



## SAVINGS AND INVESTMENT PREFERENCE OF SALARIED CLASS INDIVIDUAL IN MADURAI CITY

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### Abstract:

This study examines the savings and investment preferences of salaried class individuals in Madurai City with a focus on their personal profile, influencing factors, and perception towards savings and investment. Using a descriptive research design, primary data were collected from 100 salaried respondents through a structured questionnaire, supported by secondary sources. The analysis reveals that most respondents are young, educated, and salaried professionals, with a strong preference for safe, liquid, and income-generating investment avenues. Safety emerges as the most important factor influencing investment decisions, followed by liquidity and rate of return, indicating a risk-averse investment behaviour. Perception analysis shows that regular income generation, rate of return, and safety significantly shape investment attitudes, while factors such as risk awareness, financial knowledge, and investment horizon receive less emphasis. The study concludes that although salaried individuals show awareness of investment options, there is a need for enhanced financial literacy and guidance to encourage informed and balanced investment decisions.

**Keywords:** savings and investment

## 1. INTRODUCTION

Salaried class individuals are those who earn a fixed, regular income in the form of a salary from their employers. This group primarily includes professionals, office workers, teachers, government employees, private-sector employees, and other white-collar workers. They form a significant segment of the working population in most countries and play a crucial role in the economy. Salaried individuals receive a predetermined amount of money on a monthly basis. This provides financial stability but also imposes limitations on sudden income growth. Salaried individuals often fall under well-defined income tax brackets and contribute regularly through tax deductions at source (TDS). Government salaried employees generally enjoy higher job security compared to their private-sector counterparts, who may face job uncertainties based on market performance and organizational changes. Apart from the basic salary, many are eligible for benefits like provident fund (PF), gratuity, health insurance, paid leave, and performance bonuses. They typically work in structured environments with set working hours, roles, and responsibilities. The salaried class drives consumption in various sectors such as housing, automobiles, insurance, and retail. They are a major group in the financial markets through instruments like mutual funds, fixed deposits, Employee Provident Funds (EPF), Public Provident Funds (PPF),

and life insurance. The steady income of this group helps maintain stable economic demand, even in times of uncertainty. Salaried class individuals are a backbone of the modern workforce. They not only contribute to the economy through their productivity and spending but also shape social and cultural trends. Understanding their needs, challenges, and aspirations is essential for policymakers, employers, and financial institutions.

## **2. REVIEW OF LITRATURE**

Puneet Bhushan Sood , Yajulu Medury (2012), in their study titled “Investment Preference of Salaried Individuals towards Financial Products”, aimed to explore how various demographic variables influence the investment decisions of salaried individuals. The research focused on identifying whether factors such as age, gender, income, marital status, and employment status have any significant impact on investment preferences toward financial products. Using appropriate statistical tools for analysis, the study found that there was no statistically significant relationship between these demographic factors and the investment preferences of the respondents.

Gurider singh, Dr.SaloniRaheja (2019), in their study titled “A Study on Factors Affecting Academicians’ Investment Behaviour,” aimed to identify the key factors that influence the investment decisions of academicians. The research was conducted using primary data collected from 208 academicians in Jalandhar city. To analyze the data, factor analysis was employed, which led to the identification of eight significant factors influencing investment behavior. These factors encompass both personal and external influences, although the study does not explicitly list them in the abstract. The findings underscore the complexity of investment behavior and the multifaceted influences that guide academicians in their financial decisions. The study contributes to the existing literature by offering a sector-specific understanding of investor behavior and emphasizes the importance of considering various psychological, financial, and socio-demographic variables in investment decision-making.

Aswin Prakash, Dr.Anupa.k Dr.Nishith Anand (2023),“Savings and Investment Behaviour of College Teachers – An Empirical Analysis from Calicut District,” investigated the investment patterns and preferences of college teachers with a focus on investment goals, time horizons, risk tolerance, and strategies. The research aimed to understand how demographic variables such as age, income, and education level influence investment behavior. The findings revealed that these demographic factors significantly affect the investment choices of college instructors, emphasizing the importance of tailoring financial advice to individual profiles. The study highlights that college teachers display distinct investment behaviors, shaped by their socio-economic background and professional context. It also provides valuable insights for financial advisors in designing suitable investment plans for educators, thereby contributing to a more personalized approach in financial planning and advisory services.

