to have easy access of their financial transactions.

8) Majority (i.e. 60.52 percent) of the employees possessed two-wheelers through bank finance. On the other hand, few of them (i.e. 39.47 percent) possessed cars, out of which majority of them possessed out of their own savings.

9) Sixty seven percent of employees possessed house/plot of land. Out of which maximum of the employees (i.e. 42 percent) possessed it through inheritance.

5.1.2 Relationship between Investment and Demographic Factors

In terms of relationship between investment and demographic factors of the employees the followings were the findings:

1) Majority (i.e. 82 percent) of the employees were having investment in different investment alternatives. Investment was found to be independent of the gender, martial-status and income of the employees however family sizes of the employees have an impact on the investment. Jain and Mandot (2012) also found out that demographic factors like Gender and City have no impact on investment decision of investors. In contradict to this; Joseph & Prakash (2014) observed that income level of a respondent is an important factor which affects investment portfolio of the respondent.

2) Investment was also independent of the possession of either PAN card or Aadhaar card.

3) The average age of the investors was significantly different from non-investors. However there is a significant difference in the average family size of the investors and non-investors. This indicates that the size of family has impact on the investment behaviour of an individual.

5.1.3 Habits and Preferences of Bank Employees

In terms of habits and preferences of bank employees, the followings are the findings:

1) Majority (i.e. 43 percent) of the employees saved up to 20 percent of their income during last year and availed periodical savings on Savings Bank Account. The employees also availed other periodical savings such as Bank Recurring

Deposit, Mutual funds, Bank fixed deposit, Public Provident Fund, Company Deposit, Stock and Equity and Post Office Deposits.

2) Regarding periodical investments, majority (i.e. 71.95 percent) of the employees invested half yearly or monthly. There were also employees who invested with no fixed period.

3) Nearly half of the employees monitor their investment quarterly. Only 5 percent of the employees monitor their investment daily. Some employees also monitor their investment monthly, annually and bi-annually.

4) Maximum number of the employees (i.e. 81.25 percent) were making investments out of their salary.

5) Majority (i.e. 69 percent) of the employees have not advised their children about savings and investments even though a few of them have advised their children about savings and investments.

6) Most of the employees (i.e. 90 percent) were having insurance policy including health insurance.

7) Regarding the level of risk tolerance, more than half of the employees (i.e. 60 percent) preferred medium level of risk. Sultana (2010) also observed that individual investor still prefer to invest in financial products which give risk free returns even if they are of high income, well-educated, salaried, and independent. They are conservative investors who prefer to play safe in the market.

8) More than half of the employees (i.e. 76 percent) made investment decision alone in their household. Out of married, most of the employees (i.e. 21 percent) and their spouses made investment decision together.

9) Only a few of the employees (i.e. 25 percent) were having investment in mutual funds. Having confidence, efficient investment advisor, pleasant past experience and abundant knowledge were the main reasons for investing in mutual funds. Difficulty in selection of scheme, lack of confidence and inefficient advisor were major reasons of the employees for not having investment in mutual fund. Therefore, this clearly indicates that the majority of the employees are having lack of confidence about the schemes.

10) Majority of the employees (i.e. 66.66 percent) received assistance from friends and relatives when investing. Some of them also do consultation with professionals while investing.

5.1.4 Objectives, Perceptions and Experiences of the Bank Employees

In terms of objectives, perceptions and experiences of the bank employees, the followings are the findings:

1) Tax saving is the most important reasons for savings and investments for the maximum (i.e. 31.18 percent) bank employees. Capital gain is the second most important reason for their savings and investment. Regarding the third reason for savings and investment, covering medical expenses is opted by the maximum of the employee. Jeyakumari and Soundaravalli (2015) have also observed that most of the college teachers in Thanjavur City, Tamil Nadu were saving their money for the purpose of tax benefit, house building, future requirements, children education and marriage.

