Perspectives on Investment Decision of salaried people in Private Sectors: A study with Special Reference to Jalpaiguri Town in West Bengal

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Abstract - **Investment is the outflow of fund from investors with the aim to get satisfactory return in the future. The expectation of return is the reward of time and money Tax planning is the instrument of tax management and to keep the tax payer's obligation kept low as per as possible. Investment and tax planning are two important factors that ensure the liquidity and financial security of the investors. The investors are usually investing their surplus money with various types purposes and objectives such as return, security, continous flow of income, etc . The method of tax planning is savings in various sectors by investing money and also to make a balance between risk and return. The most important consideration of investment is return and risk. The present study is an empirical nature and the primary data collected by interviewing 150 respondents through questionnaire. The present paper attempts to study behavioural pattern of investment and tax planning among salaried people of private sector. It aims to analyze the different perception to various alternative investments. The study also aims to understand the different factors related to investment by salaried employee. The researcher has made attempted to study the different types of investment as well as different factors which plays a significant role while selecting desired investment.**

keywords - **Investment, Garret Value, liquidity, return**

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1. Introduction

The tax which is paid by the individual and corporate plays a very important role in the economic growth and stability of our country. Tax is one of the important sources of revenue of the Government. The study is about analysis of investment pattern which is available in India. In India, most common people find difficult for utilization of surplus or savings money in their capital growth process. The people try to utilize their savings in an effective way through shares, debentures, mutual funds, Government securities ,gold and others. There are different variety of investment avenues are available in banks, post office , share market, real estate ,insurance ,post office. All the investors who are willing to invest their surplus funds in the above mention avenues that are based on liquidity, return and time .It has been observed that , saving pattern of Indian people have been highest in mutual fund in 2016-17.According to the Association of Mutual Fund in India (AMFI) ,net inflows have reached Rs.3.43 trillion and it is the highest ever for mutual fund industry in India.SIP (Systematic Investment plan) has played a significant role behind the highest investment in mutual fund. Monthly inflow SIP in April 2017 was Rs.4,269 crores as compared to Rs.980 crores in 2012.After demonetisation, rational investor had started diversification of cash from bank to equities, mutual fund. As per RBI annual statistical publication " Handbook of statistics on the Indian Economy-2018", house hold savings has sharply decrease in 2017-18 due to demonetization.It has been observed that from 1990 to 2000,the common people preferred to invest financial asset than compare to physical asset. But from 2000 to 2007, a major portion of savings were made to physical assets

Table 1 Financial Asset Savings of the Households (2012-18)

Financial Assets of the Indian Households (2012-18) (In Rs.Billion)				
Year	Bank Deposit	Non Banking Deposit	Life Insurance Funds	Provident & Pension Funds	Shares and Debentures
2012-13	5751	279	1799	1565	170
2013-14	6393	228	2044	1778	189
2014-15	6027	289	2992	1908	203
2015-16	6220	182	2660	2917	448
2016-17	9418	250	3491	3020	363
2017-18	4753	208	3272	3496	1509

Source-RBI's Statistics data on Households savings& Investment, 2018

Based on the above table-1, it is revealed that there has been decrease in bank deposit (49%), non banking deposit (16.8%) and life insurance funds (6.69%) and a sharp increase in shares and debentures (315%) in 2017-18 in compare to 2016-17. Savings in pension and provident fund have been increasing in a steady rate. With the increasing pattern of financial assets, tax planning and tax awareness ate the main components which are linked to investment pattern of the individual. Tax awareness is the

knowledge of existing tax laws, exemptions and deductions from 80C to 80U and other provision of income tax like rebates, interest , penalty , return filing etc.Tax planning is the pre planning by utilising individual's tax awareness to reduce the tax liability as far as minimum. In recent years mutual funds, SIP emerged as attractive avenues for the investors who are seeking for higher return and ready to keep their investment long term basis due to decreasing rate of interest in fixed interest bearing securities. The Stock markets helps to channelize individual's savings in primary market as well as secondary market.People often safe money mainly for the purpose of unexpected emergency or sudden unexceptional nature of expenses. Common people usually save money out of his regular income and later they put their savings into the productive financial instrument which yields satisfactory return over a period of time. People often try to save money in a secured zone where the probability of losing money is comparatively lower.This perception leads to save money in different sectors based on liquidity and flexible. Preference of investment is most likely depended on return and risk.The people has to select the proper investment depending on their age, income and risk taking capacity.There are various types of investment avenues available in the market and can be broadly categorised are as follows :

1.Equity 2. Mutual fund   3.Debt   4. Debentures   5.Provident fund
6.Bank FD   7. Company FD. 8.Real Estate   9.Life Insurance 10.Post Office
11.Gold/Silver   12.

