A Study on Investment Pattern of Indian Army Personnel in Panchkula District

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ABSTRACT

In today's modern era, a large variety of investment avenues are available to the investors. In this paper an attempt has been made to study the basic financial literacy and awareness about available investment avenues of Indian army personnel residency in Panchkula district. This research paper is focused on awareness and investment pattern of army personnel.In spite of low income, the respondents have been saving for the future needs. The main purpose of investment is for children education, marriage and safety after retirement. Among all investment bank fixed deposits, insurance policies and PPF are safest and most preferred by the respondents.To conduct the present study primary data has been collected via personal interaction with the respondents for the fulfillment of present study objectives.

Keywords: Investment, Awareness of Investment avenues, army personnel, investment preference.

I INTRODUCTION

Investment refers to commitment of funds for future periods against a return which is adequate to induce part with money. This word has wide variety of contexts such as investment in a house or investment in a mutual funds or investment in securities. Investment is considered as sacrifice of current present valves of money for the future rewards. Funds are required for a fairly long term for the purpose of acquiring fixed assets and some for day to day working. Investment is the allocation of monetary resources into some profitable assets to yield some profit in future over a given period of time. Investing may be defined as the deployment of funds in available investment opportunities/ economic activity for future returns.

Investment may be safe investment to risky investment. Every investor has different objectives and needs depending upon on their age, income, attitude, preference, qualification, awareness etc. Even a small amount of investing in investment options can gives more profitable rewards and returns over a long term. But to achieve a good profit the investors has full knowledge of investment decision i.e. where to invest, when to invest and how much to invest.

Investments are beneficial for the both the development of society as well as for the economy. Varieties of investment options are available in present scenario but still most of the people depend on the traditional bank deposits schemes as the best investment option. There is continuously decrease in the interest rate given by banks on their deposits. Hence a study is under take to study the other available investment options in the market.

An attempt is made to find out the investment pattern preferences and financial planning among the Indian army personnel while investing in available investment avenues.

The following are the vide varieties of investment avenues which are available in India:-
(i) Post office Saving Schemes
(ii) Insurance Policies
(iii) Public Provident Fund
(iv) Banking Products
(v) Company Fixed Deposits
(vi) Share Capital
(vii) Bonds and Debentures
(viii) Real Estate
(ix) Mutual Funds
(x) National Saving Certificates
(xi) National Pension Fund
(xii) Gold/ Silver and precious Articles

Investment culture is essential for the development of the individual, society as well as for the faster growth of the economy. In Finance, investment means the purchase of a financial product or other items with an expectation of favorable future needs.

There are vide schemes which were introduced for the purpose of tax saving. These schemes are available for the assess who invest in these schemes and eligible to get the tax benefits under section 80C of Income Tax Act, 1961. Listed below are some of these taxes saving schemes:-
(i) Post office Saving deposits schemes
(ii) Life Insurance Premium
(iii) Public Provident Fund
(iv) National Saving Certificates
(v) Repayment of Housing Loan
(vi) Fixed Deposits
(vii) Mutual Funds

II REVIEW OF LITERATURE

Manikandan. A &Muthumeenakshi.M (2017) analyzed the various investment avenues available in

the market for various investors to invest. They studied investor's preferences and level of satisfaction towards investment avenues and concluded that most of the investors invested their saving in the low risk and highest returns options. Most of the respondents prefer to invest in long term safe and secure options like purchasing gold, silver and in real estates. Education qualification, age, occupation, annual income and saving etc affect the investment decisions of the respondents/investors.

PratibhaChaurasia (2017) concluded the investment preferences of investors with sample size 229 in the area of Indara in Madhya Pradesh state. She concluded that financial planning is very important for personal as well as for the development of the Economy. Demographic factors have a significant effect on the investment preferences of the investors. The study gives detail knowledge of the investment avenues available in the market. The main finding of the study are that fixed deposits is the most preferable investment options of the investors and debt instruments is the least preference as investors of the Indara city have less confidence in capital markets investments.