2) Savings Bank Account is the most preferred instruments for investment. Bank Fixed Deposit is the second highest preferred instrument for investment of

the employees from the listed instruments. This indicates that the employees are more comfortable with less riskier instruments than higher risk instrument for savings. Das (2012) also have observed that the bank deposits remain the most popular instrument of investment followed by insurance and small saving scheme to get benefit of safety and security of the households' life and investment. Gabhane and Kishor (2013) also observed that bank fixed deposit and life insurance were the preferred investment avenue of the investors followed by gold/silver, real estate, mutual fund and others.

3) Bank/Post Office/Insurance Company is the first sources of information of investment for maximum (i.e. 40.22 percent) of the bank employees. Websites were considered as the second sources of information. News papers/magazines books were opted by the maximum of the employee as the third sources of information.

4) The most preferred investment objective of majority (i.e. 55.6 percent) of the employees is the long term profit seeking.

5) Majority (i.e. 60.76 percent) of the employees preferred One Time Investment (OTI) to Systematic Investment Plan (SIP).

6) Majority (i.e. 82.35 percent) of the investors reviewed the overall investment goals before making decision while eighteen percent of the investors seldom or never reviewed the goals of their overall investment before making investment decision.

7) Majority (i.e.75.61 percent) of the employees first assesses their risk tolerance before making investment decision while 25 percent have seldom or never assesses their risk tolerance before making investment decision.

8) Majority (i.e. 70 percent) of the employees have first determine their return objective for investment before making investment decision while 30 percent of the employees have either never or seldom determine their return objective for investment.

9) Majority (i.e. 67 percent) of the employees first consider a variety of investment options before making investment decision while 33 percent seldom or never consider before making investment decision.

10) A little more than half of the employees (i.e. 53 percent) check current financial market condition before making investment decision while 47 percent of the employees have seldom or never check current financial condition before making investment decision.

11) Only 23 percent of the employees have received advice about investment from their parents when they were young. This indicates that most of the family hardly advice their children about savings and investments.

12) Majority (i.e 54 percent) of the employees were not taught properly about how to invest during their school time.

13) More than half of the employees were given good investment advice by their friends and family members.

14) Savings Bank Account, Life insurance, Bank Fixed deposit are perceived to be associated with Low risk by maximum (i.e. 33.33 percent) numbers of employees while Company Deposits, Post Office Term Deposit, Public Provident Fund, Stocks and Equity and Mutual funds are perceived to be associated with moderate risk by majority (i.e. 40.12 percent) of the employees.

15) Regarding the general beliefs about finances, more than half of the employees (i.e. 59 percent) did not believe that they are responsible for their own financial well being while less than half of the employees (i.e. 38 percent) believe that they are responsible for their own financial well being.

16) Regarding the plan for their financial future, Maximum (i.e. 35 percent) of the employees were uncertain about whether they like to plan for their financial future or not. This indicates that even majority of the bank employees were not having proper financial planning for their future.

17) Regarding control over their financial well-being, majority (i.e. 39 percent) of the employees do not believe that they have a fair amount of control over their financial well-being.

18) Regarding setting goals, only 39 percent of the employees believed that it is important to set clear financial goals with timelines and rupee amounts.

29) Majority (i.e. 34 percent) of the employees do not get irritated with people who don’t plan ahead and save or invest for their own future.

20) Forty six percent of the employees wish they have to handle financial responsibilities while 21 percent of the employees did not wish they have to handle financial responsibilities.

21) It is found that none of the bank employees had experience as a victim of financial scam. However, Vanlalthlana (2015) also explored that 17 percent of the households in Aizawl were a victim of financial scam/fraud. Thus, Bank employees as expected have better financial awareness relatively with the general households.

5.2 Suggestions

After conducting the research, certain suggestions are made based on the opinion expressed by the respondents and the results of the analysis.

5.2.1 Suggestions to employees

1) Savings Bank Account, Bank Fixed Deposit are still preferred by even the bank employees for savings, inflation protected securities like mutual fund, equities etc. should also be adopted to fight against inflation and to derive tax benefits from these instruments.
2) Even though majority of the employees were having Insurance policy, still one-fourth of the bank employees were not having health insurance. It is suggested that employees should consider for enrolling in health insurance policies.