2. Objectives of the study

1. To study the investors' priorities towards different investment among the salaried people working in different organisation in Jalpaiguri.
2. To know the motivating factors which are significantly influencing behavioural pattern of investment?
3.To make appropriate suggestions and recommendations to investors for effective tax planning and investment decision.

3. Methodology of the study

The present research study is based on primary data, which were collected in two stages. The primary data is related to 150 investors which were collected by the interviewing the salaried people in Jalpaiguri with the help of interview schedule through questionnaire. The responses were converted to numerical score using Garrett technique. The Garrett's score conversion formula is, Percent position $=100(R_{ij}-0.5)/N_{ij}$

Where R_{ij}=rank given for ith variable by jth respondents

N_{ij}=Number of variable ranked by jth respondents

The secondary data relating to study like amount of deposit in various segments and trends in investment in India were obtained from various books, journals, magazines ,annual reports, etc. The study attempts to analyse the data with the help of statistical package for the social science (SPSS) and results have arrived it. The hypothesis has been created, and results have been tested using SPSS (version 16) software.

4. Need for the study

Finance Secretary Hasmukh Adhia said "In the personal income tax (category), the salaried ones are paying more compared to business people'.As per IT bulletin for assessment year 2016-17, 1.89 crore salaried individuals have filed I-T returns and paid total tax of Rs 1.44 lakh crore, which works out to average tax payment of Rs 76,306 per individual salaried taxpayer. As against this, 1.88 crore individual business taxpayers, including professionals, have paid total tax of Rs 48,000 crore which works out to an average tax payment of Rs 25,753 per individual business taxpayer's..Self assessment tax system makes salaried people aware about the tax planning to minimize the tax burden and also helps to create wealth in different sectors for the purpose satisfactory retune in the furure.In this connection , researcher has made an attempt to find out investment behaviour and motivating factors behind their preferences in Jalpaiguri town

5. Review of Literature

Malabika Deo and Vijayalakshmi Sundar (2015) conducted a study on the factors influencing investment decision of investors in the Indian capital market, with a sample size 250 respondents using ANOVA,factor analysis and t test for hypothesis testing. The study showed that investment decision are mostly influenced by financial requirements, advice and recommendations, firm's image, share price ,dividend attraction ,macro and micro analysis, higher earning perspective and sector performance. The study also found that gender and demographic characteristics on investors statistically and significantly influence the investment choices of investors.

Aruna P and H. Rajashekar (2016) used the theory of behavioural finance to examine the factors influencing investment decision of individual investors. The authors concluded that there is no single factor which influence the investment decision of an individual and factors influencing investment decision varies from time to time, place to place, person to person, securities to securities etc .Demographic, economic, psychological ,social and organisational factors are mostly contributing the investment decision.

Riffin and N.Ahmad (2012) attempted to develop a conceptual framework in relation to factors determining investor's strategy. The paper also described the development of all theories with regard how investors develop their investment strategy based on investor's specific factors and socioeconomic factors. It was found that higher income and greater investment experiences leads to choose risky investment instrument to match with their high level of risk tolerance.

Anuradha Samal and A.K. Mohapatra (2017) examined the factors influencing investment decision in the Odisha province based on Indian capital market. The study covered 260 respondents who were mostly the people working in selected government offices and business men of the districts of Balasore, Beharampore, Bhubaneswar, Ganjam and Sambalpaur.The study revealed that the major factors which influences investment decision are organisation efficacy, mediators influence, return of investment, fear of loss, risk factors and income level of the investors

Deepak Chawla (2014) conducted a study on a sample of 431 respondents to understand the mutual fund buying behaviour of the individual investors. Credibility of the fund and miscellaneous features of the fund are the two important factors .The study revealed that past performance of the issuing company, tax saving funds and growth funds with capital appreciation are the

important consideration for investors in a mutual fund. Majority of the investors expect capital appreciation and higher return along with tax savings and low risk. The miscellaneous features like entry and exit load, lock-in –period of closed-ended fund are considered significantly important by younger and unmarried people.

