**CHAPTER I**

**INTRODUCTION**

* 1. **INTRODUCTION**
  2. **STATEMENT OF THE PROBLEM**
  3. **OBJECTIVES OF THE STUDY**
  4. **SCOPE OF THE STUDY**
  5. **METHODOLOGY**
  6. **SAMPLE SIZE**
  7. **TOOLS FOR ANALYSIS**
  8. **CHAPTER SCHEME**
  9. **LIMITATIONS OF THE STUDY**

**1.1 INTRODUCTION**

A study on investment pattern starts with the question of what investment is. Investment is the employment of funds with the aim of getting return on it. It is the commitments of funds have been saved from current consumption with the hope that some benefits will accrue in future. Thus, it is a reward for waiting money. So the first step to investment is savings. In common usage, savings generally means putting money aside, for example, by putting money in the bank or investing in pension plan. In such a broader sense, saving is typically used to refer to economizing, cutting cost, or to rescuing someone or something. In terms of personal finance, saving refers to preserving money for future use - typically by putting it on deposit – this is distinct from investment where there is an element of risk.

The main elements of investment are return, risk, safety and liquidity. Based on these elements, it is clear that the objective of every investor is to have real rate of return from his investment and not to be satisfied with nominal rate of return. Suppose, a person is putting his savings in a bank the rate of interest offered by the bank is known as nominal rate of return. At the same time prices will go up due to inflation. The difference between nominal rate of return and inflation rate is known as real rate of return.

There are lot of investment opportunities are there namely Corporate securities, Deposits in banks and non-banking companies, Post office deposits and certificates ‘Life insurance policies, Provident fund schemes, Govt. and semi govt. securities, Mutual fund schemes, Real assets and Pension plan. This study helps to understand the investment pattern among the salaried people working in government sector and difference in perception of an individual related to various investment alternatives. It also aims to provide an insight into factors considered for an appropriate investment. It gives a wider scope to understand various investment avenues available in semi urban areas.

**1.2 STATEMENT OF THE PROBLEM**

There are lot of investment avenues in the world some of them offer better return while it may be more risky and others are offer lesser return and it may be less risky. There are creditership securities and ownership securities available in the world. Investments like debenture or bank offer a fixed rate of return while investment in gold, shares, real estate are offers variable rate of return.

This study intend to understand or explore how people spend their income in various investment avenue for what purpose .The study concentrates on the various investment avenues available for people and whether they are making use of it.

Gross domestic savings and investments have a great bearing on the development of an economy. It is because of this, a study is conducted on the investment pattern of the government employees of Mattool Grama Panchayth. This study is basically aimed at finding the awareness level of the government employees regarding the different investment avenues. It is also meant to study the investment behavior which varies according to the age, educational background, the risk perceived and the return expected and also to ascertain the impact of the investment pattern of the people on the economy

**1.3 OBJECTIVES OF THE STUDY**

1. To understand the pattern of investment among salaried people working in government sector.

2. To understand the factors affecting investment preference and investment portfolio.

3. To have a better awareness on various investment avenues.

4. To offer valuable suggestions on the basis of the study.

**1.4 SCOPE OF THE STUDY**

All the citizens are engaged in various activities depending on the knowledge .availability of funds and feasibility of return for meeting the basic requirements of the human being. After meeting the basic requirements if there is any balance, it is kept as the saving which can be utilized for the future requirement. If the saving of the individual is kept in the home or locker, there will not be any return from the saving. Instead of keeping the savings idle without any income if it is invested in the outside, adequate income may be generated from the savings.

The scope of study is limited to salaried government employees in Mattool Grama Panchayth only. The present study covered level of awareness on the basis of investment pattern, motivated factors of their investment, factors influencing their investment decisions, investment portfolio and main purpose of their investment

* 1. **METHODOLOGY**

The project on the topic “A STUDY ON IVESTMENT PATTERN OF GOVERNMENT EMPLOYEES WITH REFERENCE TO MATTOOL GRAMA PANCHAYTH” has been prepared and compiled using data collected from various sources, basically primary sources and secondary sources of data have been utilized to effectively prepare and analyze the study.

1. **PRIMARY DATA:** Primary data has been collected directly from government employees working in different organizations in Mattool. Structured questionnaire containing requisite queries for the study were distributed among randomly selected 30 employees.
2. **SECONDARY DATA:** The secondary data relating to the study were collected from published books, journals, magazines, reports, newspapers and websites.

**1.6 SAMPLE SIZE**

The study sample comprised of 40 salaried people working in government sector. The data is collected randomly irrespective of category of people because of very small sample size. All the respondents were employed in government organization located in Mattol area.

**1.7TOOLS FOR ANALYSIS**

Mathematical and statistical tools were used for analyzing data. The data collected was tabulated and percentage was calculated. The values were then plotted using pie diagrams, cylindrical diagrams and bar diagrams.

**1.8 CHAPTER SCHEME**

The study is presented in four chapters

The first chapter deals with introduction ,statement of the problem ,scope of the study ,objective of the study ,methodology and limitation of the study.

The second chapter gives a detailed idea about investment and investment avenues.

The third chapter discuss the area profile of Mattool Grama Panchayth

The fourth chapter describes analysis and interpretation of the data

The fifth chapter gives summary, findings and suggestions and conclusion of the study

**1.9 LIMITATIONS OF THE STUDY**

* The study shall be limited to salaried people who are employed in government sector.
* Time is important constraint for making detailed study, the area of the study is kept at the limit because of short span of time.
* Most of the respondents were busy with their work, so the accuracy of data collected may not be assured cent percent.
* Most of the respondents were not ready to disclose their monthly salary and annual income.

**CHAPTER II**

**THEORITICAL FRAME WORK**

**2.1 INCOME, SAVINGS AND INVESTMENT**

**2.2 MEANING OF INVESTMENT**

**2.3 CHARACTERISTICS OF INVESTMENT**

**2.4 OBJECTIVES OF INVESTMENT**

**2.5 NEED FOR INVESTMENT**

2.6 INVESTMENT MANAGEMENT

**2.7 CLASSIFICATION OF INVESTMENTS**

**2.8 INVESTNENT AVENUES / INVESTMENT PATTERN**

**2.9 FACTORS INFLUENCING INVESTMENT**

**2.10 PORTFOLIO MANAGEMENT**

**2.11 BJECTIVES OF PORTFOLIO MANAGEMENT**

**2.12 PHASES OF PORTFOLIO MANAGEMENT**

**2.13 RELATED TERMS**

**AN INTRODUCTION TO INVESTMENT**

The income that a person receives that may be used to purchase goods and services that he currently requires or it may be saved for purchasing goods and services that he may require in future. In other words, income can be what is spend for current consumption or saved for future consumption. Savings are generated when a person or an organization saves from present consumption for a future use. The person saving a part of his income tries to find a temporary repository for his savings until they are required to finance his future expenditure, this result in investment.

Knowingly or unknowingly we are all familiar with the word investment. Individuals and business houses frequently come across a number of business situations in their day to day activities. An individual may think of investing, ‘I must know invest in a house because the housing loan interest is very low’, NRI’s may invest in shares since bank interest rate has fallen drastically, TISCO plans to invest in the acquisition of a coal mines are some of the examples. From these situations it is clear that whenever there are postponements of current consumption we call it as investment.

**2.1 INCOME, SAVINGS AND INVESTMENT**

The developing countries like India need funds for economic development and growth. For this proper cash management is required. While planning the management of cash, the twin objective if financial management-liquidity and profitability are kept in mind. The cash balances must be adequate to meet obligation in right time otherwise a large cash reserve may be wasteful which could be better employed elsewhere.

