

Saving and Investment Pattern of Individuals: A Literature Review

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Abstract:

The present circumstances makes it essential for the investors to do saving and investment wisely as in modern times wide range of investment avenues like post office schemes, mutual funds, bank deposits, PPF, shares, debentures, bonds, real estate, life insurance, gold, silver etc. are available for investment and that to with several influencing factors. The present paper attempts to review the saving and investment pattern of individuals which includes working women, salaried employees, faculties, farmers, households. By observing the saving and investment pattern through previous researches, useful insight can be gained regarding investment behavior, which can help policymakers in encouraging investors to become more financially literate, so to fulfill future financial goals wisely.

Keywords: Saving and Investment; Investment Pattern; Individuals; Investment Avenue

Introduction:

“Do not save what is left after spending, but spend what is left after saving.” (Warren Buffett), This quote is revealing meaningful message that if you don't make putting money away for the future a priority, you 'll never get around to doing it. And when you need, it won't be there. Income, savings and investments are considered as necessary engines for capital formation and economic growth in developing economies. Saving and investment enhances one's physical quality of life and standard of living. In a country like India, where the income standard is uncertain and consumption is rather more than saving; if saving is low, then the investment will also be low and low capital formation will be there. Today not only the India but the whole world is facing the problem of souring prices and inflation has become a matter of great concern for all. At this point, saving and investment becomes crucial for individual's life & economy due to which even our government is also paying much attention in the field of investment and saving.

Taking this as the background the research aim of the present article is to develop an overall understanding of the saving and investment pattern of individuals by reviewing earlier research studies.

Research approach:

Many studies exists on the savings and investment patterns, factors affecting saving and investment, investment avenues, investment objectives, investment behavior etc. For the present study wide range of online data was searched and research papers with primary data source on saving and investment pattern in India, where considered for the study.

Literature review:

Literature review undertaken in the present study focuses on the study of saving and investment pattern of individuals in India, who differ in terms of their gender, domicile, professions or other factors.

Table1- Existing Literature Focusing on Saving and Investment Pattern

Author and Year	Research Focus	Research Methodology	Findings
(Ganapathi & Madhavan, 2022)	Aimed to study during the COVID 19 lockdown period, the saving objectives, identify the investment preferences of individuals households over various investment avenues.	Chi-square test, Rank Correlations, Percentile analysis	<ul style="list-style-type: none"> • Significant relationship exists between the saving objectives in relation to age, occupation and income of the individual investors. • Because of modernization, urbanization and the growth of IT hubs, the younger generation (20-30 years old) are exposed with good amount of financial knowledge which helps in choosing the investment avenues that would result in multiplying the returns. • Not many of the individual investors have knowledge about the various schemes offered by the post offices and government secured schemes or avenues.
(Kaur & Kaur, 2020)	To examine the perception of the individuals regarding saving and investment pattern and to know the mode of investments and factors that influence investment behavior of the individuals in Ludhiana district, India.	Percentage Analysis, Tables	<ul style="list-style-type: none"> • It was found that more than half of the respondents like to invest in the low risk avenue i.e. savings, PPF etc. in which they get the fixed return with lesser risk. • Only risk taker respondents choose the equity share market and commodity market with higher risk. • Awareness needs to be created regarding new investment avenues entered in the market.
(Sathvara, 2020)	To identify the preferred investment avenues. To know the awareness level of salaried persons of north Gujarat region, India.	Percentage Analysis, Tables	<ul style="list-style-type: none"> • The result of the study gives insight to the investors regarding 'No Pain, No Gain' principle. • Investors preferred to invest in insurance policies, bank deposit, real estate, mutual funds, metals(gold). • Most of the investors are doing savings for children's education, marriage and other goals of life.