Priyanka Zanvar and Sarang S.Bhola (2016) has thrown light to understand investment pattern among the investors of Pune. The data was collected through questionnaire distributed to 770 people from different socio economic classes. The study revealed that buying behaviour of the individual investor is influenced by social, economic, psychological an demographic factors. The study also disclosed that high income and well educated Indian investors are conservative investors and the most preferred investment options are insurance and bank deposits

P. Patel and Y Patel (2012) has examined the behavioural pattern of investment among the salaried people working in private sector and the difference in perception of an individual related to various investment alternatives. The study consisted of 50 salaried people. The study revealed that mutual fund is the most preferred options of the youth. Traditional investments are losing interest due to lower returns and lock period. Most of the people who opt for fixed deposit and other Govt.securities are senior citizens. Traditional long term financial instruments do not provide any tax benefits and therefore keeping the youth away from it.

S. Patil and K.Nandawar (2014) has studied the different avenues of investment as well as factors while selecting the investment with sample size of 40 salaried employees by conducting the survey in Pune. The study identified the preferred investment avenues among the individual investors. The study revealed that bank deposit, real estate and gold are still preferred by the investors due to safety and security.

6. Study on preference and Ranking of investment

The preference and ranking of investment in Jalpaiguri town are shown in table-2

Table-2 Preference and Ranking of Investment

Sl No	Factors/Investment	Rank Given by the Respondents								
		1st	2nd	3rd	4th	5th	6th	7th	8th	9th
1	Share	11	31	57	36	8	7	0	0	0
2	Mutual fund	78	46	14	9	3	0	0	0	0
3	Post office, Bank Deposit and other Govt. Securities	44	40	44	19	3	0	0	0	0
4	Insurance	14	31	34	50	19	2	0	0	0
5	Real Estate	2	1	2	31	57	42	13	2	0
6	Gold and Silver	2	2	0	7	49	56	21	13	0
7	Chit fund	0	0	0	0	0	0	5	22	123
8	Corporate bonds	0	0	0	3	8	28	68	34	9
9	Commodities	0	0	0	0	0	12	44	78	16

Source-Field Survey

The table-2 shows the preference and ranking of investment by the investors in Jalpaiguri town. Among 150 respondents , the mutual fund ranked as first by 78 respondents, second ranked by 46 respondents. Similarly , post office, bank deposits and other Govt .securities ranked first by 44 respondents , second ranked by 40 respondents. It is highlighted from the table ,the mutual fund as the first rank preferred by the respondents.

6.1 The percent position and Garret value

Table-3 Percent Position and Garret Value

Sl.No	100(Rij-0.5)Nj	calculated value	Garret Value
1	100(1-0.5)/9	5.55	81
2	100(2-0.5)/9	16.66	69
3	100(3-0.5)/9	27.77	62
4	100(4-0.5)/9	38.88	56
5	100(5-0.5)/9	50	50
6	100(6-0.5)/9	61.11	44
7	100(7-0.5)/9	72.22	38
8	100(8-0.5)/9	83.33	31
9	100(9-0.5)/9	94.44	19

Table-4

Calculation of Garret value and Ranking

Sl.No	Description	Rank Given by the Respondents									No. Of Respondents	Total	Mean	Rank
		1	2	3	4	5	6	7	8	9				

												Score	Score	
1	Share	891	2139	3534	2016	400	308	0	0	0	150	9288	61.92	IV
2	Mutual fund	6318	3174	898	504	150	0	0	0	0	150	11044	73.62	I
3	Post office,Bank Deposit and other Govt. Securities	3564	2760	2728	1064	150	0	0	0	0	150	10266	68.44	II
4	Insurance	1134	2139	2108	2800	950	88	0	0	0	150	9369	62.46	III
5	Real Estate	162	69	124	1736	2850	1888	494	62	0	150	7495	49.96	V
6	Gold and Silver	162	138	0	392	2450	2464	798	403	0	150	6957	46.38	VI
7	Chit fund	0	0	0	0	0	0	190	682	2337	150	3359	22.39	IX
8	Corporate bonds	0	0	0	168	400	1232	2584	1054	171	150	5759	38.39	VII
9	commodities	0	0	0	0	0	528	1672	2418	304	150	4922	32.81	VIII

Source-Data collected and computed through questionnaire

The research of Garrett ranking reveals that respondents prefer to invest in mutual fund followed by post office and Govt. securities, insurance, shares, real estate, gold and silver, corporate bonds, commodities ,chit fund 2nd,3rd,4th ,5th, 6th, 7th ,8th, 9th ranks respectively

Table-4 Percentage wise expected return from investment

Return Range from Investment	No of Respondents	Percentage
Less than 10%	42	28
10% to 15%	86	57
15% to 20%	16	11
Above 20%	6	4

From the above table ,it can be clearly seen that major proportion of the respondents are expecting returns ranging between 10% to 15% and it revealed that their expectation can be fulfilled by investing in mutual fund. Fewer proportion, only 4% are expecting returns more than 20% which is available by investing in share market.