The three variables which measure the growth of an economy are income, savings and investment. While investment is the single most factors for the development of an economy, it is savings which provides basis for investment.

Savings appears to be crucial variable indicating the capacity or willingness of an economic unit to forego current consumption by channeling a part of the resources to capital formation. What wealth yield is called income, Income is possible if wealth is there. Hence wealth is pre-requisite for income. Income may be money income and real income. When income expressed in terms of money is called money income. Real income refers to goods and services that a person purchases with his money income. Real income depends upon prices.

A distinction is often made between investment and savings. Savings is defined as foregone consumption; investment increases national output in future. Savings refers to the excess of income over consumption. A person consumes some part of his current income and after it whatever income remains in his hand is called savings. Investment means an addition made to the physical stock of capital i.e. amount utilized for constructing building, dam, new factory, etc.

**2.2 MEANING OF INVESTMENT**

Investment is time, energy or matter spent in the hope of future benefits actualized within a specified date or time frame. In finance, investment is buying or creating an asset with the expectation of capital appreciation, dividends, interest earnings, rents or some combination of these returns. Most or all form of investment involves some form of risks, such as investment in equities, property and even fixed interest bearing securities.

Investment in layman’s terms, is sacrificing present consumption for future gains. It is planned decision to put money in financial assets with a risk-return trade-off. It is definitely differ from speculation and gambling, where one try to make quick gains in a short period of time, or keep trying their luck. Rationally speaking, all personal investments are designed to satisfy a goal like buying a house, a car, or for social status, security etc. hence, investors need to identify the objectives of their investment as well as their constraints. Is it a long-term one, a high priority or a low priority one, is it for tax planning, for insurance, etc.

According to Sharpe, “investment is sacrifice of certain present value for some uncertain future value”. In other words it may be defined as, “a commitment of funds made in expectation of some positive rate of return”. Expectation of return is an essential element of investment. Since return is expected to be realized in future there is a possibility that the return actually realized is lower than the return expected to be realized. This possibility of variation in actual return is known as investment risk. Thus every investment involves return and risk.

Investment is an activity that is engaged in by the people who have savings, i.e. investment is made from savings. But all savers are not investors. Investment is an activity which is different from savings. Accordingly there are different concepts of investment.

**1. Economic investment:** It means the addition to the capital stock of individual or business houses. Addition to the capital stock means increase in buildings, plants, equipments; inventories etc over those exist before.

**2. Financial investment:** It involves the blocking of funds in various assets like shares, debentures, gold etc. The investment is with the aim of achieving additional income or growth in value. Some benefits or reward is expected in future.

**3. Commitment investment:** It refers to money commitment to satisfy personal desires even though return from investment is zero. Ex-commitment of money for a new house is an investment because it will satisfy lifelong ambitions

**2.3 CHARACTERISTICS OF INVESTMENT**

1) **RETURN**

Investments are made with the expectation of the return. The return from investment may be in the form of yield plus capital appreciation. The interest on dividend received from the investment is yield. The difference between the selling price and purchasing price of the investment is the capital appreciation.

2) **RISK**

Investment is not free from risk. It is inherent in it. The risk may relate to loss of capital, delay in repayment of capital, nonpayment of interest or variability of returns. Usually there is a relationship between risk and return of an investment. Generally, the higher the risk the higher will be the return.

3) **SAFETY**

It means the certainty of return or capital without loss of money and without delay. Investors insist on safety aspect for his investment.

4) **LIQUIDITY**

An investor generally prepares liquidity for his investment. Liquidity is the possibility for enhancing the investment at any time. Investors in cash equivalent and money market investment are more liquid.

**2.4 OBJECTIVES OF INVESTMENT**

The objective of every investor is to have real rate of return from his investment. Thus the objective of investor can be stated as,

1. **Maximization of return**

The main objective of the investment is to get maximum return from it. All investors are trying to increase their return from investment if the return from investment is low then the investors will be demotivated. Investors always expect a good rate of return from their investment .the rate of return could be defined as the total income the investor receives during the holding period

1. **Minimization of risk**

The other objective of investment is to reduce the risk. All investors are looking for those investment avenues which are less risky. The risk holding securities is related to the probability of the actual return becoming less than expected return. The word risk is synonymous with the phrase variability of return. Investment risk is just as important as measuring its expected rate of return because minimizing risk and maximizing the rate of return are interrelated objectives in investment management. An investment whose rate of return varies widely from one period to another is considered riskier than one whose return does not change much. Every investor likes to reduce the risk of his investment by proper combination of different securities. Investors, however, differ in their attitude towards risk

1. **Hedges against inflation.**

Securities prices over the long term tend to outperform inflation, therefore investment in securities can be a reliable hedge against inflation in the long term.

1. **Maintaining liquidity**

Liquidity is an important aspect of any investment option as its determines the ease, time and cost involved in converting investment into cash. While certain expenses like purchasing a house, children’s education, etc….can be reasonably planned, emergencies such as medical expenses necessitate redemption of an investment prematurely. The marketability of investment provide it liquidity

1. **Saving tax**

Tax is unavoidable. Different income levels and investment options attract different tax rates. The tax rate may vary with the period of investment for a specific options. Certain investment offer tax incentives .the investor tries to minimize the tax outflow and maximize tax returns.

1. **Increasing safety**

Each investment option is differently affected by different types of risk. Risk affects not only the return on investment but also return of the investment itself. the selected investment avenue should be under the legal and regulatory framework. If it is not under the legal framework, it will be difficult to represent grievances, if any. Approval of the law itself adds a flavor of safety. Though approved by law, the safety of principal differs from one mode of investment to another, investment made with government assure more safety than with a private party. From the safety point of view, investment can be ranked as follows; bank deposits, government bonds, UTI units, non- convertible debenture, convertible debenture, equity shares and deposits with non-banking financial companies.

**2.5 NEED FOR INVESTMENT**

Only investment will have positive results. It is proved that those who are having good investments live good standard of living investment are a must in the context of present day condition. The following factors have made investment decision increasing importance.

1. **Increasing life expectancy**

The increasing life expectancy will result in increased working population and this will consequently results in larger family income…it contributes towards increased investment

1. **Increasing rate of taxation**

A tax planning could lead to substantial increase in amount of savings…various tax incentives offered by the government make this possible

1. **Return**

The need of investment is to earn maximum return from their investment. Investment help the investor to earn extra income from their idle savings or money when it investing

1. **Inflation**

Inflation is economy-wide sustained trend of increasing prices from one year to the next. the rate of inflation is important as it represents the rate at which the real value of an investment is eroded and the loss in spending power over time. Inflation also tells investors exactly how much of a return (%)their investments need to make for them to maintain their standard of living

1. **Investment channels**

There are various schemes and avenues available to the investors offered by the government of India, public sector and other institutions.

