Anila C. "An Analysis of Saving and Investment Behaviour of Urban Households in Kerala. " Thesis. Research and Post Graduate Department of Economics, St. Thomas' College (Autonomous),Thrissur, University of Calicut, 2021.

Chapter – V
Preference, Purpose and Awareness of Households towards Saving and Investment

5.1 Introduction

Households plan for the future and the present by making appropriate saving and investment decisions, that are influenced by many factors. The socio economic and demographic status of the respondents has been discussed in the previous chapter and it showed the distribution of households in this regard and the saving income ratio of the households. All these factors has profound influence on the financial decision making process of the households.

Saving enables individuals to meet their financial needs and also ensures financial security. Saving is a habit that is instilled at a very young age. "Investment means the use of funds for productive purposes for securing appreciation of income and assets" (Avadhani 1992). The saving and investment pattern of households has undergone various structural shifts in the past years especially after the economic reforms. The change in lifestyle, consumption pattern, financial inclusion and financial literacy has brought changes in household's preference towards various assets. The choice of assets, specifically financial instruments available has increased and this has brought about changes in saving and investment behavior of households.

5.2 Composition of savings and investment of the households

Household's asset portfolio comprises of various types of assets according to the financial interests, and this varies from one person to the other. The different types of assets available to the households can be classified into physical assets and financial assets. According to CSO and RBI data- Financial saving and investment comprises of currency, net deposits, insurance, government securities, provident & pension funds, shares, debentures, mutual funds etc. Physical asset consist of construction, machinery, equipment and precious metals.

The asset portfolio of the households reveals that households hold both physical and financial assets. Physical assets are investment in tangible assets while financial asset is the purchase of an instrument against which the buyer gets a document declaring his ownership.

In case of physical assets people are more inclined towards gold, 63.9 per cent invest in gold which is considered safe and due to its value appreciation. Gold is a highly popular physical asset in India, also from the social, psychological and religious context people are attracted towards this yellow metal. Gold not only possess the characteristic of an asset but also possess the characteristic of consumption expenditure. 21.4 per cent has investment in real estate like land, building and similar fixed assets and generally receive return in the form of rent and holds it on the expectation of future value appreciation. Investment in real estate is either carried out as a necessity like to own a house or to earn return by investment avenues like land, building or other tangible properties.

With regard to financial assets majority of the households hold a savings account, 98 per cent own a savings account and this clearly shows that there is financial inclusion among the urban households. As the households possess financial account of their own, transactions can be carried out with ease and transparency. Along with financial inclusion financial literacy also has a crucial role. Only if the person is financially literate, he can properly make use of the financial instruments. As such procession of a bank account is worthy but the way in which it is used enhances its role in the saving and investment process of the individual.

The opening up of the economy and emergence of private insurance companies has its impact on household saving portfolio. 63.6 per cent has taken insurance and it shows the households concern about future uncertainties and the way to cushion out these through various insurance schemes. Apart from this, the preferred modes are fixed deposits, chitty, NBFC, post office saving and recurring deposits. 47.8 per cent holds saving in pension and provident fund and it is more of a compulsory mode of saving. Even though it is a compulsory form of savings especially among the employed category, it safeguards the individuals' future needs and interests. A very small percentage is invested in the stock market instruments. Among this the most preferred instrument is mutual funds, 35.3 per cent invest in mutual funds and it shows common mans interest in stock market has increased.

At the same time investment in more risky assets is very meager. 10.8 per cent has investment in shares. In case of bonds it is 2.9, debentures is 1.1 per cent and IPO'S it is only 0.3 per cent. The data clearly reveal the risk averse nature of the households and also the penetration into the stock market is less. People do not fully understand the intricacies of

stock market and are not willing to invest in avenues that are more risky. Figure 5.1 shows the distribution of financial assets holdings of households.

Figure 5.1
Financial Asset holdings of households (Percentage)
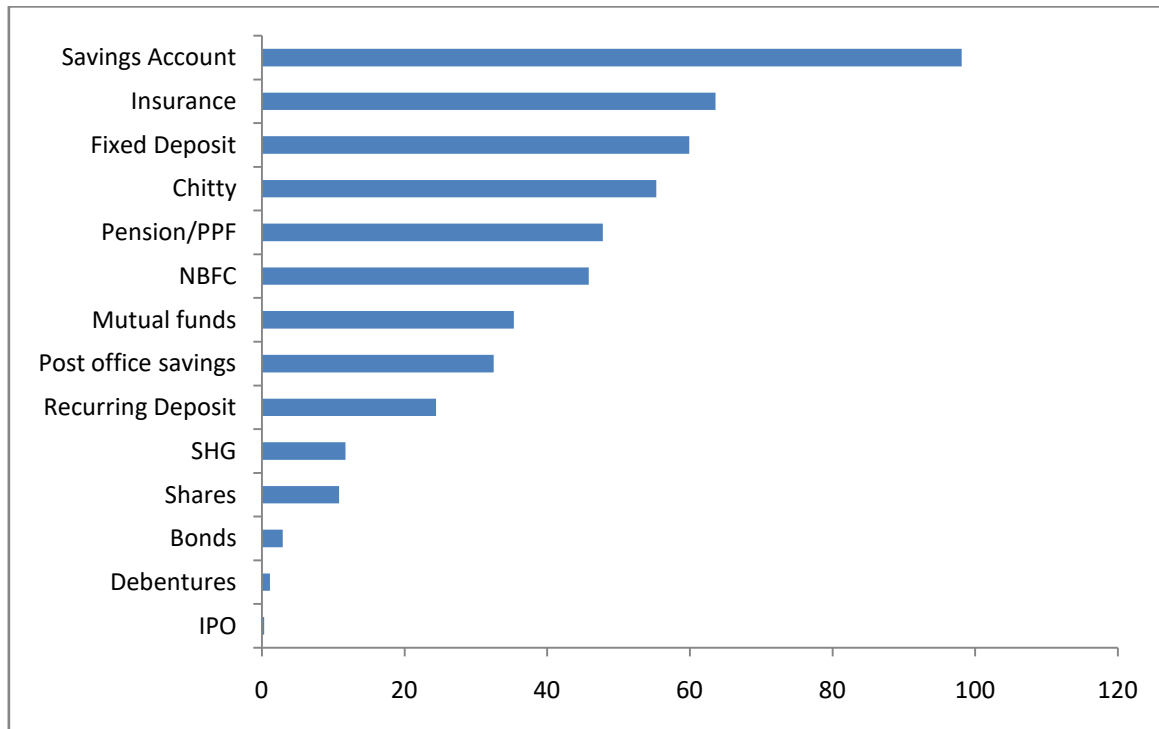
The figure clearly states the preference pattern of the households towards various financial assets. 98 per cent possess a savings bank account and it's a positive sign, as these households are a part of the financial system. Insurance sector shows vibrancy and reveals individuals interest to cover up the risk that they may face in future. Majority prefer to hold conventional mode of assets as they are generally having low risk element. At the same time involvement in the stock market instruments is low. This point towards the risk averse nature of the households. They also lack information and proper knowledge in accessing these instruments and this creates a stigma towards these assets. Mutual funds are becoming slightly popular but investments in stocks, bonds, debentures and related instruments are relatively very low.

5.2.1 Asset portfolio in relation to income level.

Among the lower income strata 89.1 per cent hold savings in the form of chitty, as it can be in small denominations, convenient and can be used for immediate needs. Next to it is

saving in Self help group and NBFC'S. Only 19.6 per cent save in pension and PPF and financial investment in stock market is more or less equal to zero. Among the middle and upper middle income group priority is given to fixed deposits and insurance. As the income level progresses more space is given to investment instruments like bonds, shares and mutual funds. Above 100000 lakh monthly income 91.3 per cent hold mutual funds and it shows their increasing interest towards more diversified investment plans. Among the physical assets gold is pocessed by all families even though the quantity held differs. Next to it is real estate investment and among the affluent income group it is 62.3 per cent.

Table 5.1
Asset portfolio in relation to income level (Percentage)

Type of asset	Income					
	< 25000	25000 – 50000	50000 – 75000	75000-100000	>100000	Total
Financial Assets						
Chitty	89.1	50.5	44.0	63.6	24.6	55.3
SHG	34.8	8.8	1.3	3.0	11.0	11.7
NBFC	39.1	36.3	52.0	54.5	56.5	45.8
Savings Account	97.8	96.7	100.0	97.0	98.6	98.1
Fixed Deposit	6.5	64.8	69.3	93.9	82.6	59.9
Recurring Deposit	12.0	24.2	34.7	39.4	23.2	24.4
Post office savings	14.1	33.0	44.0	33.3	43.5	32.5
Pension/PPF	19.6	58.2	68.0	60.6	43.5	47.8
Insurance	19.6	70.3	70.7	90.9	92.8	63.6
Shares	1.1	0	9.3	15.2	37.7	10.8
Bonds	0	4.4	5.3	6.1	23.2	2.9
Debentures	0	0	1.3	3.0	2.9	1.1
IPO	0	0	0	0	1.4	0.3
Mutual funds	1.1	17.6	40.0	51.5	91.3	35.3
Physical Assets						
Real estate	1.1	11.0	14.7	36.4	62.3	21.4
Gold	42.4	67.0	61.3	72.7	87.0	63.9

Source: Compiled from primary data

As the income level progresses more space is given to investment instruments like bonds, shares and mutual funds. Above 100000 lakh monthly income 91.3 per cent hold mutual funds and it shows their increasing interest towards more diversified investment plans. Among the physical assets gold is processed by all families even though the quantity held differs. Next to it is real estate investment and among the affluent income group it is 62.3 per cent. Lower income group are interested in avenues like chitty, NBFC'S etc as it can be done with more ease and in smaller amounts. At the same time they are unaware of the opportunities in similar pattern that exists in other new instruments.