7 Hypothesis Testing

7.1 There is no significant relationship between gender and participation in share market

Table 5 Gender * participation					
			Participation in share market		Total
			YES	NO	
Gender	Male	Count	66	26	92
		% of Total	44.0%	17.3%	61.3%
	female	Count	35	23	58
		% of Total	23.3%	15.3%	38.7%
Total		Count	101	49	150
		% of Total	67.3%	32.7%	100.0%

Source-Field Survey

Table-6 Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.100a	1	0.147

The analysis of above table disclosed that the relationship between gender and participation in share market in Jalpaiguri was low. This indicated that there is no significant association between gender and participation in share market. The calculated value of Chi-square (2.100) is less than the table value of chi-square (3.84) at $P \leq 0.05$ level df 1. The hypothesis "There is no significant relationship between gender and participation in share market", was accepted

7.2 There is no significant relationship between income level and participation in share market

Table-7 Annual income * participation					
			Participation in Share Market		
			Yes	NO	Total
Annual Income	less than 2.5L	Count	8	3	11
		% of Total	5.30%	2.00%	7.30%
	2.5L to 5L	Count	30	25	55
		% of Total	20.00%	16.70%	36.70%
	5L to 10L	Count	47	11	58
		% of Total	31.30%	7.30%	38.70%
	Above 10L	Count	16	10	26
		% of Total	10.70%	6.70%	17.30%
Total		Count	101	49	150
		% of Total	67.30%	32.70%	100.00%

Source-Field Survey

Table-5 Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.582a	3	0.022

Analysis of the above table revealed that the relationship between annual income and participation in the share market in the Jalpaiguri was low. The calculated value of chi-square (9.582) is more than table value of chi-square (7.81) at P≤0.05 level, df=3. Thus null hypothesis "There is no significant relationship between income level and participation in share market" is rejected while the alternative hypothesis was accepted.

7.3 There is no significant relationship between education level and participation in share market

Table-8 Education * participation					
		Participation in share market			Total
			YES	NO	
Education	Under graduate	Count	3	1	4
		% of Total	2.00%	0.70%	2.70%
	graduate	Count	16	10	26
		% of Total	10.70%	6.70%	17.30%
	Post Graduate	Count	55	25	80
		% of Total	36.70%	16.70%	53.30%
	Professional	Count	23	8	31
		% of Total	15.30%	5.30%	20.70%
	PhD	Count	4	5	9
		% of Total	2.70%	3.30%	6.00%
Total		Count	101	49	150
		% of Total	67.30%	32.70%	100.00%

Source-Field Survey

Table-9 Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.384a	4	0.496

It indicated that there is no significant association between education and participation in share market . The calculated value of Chi-square (3.384) is less than the table value of chi-square (9.49) at P≤0.05 level df 4.The hypothesis "There is no significant relationship between education level and participation in share market was accepted

8. Key Variables of influencing Investment decision

The present study is attempting to identify the key variables for determining the investment decision, using regression analysis.Regression analysis clearly indicates the cause and effect relationship. The variable identified as the cause is taken as the independent variable and the variable constituting the effect is taken as the dependent variable. It establishes a functional relationship which is mathematical, showing the dependence of one variable on the other(s). It clearly indicates which one is the dependent variable and which one is the independent variable. The value R shows the relationship between the observed and predicted values of the dependent variable. The value of R ranges between -1 to +1. The (+) or (-) sign indicated the direction of the relationship.R^2 is the proportion of variation in the dependent variable explained by the regression model, and its value ranges between +1 to -1. A higher value indicates that the model fits the data well. Besides R squared, ANOVA (Analysis of variance) can be used to check how well the model fits the data.

Here the regression line was fitted to identify the determinants of investment decision. The regression line was fitted with the investment decision as the dependent variables and regular income, growth of capital, tax minimization, Liquidity, financial security and stability, old age security, return are as independent variables.

Table-10 Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.734a	.539	.516	.96611
a. Predictors: (Constant), regular income, growth of capital, tax minimization, Liquidity, financial security and stability, old age security, return				

The above regression table10 summarises the model performances where R represents the multiple correlation coefficient with a range lies between -1 and +1. The R-value is 0.734, and it means influencing investment decision has a positive relationship with regular income, growth of capital, Liquidity, financial security and stability, old age security, return . R square represents the coefficient of determination and ranges between 0, and 1.Since R square value is 0.539, 53.9 per cent of the variation in influencing investment decision by quick gain, old age security, capital growth, liquidity, tax minimization, regular income and financial stability.