**2.6 CLASSIFICATION OF INVESTMENTS**

**2.7 INVESTNENT AVENUES / INVESTMENT PATTERN**

NATIONAL SAVINGS CERTIFICATE

INSURANCE CERTIFICATE

PRIVATE COMPANY SHARE

COMPANY DEPOSITS

BANK DEPOSITS

POST OFFICE DEPOSITS

PROVIDENT FUND AND PENTION FUND

GOVERNMENT SECURITIES

BONDS OF PUBLIC SECTOR UNITS

SHARES

DEBENTURES OF PUBLIC LTD COMPANY

NON-MARKETABLE INVESTMENT

MARKETABLE AND TRANSFERABLE INVESTMENT

SILVER

GOLD

LAND

BUILDING

CRUSHER STONES

HOUSE

PHYSICAL INVESTMENT

FINANCIAL INVESTMENT

**INVESTMENT**

There is large number of investment avenues for savers in India. Some of them are marketable and liquid while others are not marketable. The investors have to choose proper avenues from among them depending on his preferences, needs and ability to assume risk. Investment avenues can be broadly categorized under the following heads:

1. Corporate securities
2. Deposits in banks and non-banking companies
3. Post office deposits and certificates’
4. Life insurance policies
5. Provident fund schemes
6. Govt. and semi govt. securities
7. Mutual fund schemes
8. Real assets
9. Pension plan

**1. CORPORATE SECURITIES**

Joint stock companies issues corporate securities. These include equity shares, preference shares and debentures. Equity shares have variable dividends and hence belong to high risk - high return category, preference shares and debentures have fixed returns with low risk. The classification of corporate securities that can be chosen as investment avenues can be:

* **Equity shares**

An equity share commonly referred to as ordinary share also represents the form of fractional or part ownership in which a shareholder as fractional owner undertakes the maximum entrepreneurial risk associated with a business venture. The holders of such shares are members of the company and have voting rights.

* **Preference shares**

Preference shares consist of a company stock with dividends that are paid out. In the event of company preference shareholders have a right to be paid company asset first. Preference shares typically pay a fixed dividend, whereas common stocks do not. And unlike common shareholders preference shareholders usually do not have voting rights.

* **Debentures and bonds**

Debentures and bond are type of debt instrument that can be issued by a company. In some markets the two terms are interchangeable, but in the US they refer to two separate kinds of debt-based securities. Debenture is debt instrument which is not backed by any specific security; instead the credit of company issuing the same is the underlying security. The funds raised become the part of the capital structure but not share capital of the company. Bonds, however, in India are typically issued by financial institutions, government undertakings and large companies.

* **GDRs and ADRs**

GDRs are instruments in the form of a depository receipts or certificate created by the overseas depository bank outside India and issued to non residential investors against ordinal shares or foreign currencies convertible bonds of an issuing company. A GDR issued in America is an ADR.

* **Warrants:**

A warrant is a certificate giving its holder the right to purchase securities at a stipulated price within a specified time limit or perpetually. Sometimes, a warrant is offered with debt securities as an instrument to buy the shares at a later date. The warrant acts as a value addition because the holder of the warrant has the right but not the obligation of investing in the equity at the initiated date. It can be defined as the long term call option issued by a company on its shares.

* **Derivatives**

Derivatives are helpful risk management tools than an investor has to look at for reducing the risk inherent in an investment portfolio. The first derivative product offered in the Indian market is an index futures, other derivative instruments, such as stock options and index options have been introduced in the market. stock futures are traded in the market regularly and in terms of turnover exceed other derivative instruments liquidity in the future market is communicated in a very few shares. Theoretically, the difference between the future and the spot price should reflect the cost of carrying the position to the future or essentially the interest. Derivative trading is a speculative activity. However investors have to utilize the derivative market because the opportunity of reducing the risk in price movement is possible through investment in derivative products.

**2. DEPOSITS**

Among the non-corporate investments the most popular ones are deposits such as savings account and fixed deposits in bank. Saving deposits carry high interest rate varying with period of maturity. Interest is payable quarterly, half yearly or annually. Fixed deposit may also be recurring deposits where in savings are deposited at regular intervals. Some banks have re-interest plans, where by savings are redeposit at regular intervals or reinvested as the interest is accrued. The principle and accumulated interest is such investment plans are paid on maturity.

Many companies have come up with fixed deposit schemes to mobilize money for their needs. The company’s fixed deposit market is a risky market and ought to be looked at with caution. The RBI has issued various regulations to monitor company fixed deposits market. However credit rating services are available to rate the risk of company’s fixed deposit scheme. The maturity period varies from 3 to 5 years. Fixed deposits ion companies have a high risk because they are unsecured; however they promise high return than bank deposits. Fixed deposits in NBFCs are another investment avenue. NBFC includes leasing companies, hire purchase companies, chip funds, investment companies and so on. Deposits in NBFC carries high return with high risk compared to bank deposits.

**TYPES OF BANK DEPOSITS**

**1.Fixed deposits accounts**

It is also known as time deposits, money is deposited in these account for a fixed period of time. It cannot be withdrawn before the expiry of that period. However it can be withdrawn before the maturity date by discarding the interest at least partly. The rate of interest given to fixed deposits is higher than other types of deposits.

Rate of interest may be higher if the period of deposit is long

**2. Current deposit**

This type of deposit is suitable for businessman. Any amount can be deposited in this account and deposits can be withdrawn by using cheques. They can withdraw any amount from their current deposits at any time without prior notice. They are permitted to overdraw his account if he has entered in to a special arrangement with the bank in his respect. Ordinarily no interest is allowed in this type of accounts. The bank may charge a nominal amount as incidental charges from the depositor

**3. Savings deposits account**

Commercial banks accept savings deposits. It is mainly done to encourage savings habit of the people these accounts are mean for middle and low income groups. proper satisfactory introduction is required for opening savings bank accounts. Certain restrictions are imposed on number of times for withdraw of money from the deposit account and the amount of withdrawal with in a period. The rate of interest paid is less than the rate of interest paid on fixed deposits

**4. Recurring deposits**

The purpose of account is to encourage the public to save regularly a fixed sum. The amount is paid in total after the stipulated period with interest. The rate of interest paid may be nearly the rate of interest on fixed deposit.

**3.** **POST OFFICE DEPOSITS AND CERTIFICATES**

The investment avenues provided by post offices are non-marketable. However, most of the savings schemes in post office enjoy tax concessions. Post office accepts both savings deposits and fixed deposits from the public. There is also a recurring deposit scheme that is an instrument of registering monthly savings. National saving certificate (NSE) is also marketed by post offices to investors.

The interest on the amount invested is compounded half yearly and is payable along with the principles at the time of maturity which is 6 years from the date of issue. A variety of post office savings certificates cater to specific savings and investment requirements of investors and are a risk free, high yielding investment opportunity.

Interest on their instruments is exempt from income tax. Some of the deposits are also exempt from wealth tax.

**Postal savings**

Postal savings are considered a reliable form of investment because they are backed by the Government of India. At one time, postal savings were much sought after by the lower-middle class and the lower class, but now middle- income and higher- income groups are also considering this avenue with the increase in the uncertainties in the returne of other financial investments. The Indian Postal Department has the largest postal network in the world. This offers the biggest distribution channel in the country. The post office handles savings bank accounts, recurring deposit accounts ,and time deposits. Apart from this, it provides investment opportunities in the following:

* National Savings Certificate(NSC)
* Kisan Vikas Patra (KVP)
* Monthly Income Scheme
* Senior Citizen Scheme
* Public Provident Fund (PPF) Account

**National Savings Certificate**

National Savings Certificate (NSC) is issued by the Department of Post, Government of India, in denominations of Rs.100, Rs.500, Rs.1,000, Rs.5,000, Rs.10,000 for a maturity period of six years. It is obtainable at all post office counters in the country. A Rs.10,000 denomination certificate will increase to Rs.16,010 on completion of six years. It is a long-term safe investment option for the investors. The scheme has the special feature of growth in capital with reductions in tax liability as per the provisions of the Income Tax Act,1961.

Tax benefits are available on amounts invested in NSC under section 88, and exemption can be claimed under section 80L for interest accrued on the NSC. Interest accrued for any year can be treated as fresh investment in NSC for that year and tax benefits can be claimed under section 88.But the liquidity of the investment is low and premature withdrawal is allowed in certain situations like the death of the holder, surrender by the nominee or on court orders.