5.2.2 Asset portfolio in relation to Education level.

The education wise analysis of asset holdings shows, education has a positive impact among the households. People with low education level have affinity towards conventional instruments and low affinity towards stock market instruments.

Table 5.2 shows the asset portfolio of households in relation to education level. Among the respondents with education level of SSLC, chitty occupies the dominant position with 67.3 per cent and investment in stock market instruments is zero. Respondents with plus two level holds 60.0 and 52.0 per cent in the form of NBFC and insurance. Within the degree holders the asset portfolio consists of risk free assets and holds 68.1 and 60.1 in the form of insurance and fixed deposits. The respondents with PG and professional education, asset portfolio is more diversified and possess both risk less and risky assets. Higher education has thus a positive relation in holding diversified instruments; penetration into the stock market is high. 73.5 holds mutual funds, 25.5 per cent ha investment in shares, 3.1 and 1.0 per cent in debentures and IPO's respectively.

Households prefer physical assets and gold occupies an upper hand and next to it is real estate investment. Among the respondents with SSLC level of education 5.8 per cent possess real estate investment, and among plus two levels it is 20.0 per cent but compared to this it is slightly low among degree holders i.e. 17.5 per cent.

Table 5.2
Asset portfolio in relation to education level (Percentage)

Instruments	Education				
Financial Assets	SSLC	Plus Two	Degree	PG/Professional	Total
Chitty	67.3	76.0	58.1	33.7	55.3
SHG	32.7	12.0	11.2	1.0	11.7
NBFC	36.5	60.0	47.5	40.8	45.8
Savings Account	98.1	90.0	97.5	99.0	98.1
Fixed Deposit	26.9	42.0	60.0	75.5	56.9
Recurring Deposit	23.1	30.0	21.2	27.6	24.4
Post office savings	11.5	28.0	30.0	50.0	32.5
Pension/PPF	26.9	26.0	53.1	61.2	47.8
Insurance	25.0	52.0	68.1	82.7	62.6
Shares	0.0	4.0	7.5	25.5	10.8
Bonds	1.9	4.0	5.0	15.3	7.2
Debentures	0.0	0.0	0.6	3.1	1.1
IPO	0.0	0.0	0.0	1.0	0.3
Mutual funds	1.9	14.0	29.4	73.5	35.3
Physical Assets					
Real estate	5.8	20.0	17.5	36.7	21.4
Gold	50.0	68.0	61.2	73.5	63.9

Source: Compiled from primary data

5.2.3 Asset portfolio in relation to Age.

Age wise analysis of assets reveals that, as the age progresses the earning capacity generally shows an increasing trend and this brings changes in the saving and investment pattern. Among the respondents below the age of 30 years, 32.4 per cent invest in mutual funds. Between the age group of 31-40 the asset portfolio consist of all prominent financial and physical assets except investment in IPO's.

Within the age group of 41-50, 70.3 per cent has insurance, chitty and fixed deposit accounts to 55.9 per cent. This age group has the highest representation in mutual fund ie

61

47.5 per cent. Above the age of 51 portfolio includes diversified assets but more weightage is towards risk less assets and gold and real estate occupy 70.3 and 25.4 per cent respectively.

Higher age group has a tendency to diversify their portfolio, thereby to reduce risk and to safeguard their old age in a comfortable way. At the same time their participation is there in the financial market, 29.7 per cent has mutual fund holdings; along with this they have investment in bonds and shares in a small proportion. This shows the increasing interest to invest funds from which higher returns can be expected. Insurance is aso given priority so as to safeguard oneself from future uncertainties.

Table 5.3
Asset holdings in relation to age (Percentage)

Instruments	Age				
Financial Assets	Less than 30	31-40	41-50	51 above	Total
Chitty	72.3	58.4	55.9	45.8	53.3
SHG	23.4	18.2	11.0	3.4	11.7
NBFC	42.6	54.5	44.9	42.4	45.8
Savings Account	97.9	94.8	99.2	99.	98.1
Fixed Deposit	25.5	48.1	55.9	76.3	56.9
Recurring Deposit	25.5	20.8	33.1	17.8	24.4
Post office savings	14.9	42.9	28.8	36.4	32.5
Pension/PPF	31.9	39.0	51.7	55.9	47.8
Insurance	38.3	54.5	70.3	72.9	63.6
Shares	12.8	15.6	9.3	8.5	10.8
Bonds	0.0	6.5	7.6	10.2	7.2
Debentures	0.0	3.9	0.0	0.8	1.1
IPO	0.0	0.0	0.0	0.8	0.3
Mutual funds	23.4	32.5	47.5	29.7	35.3
Physical Assets					
Real estate	10.6	16.9	24.6	25.4	21.4
Gold	38.3	57.1	72.0	70.3	63.9

Source: Compiled from primary data

As age progresses asset pattern changes and people are willing to undertake risk and also to possess different type of instruments so that the risk of pooling all funds into one channel can be avoided and also the variety of financial needs can be meet according to the needs of the family members of different age levels. Also there is the predominance of gold among the physical assets and the share of it shows an upward trend.

5.2.4 Asset portfolio in relation to Occupation.

Income earned by the households is mainly dependent on the employment status and this has profound influence on the saving preference pattern. Regular source of income helps to adopt a systematic pattern to save and also to possess mandatory forms of saving like pension funds, insurances and provident fund. In case of self employed there may be various in income flow and this manifest them to rely on those sources which match their financial flows.

Table 5.4 reveals that among the self employed with good business earnings has larger income inflows and are willing to hold those assets with high level of investment and at the same time which yield good returns in the future. In case of casual labourers income level is generally low and regular and continuous flow of income may not be there and due to this, assets with low volume of investment, low risk and ease of liquidity are generally preferred.

Self employed and regular salaried persons hold varied forms of asset giving higher place to insurance, fixed deposit and NBFC's. Among the regular salaried pension and provident fund is 62.8 per cent as it is a compulsory mode of saving. Within casual laboures very few assets occupy their portfolio and the prominent one is chitty accounting to hundred per cent. Only 5 per cent holds pension and provident fund, no investment is seen in stock market instruments. Gold is possessed by all, but its percentage is less among casual labourers i.e. 10 per cent. Real estate investment is high among the self employed category and is 33.3 per cent.

Table 5.4
Asset holdings in relation to Occupation (Percentage)

Instruments	Occupation			
Financial Assets	Self employed	Regular salaried	Casual labor	Total
Chitty	48.6	55.6	100.0	55.3
SHG	4.2	13.8	44.0	11.7
NBFC	54.2	42.3	20.0	45.8
Savings Account	97.9	98.0	100.0	98.1
Fixed Deposit	58.3	61.7	0.0	56.9
Recurring Deposit	28.5	24.0	0.0	24.4
Post office savings	31.2	35.7	10.0	32.5
Pension/PPF	33.3	62.8	5.0	47.8
Insurance	61.8	70.9	5.0	63.6
Shares	18.8	6.1	0.0	10.8
Bonds	10.4	5.6	0.0	7.2
Debentures	2.1	0.5	0.0	1.1
IPO	0.0	0.5	0.0	0.3
Mutual funds	43.8	32.1	0.0	35.3
Physical Assets				
Real estate	33.3	14.8	0.0	21.4
Gold	70.8	64.3	10.0	63.9

Source: Compiled from primary data

5.2.5 Asset portfolio in relation to Martial status.

The financial responsibilities of married households are more when compared to unmarried. This induces them to carry out sound savings to meet the needs of the family and the needs of children related to their education and future expenses. As future requirements are taken at par with the present systematic and regular savings are undertaken.

Physical assets are preferred and within it gold is given higher weightage mainly because of its economic and social dimensions. Assets that satisfy these needs are given priority and return is also given higher emphasis. The households in the unmarried category

are more inclined towards conventional modes of saving and interest to undertake risk is also low. Also there preference towards physical assets is comparatively less, especially gold does not occupy a prime position in their portfolio.

Marital status wise analysis of assets shows that married category gives more prominence to assets like insurance, chitty and fixed deposits. 40.1 per cent has mutual funds and 11.6 per cent has shares. 71.2 per cent possess gold and 26.2 holds investments in real estate; this is highest when compared to the other two categories. Possession of stock market instruments is very low among the widow and divorced.

Table 5.5
Asset holdings in relation to Martial status (Percentage)

Instruments	Marital status			
Financial Assets	Married	Unmarried	Divorced/Widow	Total
Chitty	70.2	54.3	45.7	55.3
SHG	9.7	25.5	8.7	11.7
NBFC	50.9	38.3	23.9	45.8
Savings Account	98.1	95.7	100.0	98.1
Fixed Deposit	61.8	27.7	58.7	56.9
Recurring Deposit	28.1	17.0	10.9	24.4
Post office savings	33.0	17.0	45.7	35.5
Pension/PPF	52.8	21.3	45.7	47.8
Insurance	71.9	25.5	54.3	63.6
Share	11.6	12.8	4.3	10.8
Bonds	8.2	1.1	8.7	7.2
Debentures	1.5	1.0	0.0	1.1
IPO	0.4	1.0	0.0	0.3
Mutual funds	40.1	21.3	21.7	35.3
Physical Assets				
Real estate	26.2	8.5	6.5	21.4
Gold	71.2	29.8	56.5	63.9

Source: Compiled from primary data

Among the unmarried group the per cent of gold is low, only 29.9 per cent while there is representation in stock market instruments and 21.3 per cent has investment in mutual funds. Within the divorced/widowed category different assets are given importance, 100 per cent have a bank account and also show preference towards procession of gold.