GeethaSineni& S Siva Reddy (2017) examined the relationship of investor's perceptions & satisfaction level towards mutual fund in rayalaseema area of Andhra Pradesh. They studied that mutual fund as the one of the best avenues of investment. The sample size was 600 of four district of Andhra Pradesh. Primary data was collected and analyses by using the statistics tools like chi-square and factor analysis. The objective of the study is to find out the socio-economic conditions, proportions of the investors towards investment in mutual fund. Major finding of the study is that 30% of the respondents were aware about the mutual funds concepts and its schemes. Study also concluded that mutual fund industry shows growth only if investors have more preferences towards it.

K. Parimalakanthi& M. Ashok Kumar (2015) examined and studied that a large varieties of investment avenues are available in the market for making a good investment and earn a regular return on them for all the classes of the people in the society. The study focused to identify the investor preferences and behavior towards the investment in Coimbatore city. Further this study main objective is to find out how the investors behavior varies according to their age, gender, education level, occupation, income level etc. the sample size was 107 respondents selected. The collected data was analyzed by making use of fried men test, garratt ranking and factor analysis. The study concludes that majority of the investors are male residing in urban area and ages range between 26 to 30 years and most of the investors were unmarried, professional qualified, and belong to middle class and live in nuclear family.

M. Yasodha& G. Ravindran (2015) analyzed to determine the investment pattern among the colleges teachers in Coimbatore district. The researchers studied that the investment scenario is changing in India due to FDI and globalization in the developing countries. Data was collected from the 748 college's teachers to study their saving and investment pattern. The study concluded that majority of the respondents save their money in secure & safety mode of investment like bank deposits, insurances policies gold etc. which were called low risk instruments. The data was analyzed by using f-test and chi-square statistical tools and concluded the results. Main study found that investors are more sensitive about their investments &they invest regularly in low risk and safe investment.

Megha Goyal &Anukrati Sharma (2014) concluded that middle class income group behavior towards the different kinds of investment avenues. Middle class group plays an important role in the development of the economy especially in the case of India. Middle class peoples saving and investment pattern was greatly influence by their future needs and conditions of the markets. The study revealed that experience and future needs of the middle class group are significantly influencing the saving and investment behavior of the group. The major finding of the study that about 40% of investor prefer bank fixed deposits of their first choice of investment followed by insurance of about 31%. Middle class people prefer to invest annually rather than invested regularly.

III NEED OF THE STUDY

None of the studies have been made and no significant studies that have focused regarding the investment pattern and financial planning of Indian army personnel, so the present study has been undertaken. The study is unique in all respects.

IV RESEARCH GAP

Review available from literature reveals that the number of research studies has been done on investment pattern and financial planning. But, no study has concentrated on investment pattern and financial planning of Indian Army Personnel. Thus, there is a need to study the investment pattern, perceptions, preferences and financial planning of the Indian army personnel towards the various investment avenues. No study is conducted to address this issue. Through this research, the gap will be filled and we will get new insights about the Indian army personnel investment and financial planning

V OBJECTIVES OF THE STUDY

(a) To study the investment pattern of Indian army personnel in Panchkula district.

(b) To understand the awareness level of Indian army personnel about various investment avenues.
(c) To measure the level of financial literacy among respondents.

VI RESEARCH METHODOLOGY

The present study is based on primary and secondary data. Considering the practical difficulties of the study the sample size was decided as 40 respondents only. Convenience sampling method has been adopted. Primary data was collected from 40 army personnel residing in Panchkula district of Haryana through personal interaction with them. In addition to this the secondary data was also collected from various newspapers, journals, magazines, books, and websites etc. The collected data were analyzed with the help of statistical tools and technique like percentage analysis, chi-square, tables and graphs.