**Kisan Vikas Patra (KTP)**

Certificates are available in denominations (face value) of 100, 500, 1000, 5000, 10000, and 50000. In this, the investment doubles at the end of the special period. It offers a fixed rate of interest currently at 8.40 per cent per annum compounded half yearly that is subject to variations according to the government’s policy decisions. The invested amount doubles on maturity after eight years and seven months. It is suitable for those seeking guaranteed returns. The maximum limit for purchase of the certificates is not fixed. No income tax benefit is available under the scheme. The deposits are exempt from tax deduction at source (TDS) at the time of withdrawal. It is more liquid than NSC as the holder can withdraw the money at any time after two-and-a-half-years.

**Post Office Monthly Income Scheme (POMIS)**

In this scheme the interest amount is given on a monthly basis for the deposited amount. It offers a interest rate of 8 per cent per annum. For the investor looking for monthly income POMIS is a much desirable scheme. The minimum deposit limit is 1500. The maximum limit is 4.5lakh in case of a single account and 9lakh in case of a joint account. Deposits in all accounts taken together should not exceed 4.5lakh in a single account and 9.5 in a joint account. An investor can have more than one account subject to maximum deposits limit at any post office. Only one deposit can be made in an account, and the period of maturity of an account in six years.

Income tax relief is available on the interest earned as per limit fixed vide section 80L of the Income Tax Act, as amended from time to time. It is a highly liquid scheme as depositors can withdraw from the scheme at the end of one year from the date of investment. If the tenure of the scheme (six years) is completed, a bonus of 10 per cent on the investment amount is provided.

**Senior Citizen Scheme (SCS)**

This new savings scheme was introduced on 2 August 2004 for the benefit of senior citizens. Citizens of 60 years and above are eligible to invest. The maturity period of the deposit is five years and extendable by another three years. The minimum investment is 1000; in additions can be made in multiples of 1000 subject to a maximum of 15lakh. The deposit carries an interest of 9 per cent per annum, which is taxable. Premature withdrawal is allowed after a period of one year, subject to some deductions

**Public Provident Fund (PPF)**

This scheme was introduced by the Government of India in 1968. Any citizen of India may make a contribution to the scheme. This scheme is provided at the branches of the post offices and State Bank of India. A minimum amount of 500 can made per annum and any further deposit can be made in multiples of 5 subject to a maximum of 100,000 per annum. The duration of the scheme is 15 years but can be extended for 1-5 years. The interest accrued from the PPF is wholly exempt from income tax under sect under section 88 of the IT Act and any amount that is to be credited is also fully exempt from wealth tax, The limitations is that the investor cannot withdraw until seven years are completed, after which 50 per cent of the deposit can be withdraw, if needed.

**4. LIFE INSURANCE POLICIES**

Insurance company both public and private offer many investment schemes to investors. These schemes not only promote savings but also provide insurance cover. The Life Insurance Corporation of India (LIC) is the largest life insurance company in India. Some of its schemes include life policies, convertible whole life assurance policies, endowment assurance policies, jeevan sati, money back plan, jeevan dhara and marriage endowment plans etc. Insurance policies while catering to risk compensation to be faced in the future by investors also have the advantage of caring a reasonable interest on their investment insurance premiums. Life insurance policies are also eligible for exemption from income tax.

It is a contract between an insurance policy holder and an insurer. They are legal contracts and terms of the contract describe the limitations of insured events. Specific exclusions are often written into the contract to limit the liability of the insurer; common examples are claims relating to suicide, fraud, war etc.

Life Insurance is income protection in the event of your death. The person you name, as your beneficiary will receive proceeds from an insurance company to offset the income lost as a result of your death. You can think of life insurance as a morbid from of gambling: if you lived longer than the insurance company expected you to then you would “lose” the bet. But if you died early, then you would “win” because the insurance company would have to pay out your beneficiary.

There are two very common kinds of life insurance term life and permanent life. Term life insurance is usually for a relatively short period of time, whereas a permanent life policy is one that you pay into throughout your entire life. These payments are usually fixed from the time you purchase your policy. Basically, the younger you are when you sign-up for this type of insurance, the cheaper your monthly payments will be.

Types of life Insurance

Most of the products offered by Indian Life insurers are developed and structured around these “basic” policies and are usually an extension or a combination of these policies. So, the different types of insurance policies are

1. Term Insurance Policy

A term insurance policy is a pure risk cover for a specified period of time. What this means is that the sum assured is payable only if the policyholder ides within the policy term.

1. Endowment Policy

Combining risk cover with financial savings, an endowment policy is the most popular policies in the world of life insurance. In an Endowment Policy, the sum assured is payable even if the insured survives the policy term. If the insured dies during the tenure of the policy, the insurance firm has to pay the sum assured just as any other pure risk cover.

1. Whole Life Policy

As the name suggests, a Whole Life Policy is an insurance cover against death, irrespective of when it happens. Under this plan, the policyholder pays regular premiums until his death, following which the money is handed over to his family.

1. Money Back Policy

These policies are structured to provide sums required as anticipated expenses (marriage, education etc) over a stipulated period of time. With inflation becoming a big issue, companies have realized that sometimes the money value of the policy is eroded. That is why with –profit policies are also being introduced to offset some of the losses incurred on account of inflation. A portion of the sum assured is payable at regular intervals. On survival the remainder of the sum assured is payable. In case of death, the full sum assured is payable to the insured. The premium is payable for a particular period of time.

**5. PROVIDENT FUND SCHEMES**

Provident fund schemes are applicable to employees in the public and private sector. There are three kinds of provident funds applicable to different sectors employment namely statutory provident fund (SPF), recognized provident fund (RPF) and unrecognized provident fund (URPF). In addition to these, there is a voluntary provident fund scheme. That is open to any investor employed or not. This is known as the Public Provident Fund (PPF). Any member of the public can join in PPF which is operated by SBI. This is a 15 years scheme carrying an annual interest of 8% every year.

A minimum subscription is to be made in to the deposit. The deposit amount and interest on the deposit are free while investing in a PPF account, the investor has to bear the following points in mind:

* Compound interest rate is tax free
* A minimum amount is to be deposited every year during this scheme period to keep the account live.
* The one disadvantage of PPF is lack of liquidity.
* Partial withdrawals are allowed from the sixth year onwards. Loan facility is available from the third year.

**6. GOVERNMENT SECURITIES AND SEMI – GOVT. SECURITIES**

Govt. and semi – govt. bodies such as public sector undertaking borrow money from the public through the issue of govt. securities and public sector bonds. There are less risky avenues of investment because of the credible of the govt. and govt. undertakings. Money market instruments are traded in the wholesale debt market, trades and retail segments. Instruments traded in money market are short term instruments such as treasury bills, repos etc. the govt. also introduced the privatization programmers in many corporate enterprises and these securities are traded in the secondary market. PSU stocks have to perform well in the capital market. Government securities are usually issued for two reasons. The primary reason is that most govt. securities are issued to raise funds for govt. expenditure.

**7. MUTUAL FUND SCHEMES**

The UTI is the first mutual fund in the country. The number of commercial bank and financial institutions has also set up mutual fund in addition to those set up in the private sector. These mutual funds offer various investment schemes to investors. The number of mutual funds that have cropped up in recent years is quite large and although on an average the mutual fund industry has not been showing good returns, select funds performed consistently assuring the investor better return and lower risk options.

Mutual funds works on the principle of “small drops of water make a big ocean”. It is a form of collective investment. To get surplus funds from investors, it adopts a simple technique. Each fund is divided into a small share called ‘units’ of equal value. Each investor is allocated units in promotion to the size of his investment.