5.2.2 Suggestions to governments and institutions

1) Advertisements on savings and investment products are not adequate, Bank/Post Office/Insurance Company are still the main sources of information of savings and investment for majority of the bank employees. Financial Institutions should put constant effort in educating the benefits that can be derived from various alternatives available for the individual investors.

3) Financial literacy of individual investors can be enriched by conducting more seminars, awareness program in rural and urban areas.

4) Government should also take step to introduce a topic of savings and investment in the academic syllabus so that students can also aware of savings and investment as it is a necessity for good financial planning.
5) Financial Institutions and Companies should take appropriate step to build rapport/trust with the potential investors as majority of the investors in the research area are more comfortable with less risk.

5.2.3 Suggestions to general investors

1) Children can also be educated by their parents regarding how to save and invest during their school time.
2) Systematic Investment Plan (SIP) should be emphasized to have sustainable income.

5.3 Scope for further studies

There is a wide scope for conducting further research in the field of investor behaviour. Study can also be enriched by applying other statistical tools and statistics. The study has covered only limited areas with limited time frame and further studies can also be conducted to a wider geographical area with variety of individuals. The prospective researchers may undertake their research in the following related areas:

1) Financial literacy among household individuals.
2) Savings and investment behaviour of salaried individuals.
3) Impact of investment growth on agricultural and rural development in Mizoram.
4) Personality traits and behaviour of individual investors.

5.4 Conclusion

Financial institutions have been playing a vital role in savings and investments of individual to educate the potential investors about investments options available. Hence the government should also take appropriate steps to formulate better investment schemes to suit the needs of the investors.

This study which was based on the survey data collected from 100 bank employees revealed that Investment was independent of the gender, martial-status and income of the employees however family sizes of the employees have an impact on the investment. Investment was also independent of the possession of either PAN card. No significant difference was found between the average age of the investors and non-investors however, in terms of average family size there was a significant difference between investors and non investors. The present findings of the study shall help individual investors' awareness about suitable saving and investments avenues available. It is expected that the outcome of this study shall be helpful to the market players in the financial sectors in general and policy makers in particular in designing better financial instruments to suit the needs of the investors.

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QUESTIONNAIRE FOR BANK EMPLOYEES

Demographic profiles

1. Personal Details

a) Name : ___________________________________(not compulsory)
b) Gender : Male [ ] Female [ ]
c) Age : _______
d) Your place of residence: _____________________
e) Marital Status : Unmarried [ ] Married [ ] Widowed [ ] Divorced [ ]
f) Religion : ___________________
g) No. of family members (including yourself) : ________
h) No. of adults in the family : ___________
i) No. of earning members : ___________
j) Your highest Degree __________________ Subject or stream _______________________
k) Do you have PAN Card? Yes [ ] No [ ]
l) Do you have AADHAR Card? Yes [ ] No [ ]
m) Please tick your monthly income from the following

Rs. 0 - 9,999	[ ]	Rs. 10,000 - 19,999	[ ]
Rs. 20,000 - 29,999	[ ]	Rs. 30,000 - 39,999	[ ]
Rs. 40,000 - 49,999	[ ]	Rs. 50,000 - 59,999	[ ]
Rs. 60,000 - 79,999	[ ]	Above Rs. 80,000	[ ]

2. Other details

a) Are you Full-time (regular) employed? [ ] or Part-time employed? [ ]
b) Year you started working in bank ________________
c) Year you started working in this bank branch _______________
d) Grade Pay (GP) ______________________
e) Do you have any additional source of income? Yes [ ] No [ ]
f) If Yes, please tell amount per month ______________(approx.)
g) Do you have any ATM cum debit card? Yes [ ] No [ ]
If yes, how many ATM cum debit card do you have? _____
h) Do you have any credit card? Yes [ ] No [ ]
If yes, how many credit card do you have? _____
i) Do you avail Internet Banking facilities? Yes [ ] No [ ]
j) Do you avail Mobile Banking facilities? Yes [ ] No [ ]
k) Do you possess a two wheeler vehicle? Yes [ ] No [ ]
If yes, please indicate your answer with a tick mark.
i. I purchased my vehicle from bank finance [ ]
ii. I purchased my vehicle from my own savings [ ]
l) Do you possess a car? Yes [ ] No [ ]
If yes, please indicate your answer with a tick mark.
i. I purchased my car from bank finance [ ]
ii. I purchased my car from my own savings [ ]
m) Do you own a house/plot of land? Yes [ ] No [ ]