VII HYPOTHESIS

(a) H0: There is no significant difference between educational qualification and awareness level.
   H1: There is a significant difference between educational qualification and awareness level.
(b) H0: There is no significant relation between investment pattern and age group of the respondents.
   H1: There is significant relation between investment pattern and age group of the respondents

## VIII DATA ANALYSIS AND INTERPRETATION

Table-1

Awareness level of Respondents towards the various available investment avenues

Investment Avenues	No of respondents those are not aware about investment avenues	No of respondents those are aware about investment avenues	Total
Bank Deposits& Fixed Deposit	7	33	40
Mutual Funds	29	11	40
Life Insurance	0	40	40
Gold/Silver	0	40	40
PF & PPF	4	36	40
Pension Funds	25	15	40
Shares and securities	25	15	40
Debentures& Bonds	27	13	40
Real Estates	15	25	40
Post Office Saving Schemes	12	28	40

Source: Primary data collected via personal interaction

Table 1from the above table, it can be summarized the awareness level about the traditional and modern investment avenues among the investors. It is concluded that still most of the respondents have awareness about traditional alternatives like, insurance policies, fixed deposits, PPF, post office schemes than the modern investment alternatives.
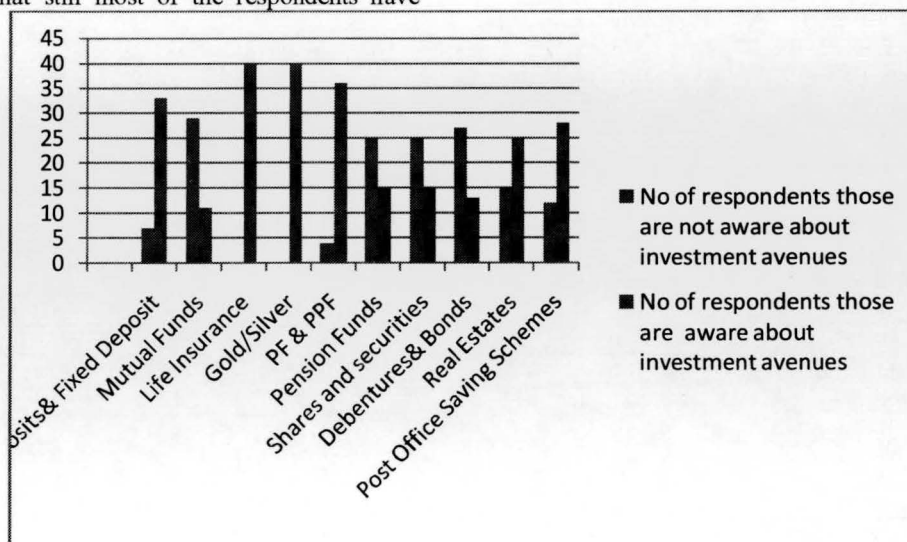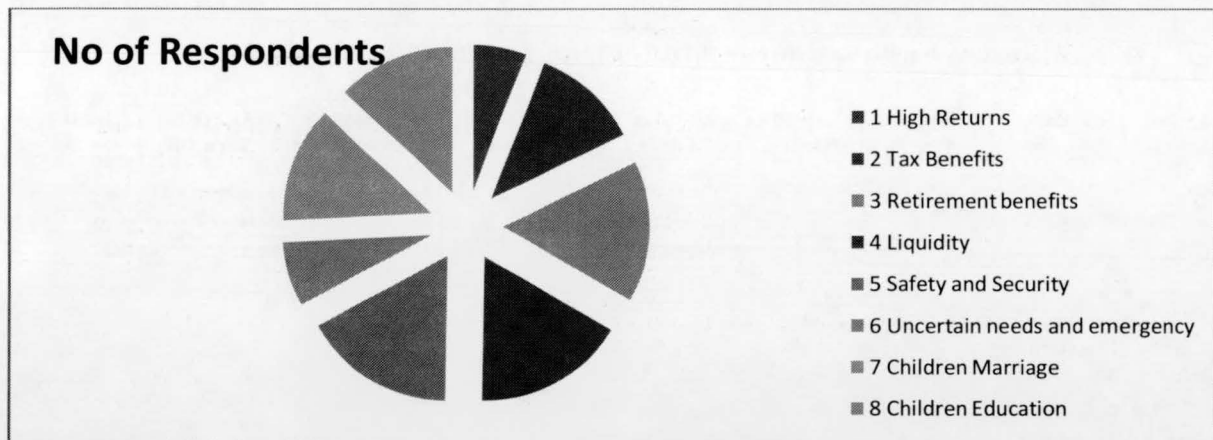
Table-2
Main purpose of Investment