5.3 Analysis of purpose of savings

Households save their income for various purposes. The motive behind saving differs from one person to another. According to Keynes (1936) people save with different motives for different purposes. The reason for saving is analysed on the basis of their desire to acquire physical asset, with the motive to earn interest, to meet unforeseen contingencies in life, old age security, for tax exemptions, educational purposes of children, marriage and other ceremonial expenses in life. Figure 5.2 reveals the priority given by savers in relation to the purpose for which they keep money aside. The prime motive is to acquire physical assets and then to receive a return out of the saved money. Education of children also has been given due importance and this positively influences the growth of human capital formation, while marriage and other ceremonial expenses are given lesser weightage.
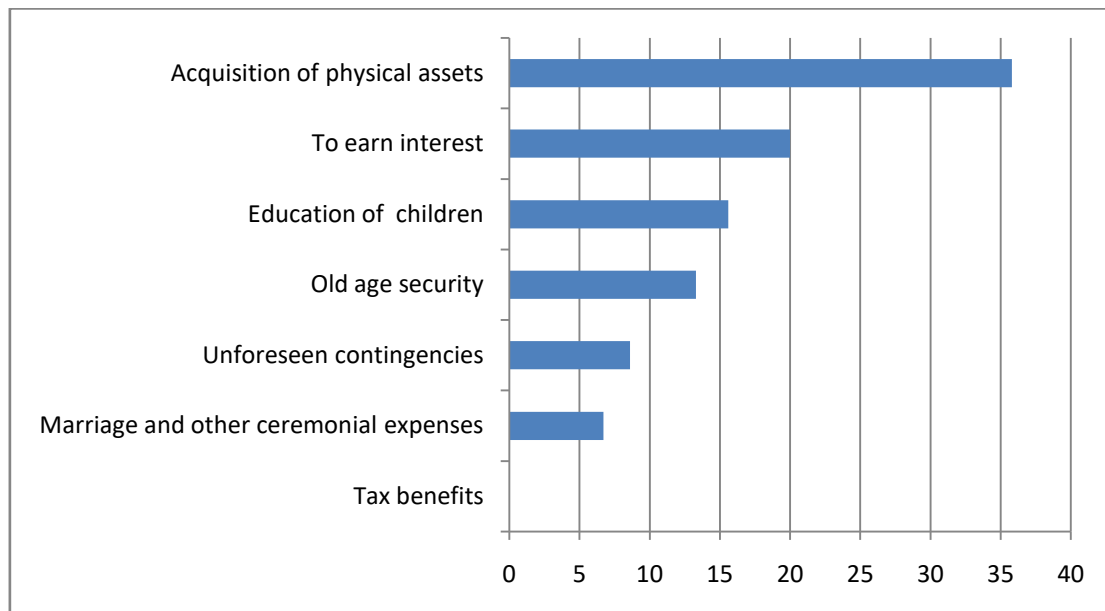
Figure 5.2
Purpose of Saving

Table 5.6 shows the preference order of households related to various purposes behind savings. As per the first order of preference acquisition of physical assets have been

given importance. In case of the second preference 32.2 per cent has stated that the purpose of saving is to earn interest. 30.3 and 23.6 per cent has ranked unforeseen contingencies as the important reason for saving. As the fifth order of preference 24.7 per cent has stated the importance of saving in relation to make the old age period secure with comforts. Only as the sixth choice 21.7 has given the reason for saving is to meet marriage and other ceremonial expenses. 23.9 per cent save to get benefit of tax exemptions, but it has not been given the as a prime choice for savings.

Table 5.6
Preference order related to purpose of savings (Percentage)

Preference order	Acquisition of physical assets	To earn interest	Unforeseen contingencies	Old age security	Education of children	Marriage and other ceremonial expenses	Tax benefits
1	35.8	20.0	8.6	13.3	15.6	6.7	0.0
2	18.6	32.2	16.4	11.9	9.2	8.9	3.9
3	8.6	18.6	30.0	13.9	15.3	7.2	6.1
4	10.3	10.0	23.6	13.9	17.8	16.4	7.5
5	7.5	7.5	12.5	24.7	13.6	20.6	14.2
6	7.7	5.8	7.5	13.9	17.8	18.6	23.9
7	7.5	5.8	1.4	8.3	10.8	21.7	4.4
Total	100	100	100	100	100	100	100

Source: Compiled from primary data

According to the study 35.6 per cent has given highest priority for acquisition of physical asset. 20 per cent has sighted that the main motive for saving is to earn interest. 15.6 per cent has given their first priority for education of their children as the main purpose of saving. Old age security has been the first preference for 13.3 per cent of households. An unforeseen contingency has been prioritized by 8.6 per cent and only 6.9 per cent has given their first preference for marriage and other ceremonial activities as the main reason for saving. The purpose of savings and the highest priority given by the respondents across income, education, age, occupation, and marital status is exhibited in Table 5.7. The percentage values clearly show the variations in relation to the motive behind saving.

Table No 5.7
Analysis of purpose of savings (Percentage)

variables	Attributes	Purpose of savings						Total
		Acquisition of physical assets	To earn interest	Unforeseen contingencies	Old age security	Education of children	Marriage and other ceremonial expenses	
Income	≤25000	50.0	16.3	3.3	7.6	8.7	14.1	100
	25000-50000	25.3	20.9	11.3	22.0	17.6	3.3	100
	50000-75000	32.0	14.47	9.3	21.3	18.7	4.0	100
	75000-100000	21.2	27.3	12.1	9.6	18.2	12.1	100
	≥100000	42.0	26.1	10.1	2.9	17.4	2.9	100
Education	SSLC	48.1	19.2	7.7	13.5	1.9	9.6	100
	Plus two	36.0	30.0	8.0	2.0	18.0	8.0	100
	Degree	30.0	18.1	9.4	16.9	19.4	6.2	100
	PG/ Professional	38.8	18.4	8.2	13.3	15.3	6.1	100
Age	Less than 30	66.0	8.5	4.3	8.5	0.0	12.8	100
	31-40	51.9	18.2	5.2	6.5	15.6	2.6	100
	41-50	34.7	27.1	7.6	2.5	22.0	5.9	100
	51 above	14.4	18.6	13.6	30.5	15.3	7.6	100
Occupation	Self employed	39.6	27.7	9.0	9.7	9.7	6.9	100
	Regular salaried	30.6	15.8	8.2	17.3	21.4	6.6	100
	Casual labor	60.0	20.0	10.0	0.0	0.0	10.0	100
Marital Status	Married	33.0	19.9	10.1	11.6	20.6	5.2	100
	Unmarried	59.6	12.8	4.3	6.4	0.0	17.0	100
	Divorced/Widow	28.3	28.3	4.3	30.4	2.2	6.5	100
Total		35.6	20.0	8.6	13.3	15.6	6.9	100

Source: Compiled from primary data

Within the income group the main priority behind saving is given to the acquisition of physical asset especially 50 per cent in the income category with monthly income less than 25000, ranked it as the prime objective behind saving. Among the income group of 75000-100000 the main objective behind saving is to earn interest. With regard to the purpose of

earning interest and to meet unforeseen contingencies more importance is given by the monthly income group 75000-100000.

The motive of saving for old age security was given great priority within the income range between 25000 – 75000 while income class of above 100000 has given least preference to it i.e. only 2.9 per cent and this may be due to the affluence level that they already possess. Above the income level of 25000 somewhat equal importance is given for education of children as the reason for saving and it shows that as income progresses significance given to education is in a similar pattern. Saving for the purpose of marriage and other ceremonial expenses was given more importance by the households with less than 25000 monthly earnings.

The education wise analysis of purpose of saving shows that the motive to earn interest has been given more importance by the respondents with plus two level of education. Within education group the preference given for unforeseen contingencies is similar ranging from 7 to 10 per cent.

Saving for the purpose of educating children was given very low preference by the respondents with only SSLC while this category has given more importance to marriage and other ceremonial expenses.

Within the age group higher priority for acquisition of physical assets is given by the younger age group i.e. age less than 40 about 51-66 per cent and this point out the need to possess their own house. At the same time saving for this purpose is given only 14.4 per cent above the age of 51 years. The respondents above the age of 51 has given high priority to set apart saving for their old age and this shows their concern of future and to safe guard them against economic uncertainties. The age group of 41-50 has shown greater concern with regard to setting apart saving for the purpose of educating their children.

The occupation wise analysis of purpose of saving shows that the casual labourers has given more preference for acquisition of physical assets especially for acquiring a house of their own as a prime factor behind saving but zero per cent for old age and children's education. While the regular salaried has given 17.3 and 21.4 for the above two purposes.

27.7 per cent of the self employed shows greater concern, with regard to the motive of earning interest.

The marital status wise analysis of purpose of savings shows that old age security was given much importance by the widowed and divorced category and next to this is interest gain ownership of physical assets. The unmarried has given the highest percentage of 17.0 per cent for marriage and related expenses. Within the married category the highest percentage of 20.6 per cent was devoted to meet the educational expenses of their children and this shows parent's interest to educate the next generation so that they can lead a good way of life.

5.4 Analysis of Investment Preference of Households

Investment is carried out with a goal of getting a good return from the amount that is invested in various avenues. It is essentially the use of funds for productive purpose and done with the intention of allowing money to grow. Investment is channelizing savings into assets that will help to produce an income in relation to a specified time. While saving means putting aside a part of one's earnings subject to low risk and capital appreciation, investment focuses on earning return on the money invested and thus involves more risk.

Investment can be mainly in three forms, ownership investments like investing money in stocks, real estate properties etc. Lending investments include government bonds, corporate bonds etc and investments that are highly liquid are called cash equivalents. It comprises of money market instruments and similar other assets.

Regarding the source of money for investment 91.4 per cent preferred to use their own savings based on their existing financial capabilities for investment activities, only 8.6 per cent prefer to use borrowed funds for investment purposes and there by exhibits their nature to undertake risk. With regard to the asset portfolio of the households there is the presence of physical and financial assets.