If yes, please indicate your answer with a tick mark.

i. It is inherited [ ]
ii. Purchased by bank finance [ ]
iii. Purchased by my own savings [ ]

Savings and investment pattern of bank employees

3. Do you invest? Yes [ ] No [ ]

If Yes, your age when you made your first investment ___________

4. Kindly mention what percentage of your income you have saved and invested last year. (Savings mean money deposited in Low risk avenues; Investment being high risk avenues)

Options	**Saved**	**Invested**
a) None	[ ]	[ ]
b) 1-10 %	[ ]	[ ]
c) 11-20%	[ ]	[ ]
d) 21-30%	[ ]	[ ]
e) 31-40%	[ ]	[ ]
f) 41% and above	[ ]	[ ]

5. Kindly tick (✓) the periodical savings plan that you avail from the instruments shown below:

Savings Bank Account	[ ]	Bank Fixed Deposit	[ ]
Company Deposit	[ ]	Bank Recurring Deposit	[ ]
Public Provident Fund	[ ]	Post Office Deposit	[ ]
Mutual Funds	[ ]	Stocks and Equity	[ ]

Any other, please specify ……….............

6. How frequently do you invest in the above instruments (5 for monthly, 4 half yearly, 3 for yearly, 2 for no fixed period and 1 for others)

5 [ ] 4 [ ] 3 [ ] 2 [ ] 1 [ ]

7. How frequently do you monitor your investment?
Daily [ ] Monthly [ ] Quarterly [ ] Bi-Annually [ ] Annually [ ]
No fixed period [ ]

7. What are the sources of your Investment? Please select by ticking (✓)

a) Savings out of salary [ ]
b) Money extracted from other sources [ ]
c) Inherited Income [ ]
d) Any other, please specify …………………………………………………..

8. Do you invest in mutual Fund? Yes [ ] No [ ]. If yes, please rank 1st, 2nd and 3rd of the reason for your investment in mutual fund

		Rank
a.	Efficient investment advisor	....
b.	Simplicity in selection of schemes	....
c.	Confidence	....
d.	Abundant knowledge	....
e.	Pleasant past experience	....
f.	Others (Please specify)	....

If No, please rank the reason for non investment in mutual fund with a scale of 1-3.

		Rank
a.	Inefficient investment advisor	....
b.	Difficulty in selection of schemes	....
c.	Lack of confidence	....
d.	Lack of knowledge	....
e.	Bitter past experience	....
f.	Others (Please specify)	....

9. Do you have an Insurance policy? Yes [ ] No [ ]
10. Do you have a Health Insurance Policy? Yes [ ] No [ ]
11. Which level of risk are you comfortable with when you are investing? Please tick (✓) the option you prefer

Very high [ ] High [ ] Medium [ ] Low [ ] Very Low [ ]

12. Have you ever advice of savings and investment to your children? Yes [ ] / No [ ]
13. Who makes the investment decisions in your households?

a) You make decisions by yourself Yes [ ] No [ ]
b) If married: your spouse (partner) makes decisions alone. Yes [ ] No [ ]
c) If married: you and your spouse (partner) makes decisions together. Yes [ ] No [ ]
d) You make decisions with others Yes [ ] No [ ]
e) If married: your spouse (partner) makes decisions with others. Yes [ ] No [ ]
f) Or your household investment decisions are made in another way. Yes [ ] No [ ]

14. From where do you receive assistance when you invest? Please select by ticking (✓)

a) Professional Consultant [ ]
b) Friend(s) [ ]
c) Relatives [ ]
d) Peers [ ]
e) Family [ ]
f) From internet [ ]
g) None [ ]

Objectives, Perceptions and Experience of the Bank Employees

15. From the following please select reasons for your savings and investment and rank them from 1 to 3 (1 being the most important reason and 3 being least reason and so on).