## **STATEMENT OF THE PROBLEM**

With the liberalization of the financial services industry in India, salaried individuals today have access to a wide range of investment options beyond traditional products like bank deposits, LIC policies, and postal savings. New avenues such as mutual funds, equity, ULIPs, pension plans, and other market-linked instruments have changed the investment landscape. However, individual investment preferences vary significantly due to factors like income, risk tolerance, financial literacy, and personal goals. Despite the availability of diverse financial products, many salaried individuals continue to invest conservatively or without a clear understanding of risk and returns. This study aims to analyze the savings and investment behavior of salaried individuals, focusing on their preferences, influencing factors, and awareness levels in the current financial environment.

## **OBJECTIVES OF THE STUDY**

1. To study the profile of the respondents.
2. To examine the savings and investment preferences of salaried individuals.
2. To identify the factors influencing the savings and investment decisions of salaried individuals.
3. To analyze the perception and attitude towards salaried class individuals in the process of investing.
4. To offer suggestions based on the findings.

## **SCOPE OF THE STUDY**

Salaried individuals typically have a fixed income, which often influences their investment patterns. This study aims to explore the investment behavior of the salaried class and will help identify various savings and investment options available in the market. The scope of the study is limited to salaried individuals residing in Madurai.

## **3. RESEARCH METHODOLOGY**

### **Research Design**

The study adopts a Descriptive research design to understand the savings and investment preferences of salaried individuals in Madurai. This design is suitable as it helps in analyzing current practices, preferences, and influencing factors through structured data collection.

### **Area of Study**

The geographical focus of this research is Madurai, Tamil Nadu. The study is confined to salaried individuals working government sectors within this city.

## Target Population

The population for this study includes salaried individuals in Madurai city across various sectors such as education, healthcare, manufacturing, banking, and government services.

## Sampling Technique

A stratified random sampling method is employed to ensure representation from different income levels and employment sectors. The sample is divided based on sectors and income brackets to capture diverse investment behaviors.

## Sample Size

A sample size of 100 respondents is selected to ensure reliable and meaningful results. The actual size may vary depending on the accessibility and response rate of participants.

## Data Collection Method

Primary data is collected using a structured questionnaire consisting of both close-ended and Likert-scale questions. Secondary data is obtained from published reports, journals, government statistics, and financial databases to support and compare findings. The statistical tools employed for analysing the data are percentage weighted average rank analysis.

## Personal Profile of the Respondents

To analyse the personal profile of the respondents, various factors such as **gender, age, education, and occupation** have been identified. **Table 1** presents the personal profile of the respondents.

**Table :1 Profile of the respondents**

Variables		No of Respondents
<b>Gender</b>	Male	52
	Female	48
<b>Age</b>	Below 25	20
	26–35	38
	36–45	18
	46–55	16
	Above 55	8
<b>Education</b>	School Education	8

	UG	42
	PG	18
	Professional Degree	8
	Others	24
<b>Occupation</b>	Education	34
	Health	20
	Local Administration	14
	Police	10
	Bank	12
	Others	10

Source: Computed data

It is observed from the table 1 that, 52% of the respondents are male, 38% of the respondents are in the age group of 26-35 , 42% of the respondents have completed UG, 34% of the respondents are in the field of education.

### Factors influencing to savings and investment Decisions

Savings and investment decisions are influenced by several factors such as **safety, liquidity, return rate, tax benefits, and peer or family influence**. Studying these factors helps in understanding the priorities and behaviour of investors while making financial decisions.

Table : 2 Factors influencing to savings and investment Decisions

Factors	Mean	Rank
Safety	36.86	I
Liquidity	33.66	II
Return rate	32.00	III
Tax benefits	31.00	IV
Peer/family influence	28.26	V

Source: Computed data

The analysis of Table 2 shows that **safety** is the most important factor influencing investment decisions, as it ranks first, indicating investors' preference for secure investments. **Liquidity** ranks second, highlighting the need for easy conversion of investments into cash. **Return rate** and **tax benefits** are given moderate importance. **Peer and family influence** ranks last, showing that investors rely more on financial security than on others' opinions while making investment decisions.

## Perception and attitude towards savings and investment of the respondents

Perception and attitude towards savings and investment reflect how respondents view the importance, benefits, and risks associated with saving and investing. Understanding these aspects helps in analysing their financial behaviour and decision-making patterns.