The preferences for different assets depend on various factors such as risk and return, liquidity, safety, capital appreciation etc. An analysis of preference of investment shows that majority of households prefer investment in financial assets. 69.4 per cent prefer to invest their money in financial assets while only 2.5 per cent prefer to invest in physical assets. At

the same time 28.1 per cent prefer to invest money by giving a similar weightage to both financial and physical assets.

Table 5.8
Investment Preference of Households

Background variables	Attributes	Assets			
		Physical assets	Financial assets	Both	Total
Income	≤25000	2.2	90.1	7.5	100
	25000-50000	2.4	76.9	20.9	100
	50000-75000	4.0	74.7	21.3	100
	75000-100000	5.1	48.5	46.4	100
	≥100000	5.4	33.3	61.3	100
Education	SSLC	1.9	86.5	11.5	100
	Plus two	6.0	64.0	30.0	100
	Degree	2.5	71.2	26.2	100
	PG/ Professional	1.0	60.2	38.8	100
Age	Less than 30	0.0	80.9	19.1	100
	31-40	0.0	79.2	20.8	100
	41-50	4.2	58.5	37.3	100
	51 above	3.4	69.5	27.1	100
Occupation	Self employed	2.8	59.0	38.2	100
	Regular salaried	2.6	74.5	23.0	100
	Casual labor	0.0	95.0	5.0	100
Marital Status	Married	3.0	65.9	31.1	100
	Unmarried	0.0	83.0	17.0	100
	Divorced/Widow	2.2	76.1	21.7	100
Total		2.5	69.4	28.1	100

Source: Compiled from primary data

Within the income group as income level increases the preference for investment in physical assets increases and financial assets decreases. Higher the income the number of respondents who prefer to invest in both the assets increases. In the category of respondents

with monthly income above 100000, 61.3 per cent has preference towards both the assets. Lower income group prefer investment in financial assets, mainly because investment can be in smaller denominations. At the same time higher income group's affinity towards physical assets increases as income rises.

Education wise analysis of investment preferences shows that, household with higher level of education diversifies their investment portfolio by showing preference to both assets. As educational attainment is high people are more aware of various investment avenues and ties to attain their investment goals by reducing risk. Respondents with SSLC level of education prefer financial asset, 86.5 per cent prefer it, which is highest among the financial asset category. Within the investment in physical asset, highest per cent of 6.0 comes from the educational group with plus two qualifications, especially their interest to invest money in real estate business.

Respondents below the age group of 40 shows no preference to invest in physical asset and this may be due to the shortage of lump sum amount for investment. At the same time within this category 80.9 per cent shows preference towards financial assets and this is the highest value when compared to other age group. As age progresses inclination towards physical assets increases and this is mainly due to the risk aversion tendency.

Married households give due weightage to a mixed portfolio, 31.1 per cent prefer both type of assets. In case of financial assets, highest per cent of 83.0 per cent comes from the category of unmarried persons. Divorced and unmarried group shows preference to both categories of assets but more inclination is towards financial assets.

5.5 Reasons for investment in physical assets

Physical assets are generally considered as less risky, with future value appreciation, but these are less liquid, not easily marketable and generally low income groups cannot afford to invest in it. People invest their funds with specific investment goals and this varies from one person to other. An analysis of the reasons of household's preference towards physical assets shows that 59.3 per cent has given importance to value appreciation as the main motive behind their preference towards physical assets. 31.8 per cent has pointed that less risk associated with the asset is the main reason. The other reasons sighted are tax benefits, long repayment period and mortgage facilities associated with physical assets.

Figure: 5.2 show the major reasons and the priority given by the households in choosing physical assets. Every individual expects to get maximum return from the money they invest. From this point itself it is evident that value appreciation which is sighted as the prime reason is highly relevant. The value of physical assets on a whole appreciates, even if it is investment in real estate or precious metals, at the same time the element of risk is low. The value of the yellow metal gold which has always a place in household's portfolio has shown an increase. In case of physical assets long repayment period and mortgage facilities are also considered but has not been of high relevance. One of the major setbacks stated with physical assets was the volume of investment and the low liquidity factor. The main factors highlighted where better returns together with low risk.

Figure 5.3
Reasons for investment in physical assets
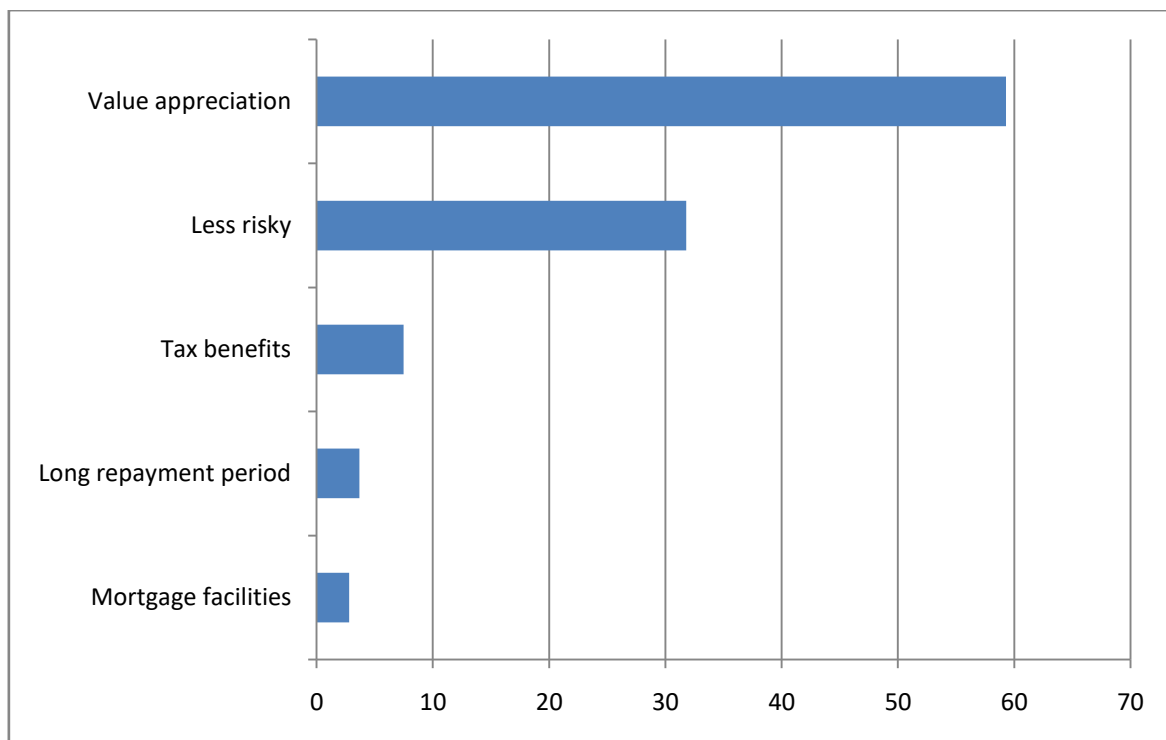
The main reasons for investment in physical assets across income, education, age, occupation, and marital status are exhibited in Table No 5.9. Value appreciation has been the main objective of investment for the households with monthly income greater than one lakh. Within the lower income group 85.7 per cent has given importance to the low risk associated with physical assets as the most important reason. Tax benefits and mortgage facility has been considered by the respondents with income level above 25000 and has been least

considered by those with less than 25000 income. Long repayment period has been given importance by the households with the income range of 50000-75000.

Table 5.9
Reasons for investment in physical assets

Background variables	Attributes	Reasons				
		Value appreciation	Less risky	Tax benefits	Mortgage facilities	Long repayment period
Income	≤25000	14.3	85.7	0.0	0.0	1.1
	25000-50000	61.9	35.0	5.0	2.0	4.8
	50000-75000	38.9	33.3	5.6	5.6	10.0
	75000-100000	56.2	37.5	18.8	1.0	2.0
	≥100000	73.9	19.6	6.5	4.3	2.2
Education	SSLC	14.3	83.3	0.0	0.0	14.3
	Plus two	88.9	11.1	16.7	0.0	0.0
	Degree	61.4	27.3	4.5	4.5	0.0
	PG/ Professional	51.3	38.5	7.7	2.6	7.7
Age	Less than 30	66.7	33.3	0.0	0.0	0.0
	31-40	66.8	18.8	0.0	6.2	6.2
	41-50	56.2	33.3	0.0	0.0	4.2
	51 above	57.1	35.3	0.0	5.7	2.9
Occupation	Self employed	64.4	27.6	6.9	5.1	3.4
	Regular salaried	54.2	35.4	8.3	0.0	4.2
	Casual labor	0.0	100.0	0.0	0.0	0.0
Marital Status	Married	60.0	29.2	9.0	3.3	4.4
	Unmarried	50.0	50.0	0.0	0.0	0.0
	Divorced/Widow	60.0	40.0	0.0	0.0	0.0
Total		59.3	31.8	7.5	2.8	3.7

Source: Compiled from primary data

Education wise analysis shows that, among the different groups a large percentage has considered value appreciation and low risk as the major reasons for preferring investment in

physical assets. 14.3 per cent with SSSLC has considered long repayment period also an important factor of investment. Across the age group the first two factors were given prime importance.