A Mutual Fund is an entity that pools the money of many investors—its Unit-Holders -- to invest in different securities. Investments may be in shares, debt securities, money market securities or a combination of these. Those securities are professionally managed on behalf of the Unit-Holder and each investor hold a pro-rata share of the portfolio i.e. entitled to any profits when the securities are sold but subject to any losses in value as well.

Mutual Funds and sell stocks, bonds or other securities. A Fund raises money to make its purchases, known as its underlying investments by selling shares in the fund. Earnings the fund realizes on its investment portfolio, after the trading costs and expenses of managing and administering the fund are subtracted are paid out to the funds shareholders.

**Types of Funds**

* Stock funds also called equity funds- invest primarily in stocks.
* Bond funds invest primarily in corporate or government bonds
* Balanced funds invest in both stocks and bonds.
* Money market funds make short-term investment and try to keep their share value fixed at $1 a share.

Every fund in each category has a price known as its net asset value (NAV) and each NAV differs based on the value of the funds holdings and the number of shares investors own. The price changes once a day, at a 4 pm EST, when the markets close for the day. All transactions for the day – buys and sells –are executed at that price.

## Schemes According to Maturity Period

A mutual fund scheme can be classified into open-ended scheme or close-ended scheme depending on its maturity period.

## Open –Ended Fund/Scheme

An open-ended fund or scheme is one that is available for subscription and repurchase one continuous basis. These schemes do not have a fixed maturity period. Investors can conveniently buy and sell units at Net Asset Value (NAV) related prices, which are declared on a daily basis. The key feature of Open-End Schemes is liquidity.

## Close-Ended Fund / Scheme

A Close-Ended Fund or Scheme has a stipulated maturity period e.g. 5-7 years. The fund is open for subscription only during a specified period at the time of launch of the scheme. Investors can invest in the scheme at the time of the initial public issue and thereafter they can buy or sell the units of the scheme on the stock exchanges where the units are listed. In order to provide an exit route to the investors, some close-ended funds give an option of selling back the units to the mutual fund through periodic repurchase at NAV related prices. SEBI Regulations stipulate that at least one of the two exit routes is provided to the investor i.e. either repurchase facility or through listing on stock exchanges. These mutual funds schemes disclose NAV generally on weekly basis.

**8. REAL ASSETS**

Investment in real assets is also made when the expected returns are very attractive. Real estate, gold, silver, currency and other investments such as art are also treated as investments because the expectation from the holding of such asset is associated with higher returns.

* **Real Estate**

Buying property is an equally strenuous investment decision. Real estate investment is often linked with the future development plans of the location. Certain important points that should be born in mind before entering into real estate investments are:

* All buildings have to be developed as per rules and regulations.
* The land must be checked on its ownership.
* It is always best to see the property personally before deciding on buying it.
* Legal opinion on the agreement before entering into a deal is also desirable.
* It is good financial practice to take a loan to buy a property.
* All related payments to the developers should only be made by cheque.
* **Bullion investment**

The bullion market offers an investment in the form of gold, silver and other metals. Specific categories of metals are traded in their metal exchange. The bullion market presents an opportunity for investor by offering return and end value in future on several occasions, when the stock market failed the gold market provide return on investment. The change in pattern of prices in the bullion market also makes this market risky for investors. Gold and silver prices are not consistent and change according to the change in local or global demands in the market. The fluctuating prices however have been compensated by real returns for many investors who have followed a buy and hold strategy in the bullion market.

**9. PENSION PLAN**

Certain notified retirement or pension funds entitle investors to a tax rebate. The UTI, LIC, SEBI and ICICI bank are some financial institutions that offer retirement plans to investors. Increasing life expectancy rate, rising health care costs, absence of social security system in India and disintegration of joint family system are some of the key reasons that makes retirement planning very critical. The National Pension System is a defined contribution pension system operated by Government of India. Apart from offering a range of investment options to employees, the scheme allows individuals to make decision about where their pension fund is invested, permits limited withdrawal prior to retirement and reduces the total pension liabilities of Government of India. In 2004, Government of India decided to move from defined benefit pension system to defined contribution pension system.

**2.8 FACTORS INFLUENCING INVESTMENT**

which investments to select ; how much money to put in each investments and the best time to be purchasing that investments ; where the accounts of the different investments may not be appropriate or suitable for all or some individual investors. Generally, following are the important factors to be considered when making investments.

**1.Past market trends**

Past market trends is one of the important factors that influence investments. Sometimes history repeats itself; sometimes markets learn from their mistakes. Hence it is necessary to understand how various asset classes have performed in the past before planning our investments.

**2. Risk appetite**

The ability tolerate risk differs from person to person. It depends on factors such as their financial responsibilities, environment, basic personality, etc. Therefore, understanding the capacity to take on risk becomes a crucial factors in investments decision making.

Risk is involved in every type of investments. There is hardly some form of investments which doesn’t involve risk. Government securities can be considered as risk free; but even they have some risks attached to them. Risk actually is the balancing factor of the financial markets. Various types of investments risks exist such as financial risk, currency risk, inflation risk or capital risk are the most common one. Different investors react differently to these risks. While majority of the investors are risk averse, there are some investors who are seeking more risky one with expectations of higher returns.

**3. Duration of investment**

Duration of investments also plays a major role in investments decisions. The longer the duration, the greater are the returns that can be expected. Further, the risk element reduces with time.

**4. Investible surplus**

The moneyat the disposalof individuals is also an important consideration. How much money are you able to keep aside for investments? The investible surplus plays a vital role in selecting from various asset classes as the minimum investment amounts differ and so do the risk returns

**5. Investment need**

Investment also depends on the amount we needed at the time of the maturity of investment. This helps to determine the amount of money to invest every month or year to reach the required amount at the end.

**6. Expected return**

The expected return is a crucial factor of investment. Based on the expectation of investors, they can decide whether they want to invest heavily into equities or debt or balance portfolio.

**7. Investor’s intuition**

Every investor will cometo a different conclusion although themarket, economy, all statistical facts and figures are same for everyone. This difference comes from investor’s intuition.

**8. Globalization factor**

Investors have slowly started to realize the advantages of international investments. Some better markets present good return while others provide lesser risk.

**9. Tax benefits**

Investors prefer in those securities that provide better tax benefits.

**CHAPTER III**

**AREA PROFILE OF MATTOOL GRAMA PANCHAYTH**

**PROFILE OF MATTOOL GRAMA PANCHATH**

**INTRODUCTION**

Grama panchayath are local self governments at village or small town level in India. Panchayatiraj is a system of governance in which Grama panchayath are the basic unit of administration. They are primarily concerned with addressing the needs of the rural poor in matters of sustainable economic activity, shelter and hygiene concerns, rural infrastructure and connectivity.

**PROFILE OF MATTOOL GRAMAPANCHAYATH**

Mattool Village, with population of about 28 thousand is Kannur sub district’s the most populous village, located in Kannur sub district of Kannur district in the state Kerala in India. Total geographical area of Mattool village is 13 kmand it is the smallest village by area in the sub district. Population density of the village is 2166 persons per km.

Mattool is Arabic word it means “how long” and is the name given by ibn battuta when he travelled through the area.

Nearest town of the village is Kannur and distance from Mattool village to Kannur is 35 km. The village has its own post office and the pin code of Mattool village is 670302. The village comes under Mattool panchayath. Kannur is the sub district head quarter and the distance from the village is 35 km. District head quarter of the village is Kannur which is 35 km away.

**Demographics**

The village is home to about 28 thousand people, among them about 12 thousand (45%) are male and about 15 thousand (55%) are female. 97% of the whole population are from general caste, 3% are from schedule caste and 0% are schedule tribes. Child (aged under 6 years) population of Mattool village is 15%, among them 50% are boys and 50% are girls. There are 4564 households in the village and an average 6 persons live in every family.