		Rank
a.	Higher Education of children	....
b.	Buying house or land	....
c.	Tax savings	....
d.	High return from invested amount	....
e.	Capital gains	....
f.	Compulsion from family members	....
g.	Marriage of children	....
h.	Buying durable goods	....
i.	To meet medical expenses	....
j.	For retirement	....
k.	Any other	....

16. If given a chance to do investment from the following alternatives investment instruments please pick **FIVE** instruments and rank according to your preference (***1 being the most preferred; 5 as the least preferred and so on***).

	Instruments	**Rank**
a)	Savings Bank Account	....
b)	Bank Fixed Deposit	....
c)	Company Deposit	....
d)	Post Office Deposit	....
e)	Public Provident Fund	....
f)	Mutual Funds	....
g)	Stocks and Equity	....
h)	Life Insurance	....
i)	Any other, please specify ………………..	....

17. From your perspective please rank the following sources of information of savings and investment with a scale of 1-3(1being the most influential and 3 the least influential)

		Rank
a.	Newspapers/Magazines/Books	....
b.	Websites	....
c.	Bank/Post Office/Insurance Company	....
d.	TV Channels	....
e.	Brokers and Agents	....
f.	Friends and Relatives	....
g.	Spouse/Family	....
h.	Any other	....

18. What are your investment objectives? Please rank them from 1 to 3(1 being most preferred and 3 being the least).

		Rank
a)	Short term profit seeking	....
b)	Steady Income	....
c)	Long term profit seeking	....
d)	Others	....

19. Please indicate your mode of investment preferred

One time investment [ ]/Systematic investment plan (SIP)[ ]

20. For each one of the following statements, please indicate your level of agreement: 5 for very fre

quently, 4 for frequently, 3 for occasionally, 2 for rarely, 1 for never.

Statements

a) My parents advice me when i was young on how to invest 5 [ ] 4 [ ] 3[ ] 2[ ] 1[ ]
b) I had teachers in school who taught me how to invest 5 [ ] 4 [ ] 3[ ] 2[ ] 1[ ]
c) My friends have given me good investment advice 5 [ ] 4 [ ] 3[ ] 2[ ] 1[ ]
d) My family members have given me good investment advice 5 [ ] 4 [ ] 3[ ] 2[ ] 1[ ]

21. These statements relate to general beliefs about finances. Please indicate your answer with tick mark, 5 for strongly agree, 4 for agree, 3 for uncertain,2 for disagree, and 1 for strongly disagree with each of these statements.

a) I am responsible for my own financial well-being 1[ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]
b) I like to plan for my financial future 1[ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]
c) I have a fair amount of control over my financial well-being 1[ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]
d) It is important to set clear financial goals with Timelines and rupees amount. 1[ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]
e) I get irritated with people who don't plan ahead and save or invest for their own future 1[ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]
f) I wish I did not have to handle financial responsibilities 1[ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]

22. Kindly indicate your perception of risk associated with it from the alternatives provided. 5 for very high, 4 for high, 3 for moderate, 2 for low, 1 for very low.

Investment Instruments					
a) Savings Bank Account	5 [ ]	4 [ ]	3 [ ]	2 [ ]	1 [ ]
b) Bank Fixed Deposit	5 [ ]	4 [ ]	3 [ ]	2 [ ]	1 [ ]
c) Company Deposit	5 [ ]	4 [ ]	3 [ ]	2 [ ]	1 [ ]
d) Post Office Term Deposit	5 [ ]	4 [ ]	3 [ ]	2 [ ]	1 [ ]
e) Public Provident Fund	5 [ ]	4 [ ]	3 [ ]	2 [ ]	1 [ ]
f) Mutual Funds	5 [ ]	4 [ ]	3 [ ]	2 [ ]	1 [ ]
g) Stocks and Equity	5 [ ]	4 [ ]	3 [ ]	2 [ ]	1 [ ]
h) Life Insurance	5 [ ]	4 [ ]	3 [ ]	2 [ ]	1 [ ]
i) Any other, please specify ……………..	5 [ ]	4 [ ]	3 [ ]	2 [ ]	1 [ ]

23. Have you ever been a victim of financial scam? Kindly write in one or two lines

……………………………………………………………………………………….

……………………………………………………………………………………….