Within occupation the casual labourers has given their first priority to only one factor that is low risk associated with physical assets. The self employed has considered all the five factors while the regular salaried has not given priority to the mortgage facility. When tax benefits are taken, regular salaried has given more importance to it. A married household has taken all the factors while the other two groups have given their preference only to capital appreciation and risk factor.
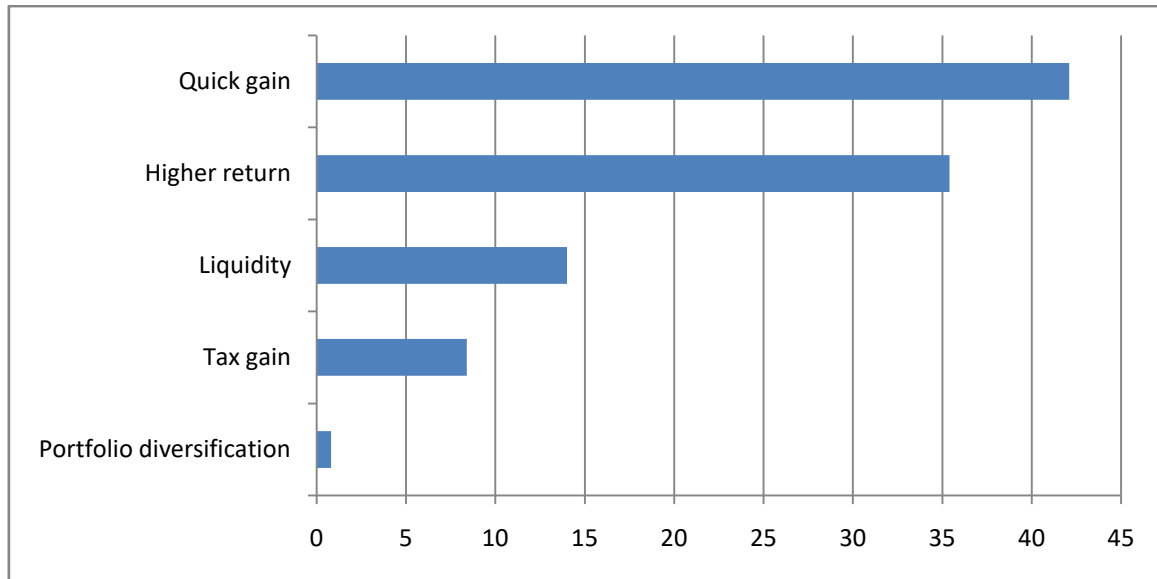
5.6 Reasons for investment in financial assets

Channelization of funds into financial assets helps to accelerate economy's growth process. Household's interest to invest in financial assets is more when compared to physical assets. The features of financial assets mainly include, periodical returns, flexibility in the term of maturity, level of risk varies, generally as return increases risk also increases, marketability and liquidity is more when compared to physical assets, different income groups can invest including the low income group. The main reasons for investment in financial assets are analyzed on the basis of include higher return, quick gain, tax benefits, liquidity and portfolio diversification. As in the case of physical assets higher return is the dominant reason and together with in case of financial assets faster gain in short span of time is also highlighted.

Figure: 5.4 shows the main objectives considered by household while investing in financial assets. Quick gain is considered as the dominant factor with regard to investment in financial asset, 42.1 per cent has given this factor as the first priority. 35.4 per cent has considered higher return as the prime objective while they invest in financial asset. Thus higher gain and higher return are the major factor that households consider while investing in financial assets. Liquidity is the third important factor; the ease at which they can retrieve money is more in case of financial assets when compared to that of physical assets.

Financial instruments with tax benefits have an upper hand when compared to other instruments that do not provide tax benefits. 8.4 per cent has the objective of getting tax benefits by investing in schemes that offer tax exemptions. In case of higher income group

with a regular source of income this is beneficial to a greater extend. A negligible per cent of 0.8 has given importance to portfolio diversification and this clearly states that households are less aware about gaining more from a balanced portfolio. Also they are not able to invest in varied assets according to their financial objectives.

Figure 5.4

Reasons for investment in financial assets

The major reasons for investment in financial assets and the first priority given are analyzed across income, education, age, occupation, and marital status in Table 5.10. Lower income group has given more preference for faster gain and higher return as the main reason while investing in financial assets while portfolio diversification is not at all ranked as the main objective. Tax gain through investment is the main concern of higher income group and it has been given high priority by the income group with monthly earnings between the ranges 750000-100000.

An analysis of the reasons for investment in financial assets within the income group reveals that quick gain from invested fund is the main objective of the lower income group as well as the higher income group. As income increases importance is given for tax benefits derived out of investment options and 19.4 per cent within the income group 75000-100000 are interested to invest fund in those instruments that gives tax exemptions. Lower middle and upper middle income group has given more importance to portfolio diversification when

compared to other income groups, and this is one of the major factors that help to reduce the risk element associated with investment.

Table 5.10
Reasons for investment in financial assets

Background variables	Attributes	Reasons				
		Quick gain	Higher return	Tax gain	Liquidity	Portfolio diversification
Income	≤25000	48.9	39.1	2.2	9.8	0.0
	25000-50000	35.6	41.1	5.6	15.6	2.2
	50000-75000	40.0	34.7	13.3	13.3	1.3
	75000-100000	32.3	41.9	19.4	9.7	0.0
	≥100000	48.5	20.6	10.3	20.6	0.0
Education	SSLC	46.2	34.6	3.8	13.5	0.0
	Plus two	38.3	40.4	8.5	12.8	1.9
	Degree	40.3	39.6	8.8	12.6	0.6
	PG/ Professional	44.9	26.5	10.2	17.3	1.0
Age	Less than 30	55.3	34.0	2.1	8.5	0.0
	31-40	49.4	33.8	5.2	11.7	0.0
	41-50	29.9	41.9	13.7	16.2	0.9
	51 above	44.3	30.4	7.8	15.7	1.7
Occupation	Self employed	42.6	33.3	7.1	16.3	0.7
	Regular salaried	42.1	35.9	9.7	12.8	1.0
	Casual labor	40.0	45.0	5.0	10.0	0.0
Marital Status	Married	42.4	33.7	10.2	13.6	1.1
	Unmarried	42.6	48.9	4.3	4.3	0.0
	Divorced/Widow	40.0	31.1	2.2	26.7	0.0
Total		42.1	35.4	8.4	14.0	0.8

Source: Compiled from primary data

Education helps to increase the awareness of different aspects of varied instrument avenues. Higher return, faster gain and liquidity are the major concern of investors within different level of education. As the education level increases tax benefits and portfolio

diversification is also given importance but respondents with SSLC level of education has not prioritized portfolio diversification as their first concern and this may be due to the lack of awareness regarding risk diversification.

Age wise analysis shows that respondents below the age group of thirty has given more importance to faster gain and return while tax gain and portfolio diversification has been given least importance. Within the age group of 41-50, 13.7 and 16.2 per cent has given high importance to tax benefits and liquidity. Portfolio diversification is given importance only by the respondents above 41 years, as age progresses more concern is given to reduce the risk element.

Within occupation the regular salaried group has given more importance to tax gain. Self employed group has considered all factors and 42.6 per cent prioritized quick gain as the prime reason for their preference towards financial assets. Casual laborers category has given least priority to tax benefit and asset diversification. Married respondents have given highest relevance to faster gain and the other reasons are also taken into account. While the unmarried has considered the return factor as the prime reason, while least preference is given to liquidity, tax gain and portfolio diversification.

5.6 Preference of time period for saving and investment

An analysis of preference of time period for saving and investment of households shows that majority of them prefers medium term for their saving and investment activities. Short term investments with higher return are more attractive and individuals are more inclined towards it. Households with systematic and long term planning are moving along with investment avenues of long time periods. Liquidity is one of the prominent factors that induce households to hold assets with short term and medium term maturity. In case of long term investments periodic returns and shorter lock in periods are taken into account by the investors. Figure 5.5 depicts the preference pattern of households in relation to the duration of saving and investment of households.

The preference pattern of time horizon for saving and investment and the first priority given are analyzed across income, education, age, occupation, and marital status in Table 5.11. As monthly income level progress preference towards long term investment also increases. Within the lower income group only 4.1 per cent prefer longer durations at the same time 48.5 in this category prefer short term and are due to low level of funds and difficulty to plan for longer time periods. Respondents within the income category of 25000-50000 give more priority to medium term allocations.

Figure 5.5

Time horizon of saving and investment
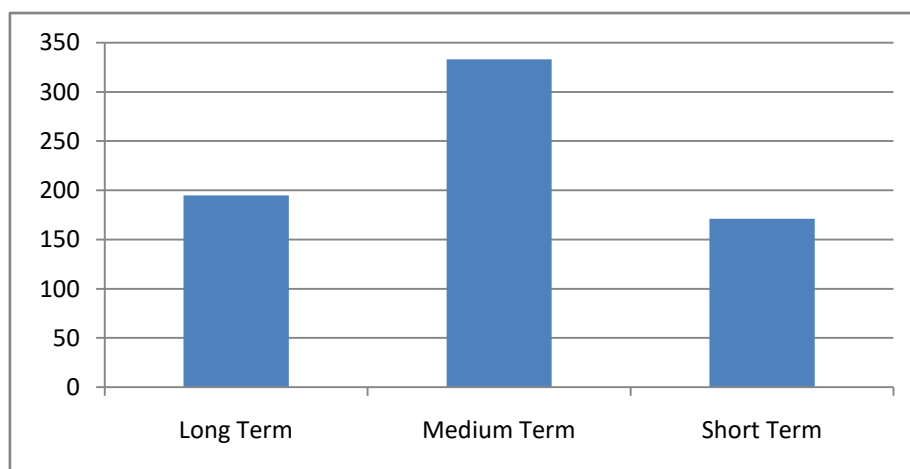
Education wise analysis shows that respondents with lower educational attainment prefer short term investments. Degree holders has given importance to all categories while those with PG and professional degrees has prioritized long term saving and investments. Age wise analysis does not show much variation however lower income group prefers medium term and short term allocations.

Within occupation category self employed and regular salaried has given more or less equal percentages to long, medium and short term while casual laboures has given more preference towards short term saving and investments. 82.6 per cent of married respondents prefer long term allocations and this shows their interest in long term financial planning and concern for future. Unmarried has given importance to short time span while widow and divorced shows their preference towards long term and medium term avenues.