**BASIC INFORMATION**

**Name of the village:** Mattool

**Taluk:** Kannur

**Block panchayth**: Kalliasseri

**District Panchayath:** Kannur

**Legislative constituency:** Kalliasseri

**Parliament constituency:** Kasargode

**Area:** 12.82 km

**Grade:** II nd

**LIST OF GOVERNMENT ORGANISATION IN MATTOOL**

|  |  |
| --- | --- |
| **SL.NO** | **NAME OF THE ORGANISATION** |
| 1 | MATTOOL PANCHAYTH OFFICE |
| 2 | MATTOOL VILLAGE OFFICE |
| 3 | PRIMARY HEALTH CENTRE MATTOOL |
| 4 | AYURVEDIC HOSPITAL MATTOOL |
| **5** | VETINARY HOSPITAL MATTOOL |
| 6 | NORTH POST OFFICE MATTOOL |
| **7** | SOUTH POST OFFICE MATTOOL |
| 8 | KRISHI BHAVAN MATTOOL |
| 9 | C.H.M.K.S,G.H.S SCHOOL MATTOOL |
| 10 | MAPPILA UP SCHOOL MATTOOL |
| 11 | NORTH MAPPILA SCHOOL MATTOOL |
| 12 | M.R.U.P SCHOOL MATTOOL |
| 13 | KERALA GRAMIN BANK MATTOOL |
| 14 | BSNL – TELEPHONE EXCHANGE |

**CHAPTER IV**

**DATA ANALYSIS AND INTERPRETATION**

**ANALYSIS AND INTERPRETATION**

Investment means putting money into something with the expectation of gain, which upon thorough analysis, has a high degree of security for the principal amount, as well as security of return, within an expected period of time. Government employees are major contributors to a nation’s GDP. They have so many extra benefits than others. Most of them are investing their income for future gain. There are large number of investment opportunities. Sometimes they lack the knowledge of investment.

This chapter deals with analysis of data collected from respondents. For the purposes of study, a sample of 40 government employees working in mattool grama panchayth was taken. These 40 individuals were from different groups of the social strata as Teachers, Bank Employees, Clerk, Nurses, Doctors and other officers and employees in various government offices.

The data collected from the customers were systematically arranged and they are presented as tables under various headings in the following pages. They are arranged in such way that detailed analysis can be made so as to present suitable interpretations for the same

**Table 4.1**

**AGE WISE CLASSIFICATION RESPONDENT**

|  |  |  |
| --- | --- | --- |
| **Age group** | **No of Respondent** | **Percentage** |
| BELOW 30 | 8 | 20 |
| 30 – 40 | 15 | 37.5 |
| 40 – 50 | 11 | 27.5 |
| ABOVE 50 | 6 | 15 |
| **TOTAL** | **40** | **100** |

Source: field study

**Diagram 4.1**

**AGE WISE CLASSIFICATION RESPONDENT**

**Interpretation**

Table No 3.1 shows that among the 40 respondents, 20% of the respondents were below 30 years of age, 37.5%of the respondent were between 30 and 40 years of age, 27.5%of the respondent were between 40 and 50 years of age and the rest 15% of the respondent were above 50 years of age.

**Table 4.2**

**SEX WISE CLASSIFICATION OF RESPONDENT**

|  |  |  |
| --- | --- | --- |
| **Sex** | **No of Respondent** | **Percentage** |
| Male | 24 | 60 |
| Female | 16 | 40 |
| **Total** | **40** | **100** |

Source: field survey

**Diagram 4.2**

**SEX WISE CLASSIFICATION OF RESPONDENT**

**Interpretation**

Table No 3.2 exhibits the number of male and female respondents selected as sample. From the table it is clear that out of 40 respondents, 60% of the respondents were male and rest belongs to female category

**Table 4.3**

**MONTHLY SALARY OF RESPONDENT**

|  |  |  |
| --- | --- | --- |
| **Sl. No.** | **Salary** | **No of Respondents** |
| 1 | Below 25000 | 9 |
| 2 | 25000 - 40000 | 28 |
| 3 | 40000 -100000 | 3 |
| 4 | Above 100000 | 0 |
| **TOTAL** | | 40 |

**Source**: Field Survey

.

**Diagram 4.3**

**MONTHLY SALARY OF RESPONDENT**

**Interpretation**

It is observed that majority of the respondents have monthly salary in the range of 25,000-40,000. The others come under either below 25,000 or in between 40,000-100,000. No respondent have monthly salary above Rs.1 lakh

**Table 4.4**

**PERCENTAGE OF SAVINGS**

|  |  |  |
| --- | --- | --- |
| **Sl No** | **Particulars** | **No of Respondents** |
| 1 | Less than 10% | 8 |
| 2 | 10 – 25% | 18 |
| 3 | 25 – 50% | 12 |
| 4 | Above 50% | 2 |
| **Total** | | 40 |

**Source**: Questionnaire

**Source**: Field Survey

**Diagram 4.4**

**PERCENTAGE OF SAVINGS**

**Interpretation**

It is observed that only 8 respondent saves 10% ,18 respondents saves between 10 and 25%,majority of the respondents saves in between 25 and 50% and only 2 respondent saves above 50%.

**Table 4.5**

**THE RESPONSES OF RESPONDENTS ON FINANCIAL PLANNING**

|  |  |  |
| --- | --- | --- |
| **Make financial plans** | **No of Respondents** | **Percentage** |
| Yes | 28 | 70 |
| No | 12 | 30 |
| **Total** | **30** | **100** |

Source: field survey

**Diagram 4.5**

**THE RESPONSES OF RESPONDENTS ON FINANCIAL PLANNING**

**Interpretation**

From the table it is clear that out of 40 respondents, majurity of the respondents do their financial planning and minority of respondents do not make financial planning

**Table 4.6**

**C0NFORMITY OF EXPENSES TO FINANCIAL PLANS**

|  |  |  |
| --- | --- | --- |
| **Expenses conforms to plans** | **No of Respondents** | **Percentage** |
| Yes | 19 | 67.85 |
| No | 9 | 32.15 |
| **Total** | **28** | **100** |

Source: field survey

**Diagram 4.6**

**CONFORMITY OF EXPENSES TO FINANCIAL PLANS**

**Interpretation**

The table No 4.6 shows that out of the 28 respondents, who made financial plans, the expenses of 67.85% respondents conform to their financial plans.

**Table 4.7**

**FREQUENCY IF INVESTMENT**

|  |  |  |
| --- | --- | --- |
| **Frequency of investing** | **No of Respondent** | **Percentage** |
| Monthly | 24 | 60 |
| Once in 3-6 months | 7 | 17.5 |
| Once in a year | 6 | 15 |
| Very rare | 3 | 7.5 |
| **Total** | **40** | **100** |

Source: field survey

**Diagram 4.7**

**FREQUENCY IF INVESTMENT**

**Interpretation**

The Table No 3.7 shows that 60% of the respondents invest monthly, 17.5% of the respondent invest once in 3-6 months, 15% of the respondent invest annually and 7.5% of the respondent invest very rarely.