Table-11 ANOVAb					
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	154.956	7	22.137	23.717	.000a
	Residual	132.537	142	.933		
	Total	287.493	149			

Table-12 Coefficientsa						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.558	.233		2.396	.008
	" regular income "	.068	.080	.073	.847	.001
	"growth of capital"	.113	.076	.122	1.490	.138
	"tax minimization"	-.008	.098	-.007	-.077	.939
	"Liquidity"	.130	.089	.124	1.461	.046
	"financial security and stability"	.344	.110	.368	3.129	.002
	"old age security"	.023	.024	.059	.957	.340
	" return"	.207	.085	.168	2.445	.016
a. Dependent Variable: investment decision						

Source-Field Survey

From the above table shows that dependent variable 'investment decision' and there are 7 independent variables. Through regression analysis, it was found out of 7 independent variables, there are six variables relatively influence investment decision .Six variables are regular income(dividend), growth of capital, liquidity, financial security and stability ,old age security and quick gain or return. Here the coefficient 0.068 represents partial effect of regular income on investment decision assuming others variables are constant. The estimated positive sign implies that such effect is positive and for every unit increase in regular income ,investment will go up by 0.068.Similarly growth of capital, liquidity, financial security ,old age security and quick gain, for every one unit increase ,investment will go up 0.113, 0.130, 0.344,0.023 and 0.207 respectively It was also found that, the variable "tax minimisation" not relatively influence the investment decision. Based on coefficient, financial security (0.334) is the most essential factors in respect of investment , followed by (0.207) return, (0.130) return, (0.113) growth of capital and the least significant factor is tax minimization (-0.008)

9. Findings

1. 44% male investors are participating in the share market directly or indirectly where as 23.3 % female investors are participating in the share market.32.7 percent of the total respondents are not participating in the share market.
2. There is no significant relationship was found between gender and participation in the share market.
3. 31.33% of the total respondents belonging to income group 5L to 10L are participating in share market where as 5.30% of total respondents belonging to income group up to 2.5L are directly or indirectly participating in the share market.
4. There is significant relationship was found between income level and participation in the share market.
5. The researcher found out of 150 respondents, educational qualification does not affect on participation in the share market. The researcher used "chi Square" method for hypothesis testing and found that there is no relationship between educational qualification and participation in the share market.

6.   The primary objective of investment are future security and satisfactory return. 44% of the total respondents are investing their savings in mutual fund due to higher return and 34.66% of the respondents are investing their money in several Govt. Securities/Post office/ Banks due to security.57% of the respondents are expecting returns in between 10% to 15%.

7.   There are various factors have been identified for taking investment decision. The most important factors are financial security& stability, quick gain or return, liquidity, growth of capital, old age security playing important role in investor while taking investment decision. Through regression analysis, it was found out some factors relatively influence the investment decision of the investors. Independent variable "tax minimisation" is not relatively influence the investment decision of the investors.
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10. Conclusions and Suggestions

The study on investment and tax planning perspectives among salaried people has been taken with the primary objectives to find investment pattern and also to know the factors which are influencing the behavioural pattern of investment. After the analysis and interpretation of data, it is concluded that investors are mostly interested in investing in mutual fund due to higher return and also decreasing the rate of return in Govt. Securities. Financial security and return are considered the most important factors while dong investment by investors. Middle-income group investors are more concerned about return than tax minimisation from their investment. The investors are facing many problems at the time of investment like lack of financial education , proper guidance and reliability of financial information, hence awareness programme has to be conducted by different regulatory bodies or stockbroking firms, because most of the respondents are thinking lack of financial education and guidance fails to choose the portfolio as per their needs.

A column has been provided in the questionnaire for problems while investing and suggestions from the investors.Majority of the investors have positively responded.On the basis of their responses, important issues are listed below

- The annual statements of companies are one of the important sources of information to the investors. So it is very much necessary to understand the financial statements before investing.So financial awareness campaigns are required to be arranged. The training programme should also be arranged for online trading.
- Right and useful information must be provided to the investors according to their needs so that they can choose an appropriate portfolio.
- Sometimes broker or agents misguide the investors to invest in such a company where brokerage/incentives are higher.
- Investors must keep themselves well aware of the market. Some investors want the latest information about the NAV and other details through SMS on a regular basis.

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