Table 5.11
Time Horizon

Background variables	Attributes	Long term	Medium term	Short term
Income	≤25000	4.1	23.4	48.5
	25000-50000	25.1	25.5	22.2
	50000-75000	27.2	21.6	10.5
	75000-100000	11.8	9.0	7.6
	≥100000	31.8	20.4	11.1
Education	SSLC	7.7	14.1	21.1
	Plus two	13.8	13.5	13.5
	Degree	41.5	43.8	50.3
	PG/Professional	36.9	28.5	15.2
Age	Less than 30	3.6	12.0	22.2
	31-40	15.9	21.6	26.3
	41-50	38.5	32.1	30.4
	51 above	42.1	34.2	21.1
Occupation	Self employed	44.6	40.5	34.5
	Regular salaried	54.9	53.8	53.8
	Casual labor	0.5	5.7	11.7
Marital Status	Married	82.6	75.1	70.2
	Unmarried	4.1	12.0	20.5
	Divorced/Widow	13.3	12.9	9.4
Total		100	100	100

Source: Compiled from primary data

5.7 Sectoral preference of saving and investment

Households largely prefer to invest in public sector, majorities are risk averse and public sector is considered as a safe mode of saving and investment. The surety of return and security are the two main factors that increase the preference towards public sector. Return from the asset in public sector may be less when compared to private sector but the element of safety is highlighted. At the same time preference towards private sector avenues are also

increasing and certain group of respondents give equal preference to these sectors. Figure 5.6 shows the private sector and public sector preference of households.

Figure 5.6

Sectoral preference of saving and investment
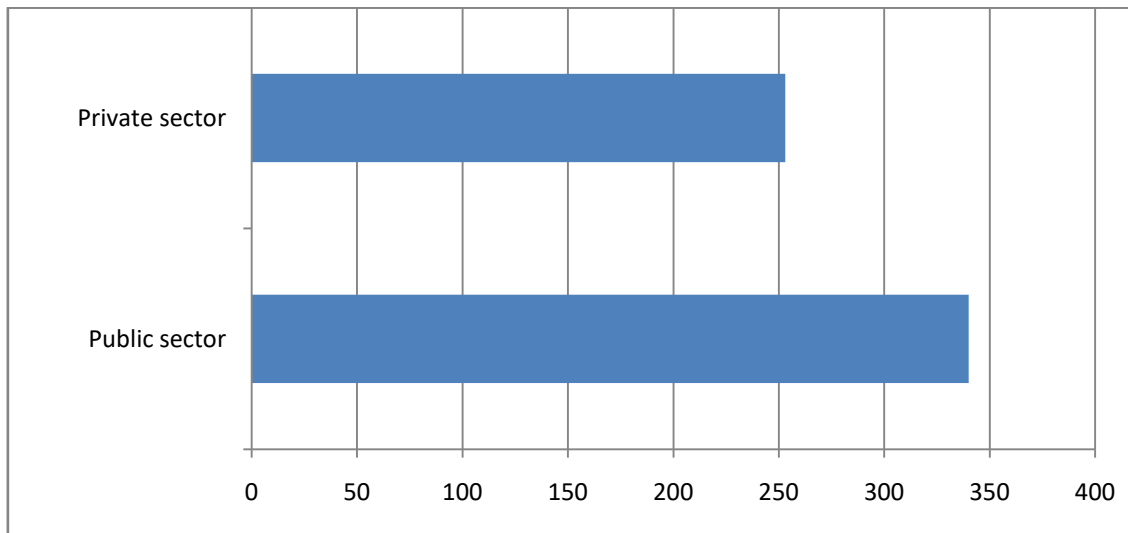
An analysis of the preference of households for public sector and private sector across income, education, age, occupation, and marital status is exhibited in Table No 5.12. Within income group private sector is most preferred by the household with monthly income less than 50000. 26.7 per cent of households, with income above Rs 100000 prefer to save and invest in private sector.

The main factor related to public sector is the surety of the return and the minimization of risk. As income increases respondents inclination towards private sector also increases showing interest to undertake risk and to get more return.

Education wise analysis shows that, higher level of education, preference towards private sector is high. Among the category with degree and PG level of qualification 45.5 and30.4 per cent prefers investment in private sector. Lower education group has more affinity towards public sector. 15.3 per cent respondents with SSLC level of education prefer public sector while only 9.9 per cent is given to private sector.

As age progresses there is a tendency to move towards public sector, as people prefer to invest in more secure areas with less risk. 17.0 per cent of households below the age of 30

prefer private sector. Respondents between the age group of 30-50 give somewhat similar interest towards investing in public and private sector.

Table 5.12
Preference of sector

Background variables	Attributes	Sector	
		Public Sector	Private Sector
Income	≤25000	26.8	25.9
	25000-50000	26.5	20.2
	50000-75000	20.6	19.4
	75000-100000	8.5	7.9
	≥100000	17.6	26.7
Education	SSLC	15.3	9.9
	Plus two	13.5	14.2
	Degree	46.5	45.5
	PG/Professional	24.7	30.4
Age	Less than 30	12.4	17.0
	31-40	20.6	22.1
	41-50	34.1	37.2
	51 above	32.9	23.7
Occupation	Self employed	38.5	41.5
	Regular salaried	55.6	52.6
	Casual labor	5.9	5.9
Marital Status	Married	75.3	75.1
	Unmarried	12.1	15.4
	Divorced/Widow	12.6	9.5
Total		94.4	70.3

Source: Compiled from primary data

Within occupation self employed gives more interest towards private sector while regular salaried and casual labourers are giving importance to public and private sector for saving and investment. Marital status of the households reveals that married persons give

equal weight age to private and public sector as this helps to reduce risk and at the same time to increase returns. Unmarried categories are interested to put their money more in private sector.

5.8 Factors considered at the time of saving and investment.

Each household has different preference, pattern and goal while they save and invest; depending upon all these various factors are taken into consideration as they divert their money into various assets. As far as physical and financial assets are taken the risk and return aspect differs. The purpose for which individuals save and invest differs and the priority of assets changes with the change in the purpose for which the funds are employed. These differences bring about variations in the factors that saver and investors considers at the time of choosing an asset.

Some of the major factors that are given priority by savers and investors are depicted in Figure 5.7. Among the various factors listed, safety and liquidity are the major factors, 90 per cent of the respondents has considered it as their prime concern.

Figure: 5.7

Factors considered at the time of saving and investment.
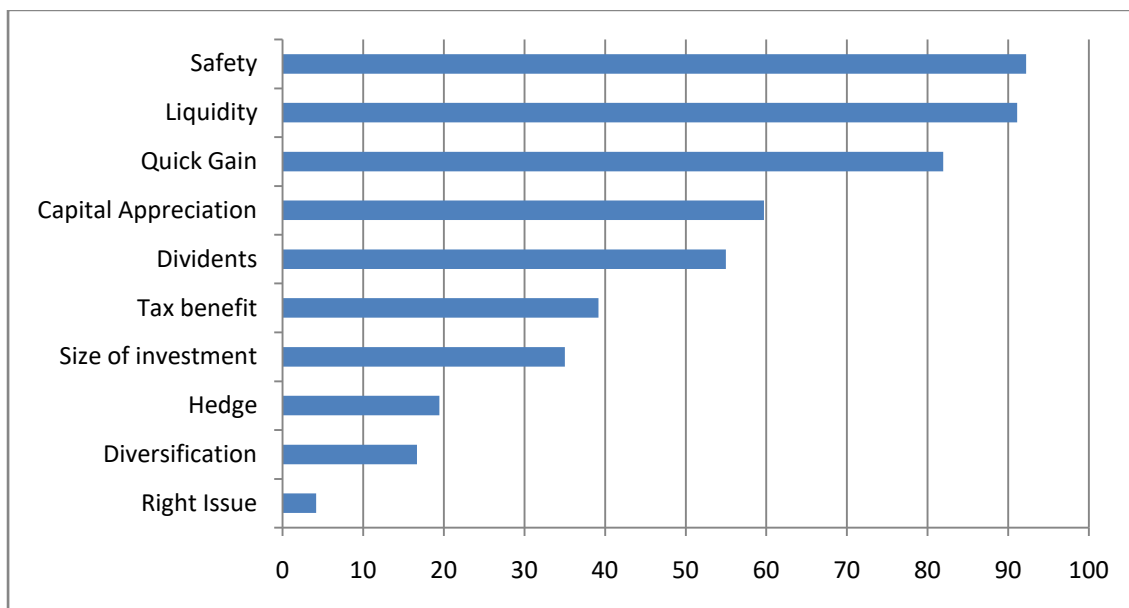
Next to this is the quick gain and return that they expect, 82 per cent considers faster returns as a main factor. While investing in stock market instruments dividends received is

the major factor while hedge against inflation and right issue are given lesser importance. 39 per cent and 35 per cent are giving tax benefit and size of investment as the other two factors considered while they save and invest their funds.

Various factors considered at the time of saving and investment across the variables like income, education, age, occupation, and marital status are is revealed in Table 5.13. 82.6 per cent of married respondents prefer long term allocations and this shows their interest in long term financial planning and concern for future.

While other factors that are listed are given less importance. As income progresses all factors are taken into account as such there is more diversification in the asset portfolio. Income group with monthly income above 100000 has given more importance to right and bonus issue, hedge against inflation and diversification, showing their inclination to invest in stock market instruments.

Education wise analysis shows that higher level of educational attainment gives importance to all factors, especially degree holders give more importance to the dividend aspect while PG and professionally qualified persons gives more concern to hedge against inflation and right issues. While these aspects are not taken into account by respondents with low level of education and this shows their lower participation in stock market instruments.

Better education enhances the knowledge of the saver regarding the assets and this helps him to consider all pros and cons while investing in that asset. As such the person gives importance not only to the return factor but also to the other benefits that he derives from that asset.