**Table 4.8**

**AVENUES OF INVESTMENT**

|  |  |  |
| --- | --- | --- |
| **Sl. No.** | **Particulars** | **No. of respondents** |
| 1 | Bank deposits | 38 |
| 2 | Government securities | 3 |
| 3 | Postal Savings | 18 |
| 4 | Shares / Debentures | 0 |
| 5 | Gold / Silver | 2 |
| 6 | Real Estate | 4 |
| 7 | Insurance | 12 |
| 8 | Mutual Fund | 3 |
| 9 | Others | 5 |

**Source**: field survey

**Diagram 4.8**

**AVENUES OF INVESMENT**

**Interpretation**

The above table shows that 38 of the respondents invest in bank account, 18 of them invest in postal savings and 12 of them invest in insurance. A small percentage of people only use all other avenues of investments like Government securities, gold, mutual fund etc. None of them invest in shares or debentures

**Table 4.9**

**PURPOSE OF INVESTMENT**

|  |  |  |
| --- | --- | --- |
| **Sl. No.** | **Purpose** | **No of respondents** |
| 1 | House construction | 18 |
| 2 | Retirement | 6 |
| 3 | Child education | 10 |
| 4 | Regular future income | 4 |
| 5 | Others | 2 |
| **Total** | | **40** |

**Source**: field survey

**Diagram 4.9**

**PURPOSE OF INVESTMENT**

**Interpretation**

It is observed that investments purpose of majority of respondent’s is house construction and child education. Only 6 respondents invest for the purpose of retirement and 4 respondents invest for the purpose of regular future income and only 2 persons invest for other purposes.

**Table 4.10**

**ADVANTAGES OF INVESTMENT**

|  |  |  |
| --- | --- | --- |
| **Sl. No.** | **Particulars** | **No. of respondents** |
| 1 | Professional Management | 6 |
| 2 | Diversification | 4 |
| 3 | Tax benefit | 28 |
| 4 | Liquidity | 19 |
| 5 | Transparency | 16 |
| 6 | Flexibility | 5 |
| 7 | Low cost | 6 |
| 8 | Choice of scheme | 1 |

**Source**: field survey

**Diagram 4.10**

**ADVANTAGES OF INVESTMENT**

**Interpretation:**

The given analysis mentions that most of the respondents expect tax benefit as an advantage to invest (28 respondents). Liquidity is the second advantage that respondents prefer. Choice of scheme is least preferred by them.

**TABLE 4.11**

**INFORMATION ABOUT INVESTMENT**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sl. No.** | **Particulars** | **No. of respondents** | **Percentage** |
| 1 | Financial Institutions | 2 | 5 |
| 2 | TV Channels | 7 | 17.5 |
| 3 | Magazines / Newspapers | 17 | 42.5 |
| 4 | Friends / Relatives | 4 | 10 |
| 5 | Internet | 9 | 22.5 |
| 6 | Others | 1 | 2.5 |
| **Total** | | **40** | **100** |

**Source**: field survey

**DIAGRAM 4.11**

**INFORMATION ABOUT INVESTMENT**

**Interpretation:**

Respondents gather information about different avenues of investment through magazines/newspapers (42.5%), internet (22.5%) and TV channels (17.5%).

**TABLE 4.12**

**FACTORS INFLUENCING INVESTMENT DECISIONS**

|  |  |  |
| --- | --- | --- |
| **Factors** | **No. Of respondent** | **Percentage** |
| Safety | 24 | 60 |
| Liquidity | 2 | 5 |
| Profitability | 4 | 10 |
| Capital appreciation | 10 | 25 |
| **Total** | **40** | **100** |

**Source**: field survey

**DIAGRAM 4.12**

**FACTORS INFLUENCING INVESTMENT DECISIONS**

**Interpretation**

From the table no 4.12, it is clear that investment decisions of majority of the respondents were influenced by the factor safety, 5% of the respondents consider liquidity,10% of the respondents consider profitability and 25% of the respondents consider capital appreciation

**Profitability of investment avenues**

**Table No 4.13**

|  |  |  |
| --- | --- | --- |
| **Investment avenues** | **No of Respondents** | **Percentage** |
| Bank deposits | 9 | 22.5 |
| Government securities | 2 | 5 |
| Gold/silver | 11 | 27.5 |
| Insurance | 4 | 10 |
| Shares/debentures | 1 | 2.5 |
| Postal savings | 5 | 12.5 |
| Real estate | 4 | 10 |
| Mutual fund | 1 | 2.5 |
| others | 3 | 7.5 |
| **Total** | **40** | **100** |

**Source**: field survey

**Diagram 4.13**

**Profitability of investment avenues**

**Interpretation**

From the table no it can be seen that majority of respondents considered Gold/silver as profitable investment and only one person each considered Shares/debentures and Mutual fund. And only few people considered Bank deposits, government securities, insurance, postal savings, real estate and others as profitable avenue

**Table No: 4.14**

**Risk of investment avenues**

|  |  |  |
| --- | --- | --- |
| **Investment avenues** | **No of Respondents** | **Percentage** |
| Savings bank | 1 | 2.5 |
| Government securities | Nil | 0 |
| Gold/silver | 9 | 22.5 |
| Insurance | 6 | 15 |
| Shares/debentures | 13 | 32.5 |
| Postal savings | Nil | 0 |
| Real estate | 6 | 15 |
| Mutual fund | 2 | 5 |
| others | 3 | 7.5 |
| **Total** | **40** | **100** |

Source: field survey

**Diagram 4.14**

**Risk of investment avenues**

**Interpretation**

The Table No: 4.14 reveals that majority of the respondents considered that company shares and debentures are risky. And few respondents considered gold/silver, insurance and real estate. No one considered postal savings and government securities are risky investment

**TABLE 4.15**

**OBSERVATION OF CHANGES IN STOCK EXCHANGES**

|  |  |  |
| --- | --- | --- |
| **Watch changes in stock exchange** | **No of respondents** | **Percentage** |
| Always | 1 | 2.5 |
| Rarely | 2 | 5 |
| Does not watch | 26 | 65 |
| Have no idea | 11 | 27.5 |
| **Total** | **40** | **100** |

Source: field survey

**Diagram 4.15**

**OBSREVATION OF CHANGES IN STOCK EXCHANGES**

**Interpretation**

From the above table it is clear that only 2.5% of the respondent are watch in changes regularly and 5% respondent watch rarely. 65% of respondent do not watch the changes in stock exchange and 27.5%have no idea about it.

**TABLE 4.16**

**PREFERENCE WITH REGARD TO TYPE OF BANK DEPOSITS**

|  |  |
| --- | --- |
| **Type of Bank Deposits** | **No of Respondents** |
| Savings Deposits | 32 |
| Fixed Deposits | 14 |
| Current Deposits | 2 |
| Recurring Deposits | 5 |

Source: field survey

**Diagram 4.16**

**PREFERENCE WITH REGARD TO TYPE OF BANK DEPOSITS**

**Interpretation**

The table no 4.16 shows that 32 respondents preferred savings deposits, 14 respondents preferred fixed deposits and 2 respondents preferred current deposits while 5 respondents were of the opinion that recurring deposits are the most preferred bank deposits

**CHAPTER V**

**SUMMARY, FINDINGS AND SUGGESTIONS**

* 1. **SUMMARY**
  2. **FINDINGS**
  3. **SUGGESTIONS**

**SUMMARY, FINDINGS AND SUGGESTIONS**

**INTRODUCTION**

This chapter contains summary of the study, major findings, important suggestions by the researcher and conclusion of the study

**5.1 SUMMARY**

There are various investments avenues for allocating the surplus income left after meeting all consumption needs of individuals. The investment pattern of individual is determined by a number of factors like individual’s income, consumption pattern , their attitude, preference, available savings and investment avenues related information, investment awareness among them etc.

The study entitled “A STUDY ON THE INVESTMENT PATTERN OF GOVERNMENT EMPLOYEES IN MATTOOL GRAMA PANCHAYATH” is carried out to understand the investment pattern of government employees, factors influencing investments pattern and to know about the investment awareness among them.

The first chapter gives an overall idea of the study. It gives a general introduction and details about the study. It covers topics such as statement of the problem, scope and objectives, the research methodology used main limitations of the study and plan of the study.