Sr.no	Particular	No of Respondents
1	High Returns	12
2	Tax Benefits	25
3	Retirement benefits	33
4	Liquidity	35
5	Safety and Security	35
6	Uncertain needs and emergency	15
7	Children Marriage	27
8	Children Education	27

Source: Primary data collected via personal interaction

Table 2 shows the main purpose of investment among Indian Army Personnel. The respondents save and invest mainly for the future needs, like children education, marriage and safety after retirement.

No of Respondents
- 1 High Returns
- 2 Tax Benefits
- 3 Retirement benefits
- 4 Liquidity
- 5 Safety and Security
- 6 Uncertain needs and emergency
- 7 Children Marriage
- 8 Children Education

Table-3
Financial Literacy of respondents

Sr.no	Financial Literacy	%
1	Very Good	30
2	Good	35
3	Moderate	20
4	Poor	15
	Total	100

Source: Primary data collected via personal interaction

Table 3 shows the level of financial literacy among respondents. 30% respondents had very good knowledge about investment whereas 10% had poor financially literate.

IX HYPOTHESIS TESTING

(a) H0: There is no significant difference between Educational Qualification and awareness of the bank employees.

Table 4
Relationship between Educational Qualification and awareness of the respondents:

Educational Qualification	No of Investors Aware	No of Investors Not Aware	Total
Post Graduate	9	2	11
Under Graduate	11	5	16
Others	2	11	13
Total	22	18	40

Chi-Square test has been applied and result of test is below
Degree of Freedom
$V=(r-1)(c-1)$

$V=(3-1)(2-1)$
$V=2$

Degree of Freedom	2
Table valve at 5% level	5.99
Calculated valve	12.662

Since the calculated valve of chi-square test 12.662 is more than the table valve at 5% level of significance. So the null hypothesis is rejected. Hence there is significant relation between educational qualification and awareness of the respondents.

(a) **H0**: There is no significant relation between investment pattern and age group of the respondents.

Table 5
Relationship between investment pattern and age group of the respondents:

Age	Bank	Insurance	Post Office schemes	Mutual Funds	Real Estates	Precious Article/Gold	Other Securities	Total
20-25	7	2	3	0	0	0	0	**12**
26-45	4	2	2	1	0	0	0	**9**
46-60	5	5	5	0	2	1	1	**19**
Total	**16**	**9**	**10**	**1**	**2**	**1**	**1**	**40**

Chi-Square test has been applied and result of test is below
Degree of Freedom
$V=(r-1)(c-1)$
$V=(3-1)(7-1)$
$V=12$

Degree of Freedom	12
Table valve at 5% level	21.0
Calculated valve	10.153

Since the calculated valve of chi-square test 10.153 is less than the table valve at 5% level of significance. So the null hypothesis is accepted. Hence there is no significant relation between investment pattern and age group of the respondents

X FINDINGS OF THE STUDY

(a) Majority of the respondent's age is between 25-35 years.
(b) 53% respondents are married and save money for the children education and marriage.
(c) It can be seen that 68% save their income in banks and insurance policies.
(d) Knowledge must be provided about NSC, Mutual Funds, and Senior Citizen Saving Scheme etc.
(e) 35% respondents have good level of financial literacy.
(f) Most of the investment decision in the family taken by the male members.

XI CONCLUSION

No doubts, a large variety of investment avenues are available, but still most of the investment is made in traditional alternatives which are more secure, safe and provide more liquidity than the modern investment avenues. In this study the researchers are trying to identify the relationship between financial awareness and investment among the respondents. The results of the study concluded that financial literacy level of the investors is good, but they are not much aware about share market securities and mutual funds. Respondents mainly prefer to invest in traditional and safe financial products and not much interested in making investment which are complex and risky.

Hence the study concluded that the most of the army personnel of Panchkula district saving their money for children education, marriage and future needs after retirement by investing in bank fixed deposits, insurance policies followed by PPF and gold.

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