Age wise analysis shows that respondents less than 30 years mainly considers faster gain , return and liquidity while those between 31-40 gives more priority to right and bonus issue and this shows their willingness to take risk. Above the age of 51 higher concern is given to the dividends received. Regarding occupation regular salaried and self employed considers all the factors while regular salaried gives more importance to tax benefits. 61 per cent wish to save and invest in those instruments that are tax saving. Married households considers all factors while unmarried and widow shows less concern to factors such as diversification, right issue and hedge against inflation.

Table 5.13
Factors considered at the time of saving and investment (Percentage)

Background variables	Attributes	Safety	Dividend	Capital Appreciation	Quick Gain	Liquidity	Tax Benefit	Size of investment	Diversification	Right /bonus Issue	Hedge against inflation
Income group	<= 25000	27	17	20	28	26	4	12	7	0	6
	25001 - 50000	24	24	27	25	25	24	24	12	0	11
	50001 - 75000	16	15	12	15	15	23	15	20	18	24
	75001 - 100000	15	14	13	12	13	21	16	20	22	14
	>100000	18	30	29	19	20	28	33	42	60	44
Education	Less than or equal to SSLC	14	8	7	14	13	6	10	2	0	0
	Plus Two	15	10	13	13	14	8	13	13	0	1
	Degree	43	49	47	46	43	47	40	27	47	39
	Professional	27	33	32	26	29	40	37	58	53	60
Age	Less than 30	14	12	12	15	14	6	10	13	7	13
	31-40	21	16	18	20	22	18	25	28	47	26
	41-50	31	41	39	32	32	40	33	33	40	39
	51 above	33	92	31	33	32	37	33	35	7	23
Occupation	Self- Employed	41	40	41	39	41	39	48	53	47	56
	Regular Salaried	53	58	55	55	55	61	49	45	53	44
	Casual Labour	6	3	4	6	5	0	2	2	0	0
Marital Status	Married	73	79	79	74	72	84	77	75	10	81
	Unmarried	14	10	9	16	14	6	9	17	0	14
	Divorced/Widow	13	11	13	11	14	10	14	8	0	4
Total		92	55	60	82	91	39	35	17	4	19

Source: Compiled from primary data

5.8 Source of information in financial decision making process

The financial decision making process of households are influenced by various factors and the sources from which they gather information is one of the important factor in this regard. In the modern world there are various sources from which information can be gathered and accordingly the saving and investment avenues changes. The decision making process is very crucial as it determines the benefits as well as the loss that one may incur. The right source of information helps a person to choose the right type of asset and thereby to

satisfy the perceived financial goal. If the information gathered is not reliable then the chance of risk of risk is high and the individual may incur huge losses. The most reliable source needs to be adopted so that best results can be accrued from the financial activity. The prominent sources upon which the respondents rely on while making their decisions are depicted in Figure 5.8.

The most relied source upon which the respondent gives their first priority is the information gathered from family and friends. 31.9 per cent has given the highest priority to the information that they receive from their near one's as many considers it as safe and secure to depend on the information from this source. 23.3 per cent depend on the advices and in formations that they receive from financial advisors. Financial advisors and consultants give more technical details, the risk and return from various instruments. The sources like media and online platforms are given similar priorities and 10.6 per cent gives priority to in formations received through newspapers and other published sources.

Figure 5.8
Source of information
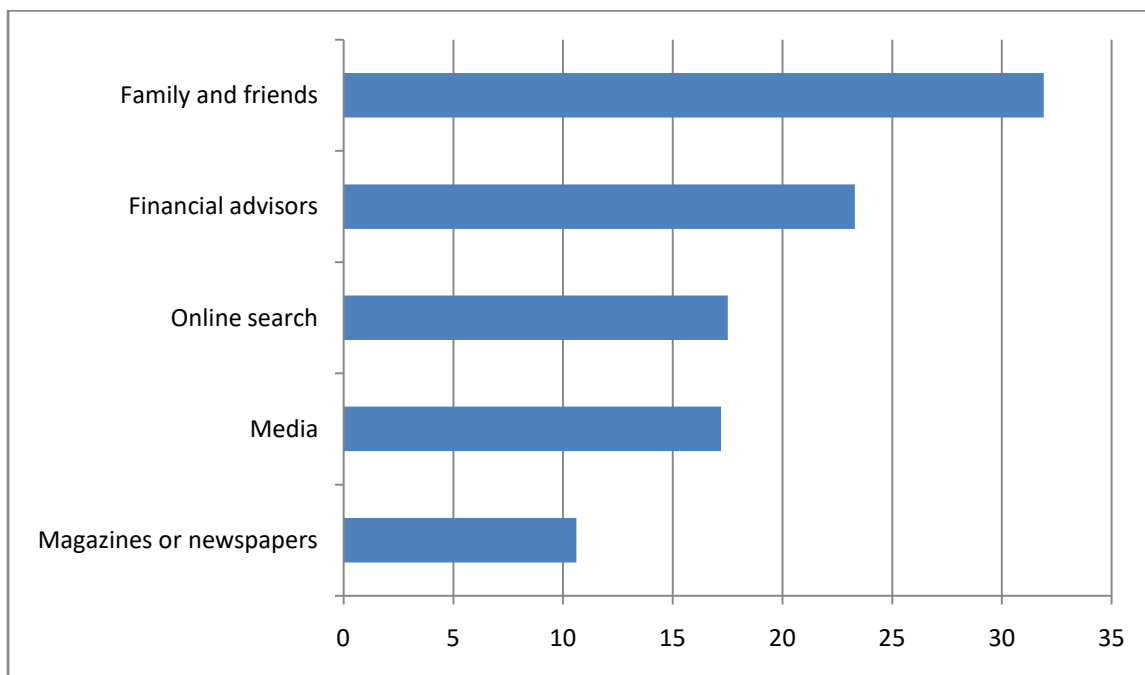
The source of information relied by the respondents and the first priority given is analyzed across the variables- income, education, age, occupation, and marital status. Income wise study shows that lower and higher income group considers online searches and

resources available as important in their financial decision making process. The income category 25000 – 50000 gives more priority to information and advices from family and friends. Now a day's information through electronic media is easily and quickly available as such people has inclination towards it when compared to newspapers, magazines etc.

Table 5.14
Source of information in financial decision making

Background variables	Attributes	Reasons				
		Media	Family/ friends	Newspaper/ magazines	Financial advisors	Online search
Income	≤25000	16.3	33.7	13.0	9.8	35.9
	25000-50000	19.8	42.9	13.2	14.3	37.4
	50000-75000	20.0	29.3	6.7	29.3	30.7
	75000-100000	12.1	24.2	21.2	30.3	51.5
	≥100000	14.5	21.7	2.9	43.5	31.9
Education	SSLC	13.5	44.2	15.4	3.8	23.1
	Plus two	12.0	46.0	8.0	20.0	14.0
	Degree	24.4	30.0	10.6	20.0	15.6
	PG/ Professional	10.2	21.4	6.1	40.8	22.4
Age	Less than 30	6.4	21.3	25.5	14.9	31.9
	31-40	19.5	32.5	7.8	16.9	24.7
	41-50	25.4	47.5	3.4	34.7	16.9
	51 above	11.9	31.9	13.6	19.5	7.6
Occupation	Self employed	19.4	26.4	10.4	26.4	18.8
	Regular salaried	15.8	36.2	11.7	23.5	12.8
	Casual labor	15.0	40.0	0.0	0.0	45.0
Marital Status	Married	20.2	28.8	9.4	25.1	17.2
	Unmarried	10.6	31.9	17.0	14.9	25.5
	Divorced/Widow	6.5	50.0	10.9	21.7	10.9
Total		17.2	31.9	10.6	23.3	17.5

Source: Compiled from primary data

Regarding the education wise analysis the first priority is given to information and advices received from family and friends as it is considered as more reliable. Respondents with PG and professional degree, the highest priority i.e. 40.8 per cent make use of the information available from financial experts. This shows that higher educational qualification helps them to use more specialized and qualitative information to invest funds especially in financial assets. This helps them to have a balanced portfolio whereby risk can be reduced and return can be increased.

Within the age group, respondents less than 30 years of age prefer to make use of information available from online platforms as important in framing their saving and investment decisions. This shows the exposure of younger generations to electronic resources and it also helps them to get information's quickly and easily. Above thirty years of age affinity towards family and related sources is high. Next to it is information received from media and the advices from financial experts. As age progresses less importance is given to online searches and this may be due to the lack of skill to use the electronic resources.

Occupation wise analysis shows that all the three groups give high value to the information and advices from family members, friends and relatives. 26.4 per cent of the self employed gives equal importance to resources available from family as well as from financial advisors. Casual labourers give least priority to information from news papers and the role of financial advisors. Among the marital status all three groups rank family in the first position. Next to it 25.1 per cent of married respondents value advices from financial experts while 25.5 per cent of unmarried gives importance to online searches as an important source in financial decision making.

It is noted from the analysis that a large fraction of households depends on the information's provided by their family members, relatives and friends rather than from any formal or expert channels. To attain better financial standards and to achieve financial goals there should be provisions for better and formal financial advice.

5.9 Level of awareness of assets

Good financial decisions can be made with proper knowledge of various instruments that are available and this is related to households' awareness about different financial and physical avenues for saving and investment. Awareness and perception of assets helps the

person to choose the best according to the financial need as well as goal. In the present era of information revolution there are various sources through which wide arena of information about financial instruments are available. Dissemination of proper information is very crucial in the decision making process. Even though large numbers of options are available to households, many are not aware about all and also within the common avenues in which they save and invest the level of awareness vary. An analysis has been carried out to measure the level of awareness in relation to nine instruments.