The second chapter ‘an overview of investment’ covers the theoretical background of the investments. It includes meaning of investments, concepts of investments, reason for increasing popularity of investments, essentials of a systematic investment plans and policies, and also it covers various investment avenues. The important investment avenues are bank deposits, insurance schemes, company shares, government securities, debentures, real estate, gold, silver, mutual funds etc.

The fourth chapter analyses in detail the data collected from government employees. The data collected from 30respondents through questionnaires were analyzed with the help of tables and charts. It includes profile of respondents and analysis of response based on selected criteria.

**5.2 FINDINGS**

The following are the major findings from the analysis of responses about investments pattern of salaried people.

1. Majourity of the respondents fall under the age group 30-40.
2. Among the total respondents,most of the people are male and else are female.
3. Majority of the respondents fall under the income group of 25000 and 40000.
4. Majority of the respondents saves in between 10 – 25%.
5. 8 respondents invested less than 10 percentage of their monthly income. Only two respondents invested more than 50 percentage of their income.
6. 28 respondents made financial plans.
7. Out of 28 respondents who made financial plans, the expenses of 67.85 percentages conforms to their financial plans. The expenditure of 32.15 percentage respondents did not match to their financial plans.
8. 6 respondents invested once in a year, 24 respondents invested monthly, 7 respondents invested in once in 3-6 months and three respondents invested Very rarely.
9. The most commonly used investment avenue is bank deposits. 38 respondents used bank deposits as an investment avenue. No respondents used shares and debentures as an investment avenue.
10. Individual investors’ main purposes of their investment are house construction, child education etc.
11. People expect to get advantages like tax benefit, liquidity and transparency from their investment avenues.
12. It is revealed that most of them gather information about different avenues of investment from magazines, newspapers and internets
13. Safety and Capital appreciation are the main factors that employees give priority when they invest.
14. Majourity of respondents considered gold and silver as most profitable investments avenue. Only few respondent each considered shares/debentures and mutual fund as profitable.
15. Most of the respondents considered company shares and debentures are risky investment avenue. Only few respondent considered bank deposits risky investment avenue. No one considered postal savings and government securities are risky investment
16. Majority of respondents do not watch changes in stock exchange indices. Only few respondents watch stock exchange indices regularly
17. Most of the respondent prefer savings deposits and fixed deposits. And only few respondents prefer current and recurring deposits in banks.

**5**.**3 SUGGESTIONS**

The main suggestions of the study are as follows.

1. The study makes it clear that there is lack of investment awareness among government employees. So activities should be undertaken to make investment awareness among the government employees.
2. Suitable schemes must be introduced to induce the government employees to invest in productive investment avenues. Schemes must be introduced to attract them to the capital market.
3. All the employees should have minimum knowledge about available avenues in semi-urban areas.
4. Awareness classes can be provided by the Government to their employees in various organizations.
5. High return can be earned only when risk is taken, as a salaried person they should have a tendency to bear risk.
6. People should encourage themselves to invest in mutual funds.
7. Mutual fund agencies should popularize their investment opportunities in semi-urban area.

**4.3 CONCLUSIONS**

The study, “A STUDY ON INVESTMENT PATTERN OF GOVERNMENT EMPLOYEES WITH REFERENCE TO MATTOOL GRAMA PANCHAYTH” undertaken is an attempt to find out the investments pattern of government employees with reference to Mattool Grama Panchayath.

The study reveals various avenues of investments used by government employees, the portion of income put in to various avenues, their preferences regarding avenues, preference with regard to type of bank deposits, mutual fund, insurance policies and investment awareness among salaried people.

They have aware about less investment avenues and used only small portion of their income in such avenues. But they have huge investment in traditional avenues like bank. From this, it can be concluded that government employees are good savers, but poor investors. So it is very necessary to create investment awareness among government employees to facilitate the flow of money in to productive purposes.

The economy is prospering, the job market is booming and salaries are touching a new high. The new breed of government employees has its pockets full and they usually make investment with future end date in mind. Investment is sacrificing present consumption for future gains. It is an economic activity and fascinated by people from all walks of life. There are wide ranges of investment avenues for the savers in semi-urban areas. Some of them are marketable and liquid while others are not marketable. Some of them are highly risky while others are risk less. The investor has to choose a portfolio regarding different avenues investment depending upon their preferences, needs and factors that motivate them to invest.

According to this study most of the salaried government employees are allocating their savings in various traditional aspects of investment avenues like savings bank, postal savings, insurance and fixed deposits. Most of them look after the safety of their investment rather than high returns. As a salaried class people they all enjoy the benefit of stable income, but they are not ready to bear risk while selecting their investment portfolio. The study reveals that the employees have no interest to know about further investment avenues like shares, debentures, bonds, derivatives, etc. The result also highlight that while deciding on the avenues for investment they give more priority for certain factors like tax benefits, liquidity, safety, stable income and transparence. In order to increase the awareness about the various investment avenues the financial institutions should popularize their investment opportunities through various modes of advertisement.

**BIBLIOGRAPHY**

**BOOKS**

1. Bhalla V.K., Investment Management, New Delhi; S Chand and Company Ltd.,2001.

2. Kevin S., Portfolio Management, New Delhi; Prentice-Hall of India Pvt Ltd.,2005.

3. Francis, J C; Taylor, R W (2004) – Schaum‘s Outline of Theory and Problems of

Investments New Delhi : Tata McGraw Hill.

4. Alexander, G J (2002) – Fundamentals of Investments. New Delhi: Prentice – Hall of India.

5. Chandra, Prasanna (2004)– Managing Investments New Delhi: Tata McGraw Hill.

**WEBSITES**

1. www.wikepedia.com

2. www.icai.org

3. www.thehindubusinessline

4. www.investopedia.com

5.www.businessdictionary.com

**QUESTIONNAIRE**

**A STUDY ON INVESTMENT PATTERN OF GOVERNMENT EMPLOYEES WITH REFERENCE TO MATTOOL GRAMA PANCHAYTH**

Name :

Address :

Occupation :

Age :

Sex : Male Female

1. Monthly salary?

Below 25,000 Between 25,000 – 40,000

Between 40,000 – 1,00,000 Above 1,00,000

1. What is the percentage of your savings from your total income?

Less than 10% Between 10 – 25 %

Between 25 – 50 % Above 50 %

1. Do you make financial plans?

Yes No

1. Does your expenses confirm to your plan?

Yes No

1. How frequently you change your investment?

Monthly Once in 3-6 months

Once in a year Very rare

1. Where do you invest your savings?

Bank deposits Government securities

Postal savings Shares/debentures

Gold/silver Real estate

Insurance Mutual fund

Others

If others, specify:

1. What is the main purpose of your investment?

House construction Retirement

Child education Regular future income

Others

If others, specify :

1. What advantages do you expect from your investment:

Professional management Diversification

Tax benefit Liquidity

Transparency Flexibility

Low cost Choice of schemes

1. From where do you gather information about different avenues of investment?

Financial institution TV channel

Magazines & newspapers Friends and relatives

Internet Others

1. What are the factors influencing your investment decisions?

Safety Liquidity

Profitability Capital Appreciation

1. Which one of the following would the consider more profitable?

Bank deposits Government securities

Postal savings Shares/debentures

Gold/silver Real estate

Insurance Mutual fund

Others

1. Which one of the following would you consider more risky?

Bank deposits Government securities

Postal savings Shares/debentures

Gold/silver Real estate

Insurance Mutual fund

Others

1. Do you observe changes in stock exchange?

Yes No

1. Which type of bank deposit would you prefer?

Fixed deposits Current deposits

Savings deposits Recurring deposits