(Shwetha & Swathi, 2020)	This study attempts to analyze the saving habits of women in rural area and also the factors that influence their saving habits.	Percentage Analysis, Chi-square test	<ul style="list-style-type: none"> • It was found out that rural women investment level is very low and they lack confidence to assume high risk of investment. • Women in rural areas must be given proper training, knowledge and awareness of the benefits of various investment opportunities.
(Dhawan & Mehta, 2019)	Identify the preference of investors for different investment instrument.	One-way ANOVA, ANCOVA and MANOVA	<ul style="list-style-type: none"> • Gender have a impact on financial literacy and awareness. • People prefer safe and liquid investments with tax benefits, higher returns and fewer lock-in-periods.
(Sadavarte & Arora, 2019)	To analyze the household savings and investment pattern. To study the investors preferences towards various financial instruments.	Descriptive Statistics, ANOVA	<ul style="list-style-type: none"> • The results of the study conclude that a favorable macro-economic environment supported by strong structural reforms including liberalization of financial markets should help domestic saving to increase substantially. • Type of investment preferred by male and female do not differ in respect to their term of investment. • Single people tended to save more than those married.
(Parimalarani, 2018)	The present study is an attempt to analyze the savings and investment pattern of the teaching faculty in the affiliated colleges of Alagappa University.	Descriptive Statistics, Chi-square test, Analysis of variance and Percentage Analysis	<ul style="list-style-type: none"> • Spending culture influenced by the growing consumerism has taken a toll on the savings and investment. • The result of the study also revealed that the respondents regularly save and invest, but they do not have a well-diversified investment portfolio.
(Sayyed & Indhumathi, 2018)	The study tried to find out the investment pattern and awareness of the middleclass families in Bengaluru about different investment instruments.	Descriptive Statistics	<ul style="list-style-type: none"> • Bank deposits and insurance are the most preferred investment in all the income groups. • Majority of investors take investment decisions on their own and only a very few of the investors take professional help in making choices in investment.

<p>(Singh & Kaur, 2018)</p>	<p>To identify the behaviour of individual investors of Mohali vis-à-vis available investment avenues in the Indian financial markets and where do they prefer to invest whether in equity, fixed deposits, post office, insurance policies, bonds, mutual funds etc.</p>	<p>Percentage Analysis</p>	<ul style="list-style-type: none"> • This study has led to conclude that most of the investor of Mohali prefer to invest in public sector and that too for the short and medium period which is low at risk. All the residents who have no formal budget are mostly students and are unmarried. • Women are less confident than men about their financial futures, about their knowledge.
<p>(Janardhana n & P S, 2017)</p>	<p>The study tried to find out the saving and investment behaviour of the IT professionals with a sample of 439 responds in Bengaluru.</p>	<p>Two-way ANOVA, Pearson's Correlation, Factor Analysis and Multiple Linear Regression</p>	<ul style="list-style-type: none"> • It was found out that there is positive interaction between annual savings and expected rate of return on percentage of savings for investment. • The result of the study suggests that efficacious factors impact the preference of investment portfolio and aspects of investment planning influences the investment objectives.
<p>(Pandey & Kathavarayan, 2017)</p>	<p>It was aimed to find out saving preference of college faculty members about different investment avenues in Puducherry region, India.</p>	<p>Chi-square test, ANOVA, Correlation and Percentage Analysis</p>	<ul style="list-style-type: none"> • Satisfaction level towards investment has association between age, gender, monthly income, marital status, education. • Most of the respondents prefer GPF/CPF, life insurance, postal office. • The study also revealed that most of the faculty members are saving their money for children's education, marriage and tax concession.
<p>(Senthilkumar, 2017)</p>	<p>The study seeks to analyze the awareness level of farmers regarding different savings and investment avenue and analyzing the factors influencing investment avenue selection.</p>	<p>Percentage Analysis, Tables</p>	<ul style="list-style-type: none"> • This paper concludes that volume of savings is sensitive to from income of the farmers. • Age, educational level, household size, farming experience and household income showed significant effect on the capacity to save and invest. • Earning from non-farm activities, most likely influence farmers saving volume or capital accumulation.