**Table 3 Perception and attitude towards savings and investment of the respondents**

Perception and Attitude	Mean Score	Rank
Safety of investment	4.24	III
Rate of return	4.26	II
Liquidity	4.22	IV
Risk involved	4.13	X
Tax benefits	4.20	V
Regular income generation	4.28	I
Investment horizon (short/long term)	4.14	IX
Inflation protection	4.16	VI
Ease of understanding	4.00	XII
Past investment experience	4.15	VIII
Financial knowledge and awareness	4.10	XI
Influence of family, friends, and advisors	4.17	VII

Source : Primary Data

The analysis reveals that **regular income generation** is the most influential factor in shaping respondents' perception and attitude towards savings and investment, securing the **first rank with a mean score of 4.28**. This is followed by **rate of return (mean score 4.26, II rank)**, indicating the importance of earning reasonable returns. **Safety of investment (mean score 4.24, III rank)** and **liquidity (mean score 4.22, IV rank)** show that respondents prefer secure investments with easy access to funds.

**Tax benefits (mean score 4.20, V rank)** and **inflation protection (mean score 4.16, VI rank)** play a moderate role in investment decisions. Factors such as **influence of family, friends, and advisors (mean score 4.17, VII rank)** and **past investment experience (mean score 4.15, VIII rank)** have limited influence. **Risk involved, investment horizon, financial knowledge, and ease of understanding** receive comparatively lower mean scores, indicating lesser impact on respondents' overall investment attitude.

## 4. Major Findings

1. The study reveals that male respondents (52%) slightly outnumber female respondents (48%), indicating almost equal gender participation in savings and investment activities.

2. A majority of the respondents (38%) belong to the 26–35 age group, showing that young and early-career individuals are more actively involved in financial planning and investment decisions.
3. In terms of education, 42% of the respondents are undergraduates, followed by respondents with other educational qualifications, indicating a reasonably educated sample.
4. With regard to occupation, the highest proportion of respondents (34%) are employed in the education sector, suggesting that salaried professionals form the major investor group.
5. Among the factors influencing savings and investment decisions, safety ranks first, highlighting that respondents are risk-averse and give top priority to the security of their investments.
6. Liquidity ranks second, indicating the importance of flexibility and easy access to invested funds.
7. Rate of return and tax benefits occupy middle positions, suggesting that while returns and tax savings are important, they are secondary to safety and liquidity.
8. Peer and family influence ranks last, showing that respondents prefer making independent and rational investment decisions rather than relying on social influence.
9. In terms of perception and attitude, regular income generation emerges as the most influential factor, reflecting a preference for investments that provide stable and predictable income.
10. Rate of return and safety of investment also receive high mean scores, reinforcing the cautious yet income-oriented investment behaviour of respondents.
11. Factors such as risk involved, financial knowledge, investment horizon, and ease of understanding receive comparatively lower mean scores, indicating limited awareness or consideration of these aspects.
12. Overall, the findings indicate that respondents adopt a conservative investment approach, focusing more on security and income stability than on high-risk, high-return investments.

### **Suggestions**

1. Financial institutions should design safe and income-oriented investment products to match the preferences of risk-averse investors.
2. Since liquidity is a major concern, investment schemes offering flexible withdrawal options should be promoted.
3. Awareness programmes should be conducted to improve financial knowledge, especially regarding risk management, long-term investment planning, and inflation protection.
4. Investors should be educated about the importance of diversification to balance safety and returns effectively.
5. Special focus should be given to explaining complex investment products in a simple and understandable manner to improve ease of understanding.

6. Government and financial agencies should highlight the long-term benefits of investment horizon planning, especially for younger age groups.
7. Banks and financial advisors should provide personalized financial guidance to help investors make informed decisions based on their income and risk-bearing capacity.
8. Efforts should be made to promote tax-efficient investment options along with adequate awareness of available tax benefits.

## 5. Conclusion

The study concludes that respondents prefer **safe and income-oriented investments**, showing a **risk-averse attitude** towards savings and investment. Safety, liquidity, and regular income are given more importance than high returns or social influence. Although respondents are educated and salaried, limited focus on risk and financial knowledge indicates the need for better **financial awareness and investment education**.

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