(Ghumman, 2017)	The study aims to sensitize the youngsters towards evaluating their saving and investment avenues and satisfaction derived thereof.	Chi-square test, Percentages	<ul style="list-style-type: none"> • The study reveals that there is a shift from traditional avenues of savings such as bank and post office saving schemes to provident funds, insurance policies and SIP. • Almost all the respondents were reportedly satisfied with their saving and investment practices.
(Thilakam & Santhanam, 2017)	Identifying the source of investment, investment preference and level of satisfaction on returns of investment of private sector employees in Tirunelveli district.	Descriptive Statistics, Tables	<ul style="list-style-type: none"> • Private sector employees are more aware about various investment avenues like insurance, bank deposits, small savings like post office savings etc. • All age group respondents preferred to invest in land, buildings, insurance and bank deposit rather than any other investment avenues.
(Sathiyamoorthy & Krishnamurthy, 2015)	To ascertain the factors motivated to investment preference. To analyze the factors influencing the investors perception and awareness. To identify the problems faced by the investors towards investment pattern.	Chi-square test, Independent samples T-test, one way ANOVA and factor analysis.	<ul style="list-style-type: none"> • The main avenues of investment are Bank deposits. • Majority of the respondents are saving money as Bank deposits for the safety of an unpredictable future. • Children education, marriage and security after retirement are the main purpose of investment.
(Umamaheswari & Kumar, 2013)	This study has endeavored to analyze the awareness level of salaried class investors of Coimbatore district, India.	Chi-square test, ANOVA and Percentage Analysis	<ul style="list-style-type: none"> • Socio-Economic variable like age, gender, income, education and occupation influence the attitude of investors towards investment. • It was found out that lack of awareness of investors prevails about the concept and working of the investment pattern.

(Das, 2012)	Study on the preference of the investment instruments and investment pattern. To know the various objectives of investment of the middle income class households and to know the reasons for increase in their savings.	Simple Statistical Tools	<ul style="list-style-type: none"> • Bank deposits remain the most popular instrument of investment followed by insurance and small saving scheme with maximum number of respondents investing in these fixed income bearing option. • Majority of the respondents look for tax advantage and high returns while investing in any instrument. • Individual investor still prefer to invest in financial products which give risk free returns.
(Chakraborty & Digal, 2011)	To analyze the investment pattern, saving objective and preferences of individual investor's for various investment options available in Orissa, India.	Mean, Standard Deviation, Rank Correlation, Chi-square, ANOVA, Factor Analysis	<ul style="list-style-type: none"> • Objective to saving is significantly influenced by demographic factors such as age, occupation and the income level of investors. • Female investors tend to save more in a disciplined way than the male investors. • Unlike the elder ones, the young investors are not very keen on saving for their post retirement days and do not think of investing long-term.

Results & discussion:

- Age, gender, income, household size, education and occupation are the socio-economic variables influencing the investors attitude towards investment.
- Traditional avenues of saving like bank deposit, insurance, PPF etc. remain the most popular instrument of investment.
- From several objectives, major purpose of investment is for children's education, marriage, tax concession and retirement.
- Investors even with high income, well education, good salary, independent are still conservative investors.
- Female investors save more in a disciplined way than the male investors, but display less confidence in their investment decisions.
- Rural women investors are with less investment knowledge and not often assume high risk of investment.
- Financial awareness needs to be created regarding modern investment avenues as lack of awareness prevails in investors regarding the same.

Conclusion:

The literature review revealed that the investment behaviour of individuals which includes working women, salaried employees, faculties, farmers, households are different in terms of investment avenues awareness, risk appetite, investment avenues preferences, investment decisions. Traditional investment avenue, bank deposit is still preferred investment among all class of people. Investors are less prone to investment in stock market, bonds like modern investment avenues. Financially literate savers is the need of the modern time who can not only increase personal wealth but also contribute to higher economic growth.

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