The awareness level has been measured on a five point Likert scale, where it ranges from very high level of awareness to very low level of awareness. This tool help to quantify response or opinion based items. For evaluating the level of responses a maximum score of 4 was given to best i.e. with high level of awareness, followed by 3, 2, 1 to low level of awareness. For no opinion or neutral responses the score assigned was zero. The level of awareness is analyzed by using the statistical index constructed .The index score ranges from one to hundred and the household awareness about the instrument is high with index scores ranging from 66.66-100 ,moderate for index scores ranging from33.33-66.66 and low for scores ranging from 0-33.33. On the basis of the index value the instruments can be ranked accordingly.

Table 5.14 shows the level of awareness of the respondents in relation to the financial and physical instruments. Bank deposit has the highest index value and it shows that respondents are highly aware of this conventional mode. High level of awareness is seen in the case of bank deposits and post office savings as the index value is 84.4 and77.0. These two are the traditional avenues and generally considered as the safest mode. Moderate level of awareness is seen in the case of instruments like pension, insurance, mutual funds, bonds. Pension and provident fund are generally compulsory mode of saving and respondents are highly aware of the long term benefits derived out of these instruments.

In the post liberalization period the insurance sector has become more vibrant and people are interested towards it and are highly aware about. Among the various investment avenues the popularity of mutual funds are increasing and within this varied types of options are available. Mutual funds are ranked high among the stock market instruments. Low level of awareness is seen in the case of derivatives and the score is 31.5. Indian derivative market is still in an embryonic stage and its penetration into households is very less.

Among the physical assets both real estate and gold falls under the category of moderate awareness. The index value of gold is 49.9 and is slightly higher than that of real estate holdings. This moderate level of awareness may be one of the reasons for holding physical assets even when better options are available in case of financial instruments.

The level of awareness of various instruments shows that people are highly aware about the traditional instruments and moderately aware of the new options especially stock market instruments. This is one of the main reasons for lesser participation of households in stock markets and prefers to hold conventional modes even though the return is less and this also reduces the diversification of asset holdings in their portfolio.

Table 5.15
Level of awareness

Instruments	1*	2*	3*	4*	5#	Index^	Rank
Bank Deposits	182	142	28	6	2	84.4	I
Post Office Savings	109	221	5	0	25	77.0	II
Pension/PPF	78	165	10	4	103	57.7	III
Insurance	33	192	20	3	112	52.2	IV
Mutual funds	15	131	86	22	106	44.9	VII
Bonds/ Debentures	4	66	126	70	94	37.2	VIII
Derivatives	2	26	126	116	90	31.5	IX
Real Estate	11	151	60	34	104	45.2	VI
Gold	3	210	34	8	105	49.9	V

Note: * 1 to 4 shows level of awareness from highest to lowest
          # No opinion
          ^ [(1x 4+ 2 x 3+3 x 2+4 x 1+5 x 0) /(360x4)] x 100
Source: primary survey

5.9.1 Level of awareness about bank deposits

An enquiry in the level of awareness about bank deposits across different socio economic variables revels that within income group the awareness index reveals that, all income group has high level of awareness. Very high level of awareness is related to respondents with income above 100000. Median value also suggests high and very high values, that on an average all income groups are very much aware of this financial instrument.

Table 5.16
Level of awareness about bank deposits (Percentage and Median)

Background variables	Attributes	Awareness						
		Very high	High	low	Very low	Neutral	Median	Awareness Index
Income	≤25000	20.7	77.2	0.0	1.1	1.1	4	78.8
	25000-50000	56.0	33.0	8.8	1.1	1.1	5	85.4
	50000-75000	65.3	29.3	2.7	2.7	0.0	5	89.3
	75000-100000	45.5	36.4	12.1	6.1	0.0	4	80.3
	≥100000	69.6	10.1	20.3	0.0	0.0	5	87.3
Education	SSLC	30.8	61.5	5.8	0.0	1.9	4	79.8
	Plus two	44.0	48.0	6.0	0.0	2.0	4	83.0
	Degree	48.1	40.6	8.1	3.1	0.0	4	83.4
	PG/ Professional	68.4	21.4	9.2	1.0	0.0	5	89.3
Age	Less than 30	46.8	51.1	2.1	0.0	0.0	4	86.2
	31-40	35.1	54.5	10.4	0.0	0.0	4	81.2
	41-50	55.1	32.2	7.6	5.1	0.0	5	84.3
	51 above	57.6	32.2	8.5	0.0	1.7	5	86.0
Occupation	Self employed	52.8	39.6	6.2	0.7	0.7	5	85.8
	Regular salaried	53.1	34.2	9.7	2.6	0.5	5	84.2
	Casual labor	10.0	90.0	0.0	0.0	0.0	4	77.5
Marital Status	Married	55.5	33.3	8.2	2.2	0.4	5	85.5
	Unmarried	31.9	66.0	2.1	0.0	0.0	4	82.4
	Divorced/Widow	39.1	47.8	10.9	0.0	2.2	4	80.4

Source: Compiled from primary data

Within education level the highest index value of 89.3 is with respondent's having post graduate level of education. As education level progresses the awareness level also increases and this helps them to take more wise investments. Respondents with low level of education are also aware of this financial instrument and in the process of financial inclusion

as a prior step individuals hold a bank account to carry out their financial transactions in a more transparent manner. The variation in index is less and the lowest value is only 79.8.

Among age group the index value is above eighty and this shows very high level of awareness about the different aspects of this financial instrument. The employment aspect revels that among casual labourers the index value is 77.5 which is slightly less when compared to the other two categories. But overall the awareness level is high. In relation to the marital status married households have very high level of awareness about bank deposits. The average and index value is high.

5.9.2 Level of awareness about post office schemes

Post office schemes are generally considered as one of the conventional and safest mode of savings. Table 5.17 shows the awareness level of this instrument among the respondents.

Within the income category there is high level of awareness, but very high level response is not recorded. This may be one of the reasons that even though it is a riskless asset affinity towards it is low. The average and index value is high among households with income above 10000.

In case of education those with SSLC level of education has moderate awareness about the various post office schemes and its benefits. Above this level of education all other groups have high level of awareness. Among the age group the index value varies around 74 – 78, showing high level of awareness. No one has very low level of awareness and it shows that all respondents in all age group are aware of this financial instrument.

Occupation wise analysis reveals that respondents have high level of awareness in relation to post office schemes. In case of marital status all categories have high awareness and the index value is high among regular salaried. As systematic way of savings the regular salaried are interested in this asset and it also has tax saving schemes that attracts this group. Marital status shows that all groups have high level of awareness. Very few responses are recorded under low level of awareness and no respondent has very low awareness showing the penetration of postal schemes and the agents play an important role in pooling the postal savings even in small denominations.

Table 5.17
Level of awareness about Post office schemes (Percentage and Median)

Background variable	Attributes	Awareness					
		Very high	High	low	Neutral	Median	Awareness Index
Income	≤25000	6.5	88.0	0.0	5.4	4	72.6
	25000-50000	25.3	68.1	0.0	6.6	4	76.4
	50000-75000	40.0	46.7	2.7	10.7	4	76.3
	75000-100000	42.6	45.5	9.1	3.0	4	81.1
	≥100000	52.2	40.6	0.0	7.2	5	82.6
Education	SSLC	7.7	75.0	0.0	17.3	4	63.9
	Plus two	10.0	86.0	0.0	4.0	4	74.5
	Degree	28.1	62.5	2.5	6.9	4	76.3
	PG/Professional	56.1	39.8	1.0	3.1	5	86.5
Age	Less than 30	80.9	4.3	0.0	0.0	4	75.5
	31-40	59.7	10.4	0.0	0.0	4	74.7
	41-50	55.9	5.9	0.0	4.2	4	78.0
	51 above	60.2	6.8	0.0	0.0	4	78.2
Occupation	Self employed	27.8	61.8	0.7	9.7	4	74.5
	Regular salaried	35.2	57.7	2.0	5.1	4	79.5
	Casual labor	0.0	97.0	0.0	5.0	4	71.3
Marital Status	Married	33.7	56.6	1.9	7.9	4	77.1
	Unmarried	14.9	83.0	0.0	2.1	4	77.1
	Divorced/Widow	26.1	67.4	0.0	6.5	4	76.6

Source: Compiled from primary data

5.9.3 Level of awareness about Pension/PPF

Within the income category respondents with monthly income less than 25000 have low level of awareness regarding pension and provident fund. As these instruments are generally of a compulsory mode of saving only those who are into it tries to get the

information's related to it. Low income earners, especially those without a regular source of salary are not involved in allocating funds to these instruments. Income earners amid 25000-50000 have moderate level of awareness and those with income above 50000 have high level of awareness.

Table 5.18
Level of awareness about Pension/PPF (Percentage and Median)

Background variables	Attributes	Awareness						
		Very high	High	Low	Very low	Neutral	Median	Awareness Index
Income	≤25000	0.0	43.5	0.0	0.0	56.5	4	32.6
	25000-50000	19.8	48.4	3.3	2.2	26.4	4	58.2
	50000-75000	37.3	42.7	6.7	0.0	13.3	4	72.7
	75000-100000	27.3	54.5	3.0	6.1	9.1	4	71.2
	≥100000	33.3	44.9	1.4	0.0	20.3	5	67.8
Education	SSLC	1.1	28.8	9.6	3.8	55.8	3	29.3
	Plus two	10.0	32.0	2.0	0.0	56.0	3	35.0
	Degree	22.5	51.9	1.2	0.6	23.8	4	62.2
	PG/Professional	36.7	52.0	2.0	1.0	8.2	4	77.0
Age	Less than 30	8.5	53.2	2.1	0.0	36.2	4	49.5
	31-40	20.8	45.5	5.2	0.0	28.6	4	57.5
	41-50	22.9	41.5	1.7	1.7	32.2	4	55.3
	51 above	26.3	47.5	2.5	1.7	22.0	4	63.6
Occupation	Self employed	16.7	38.2	6.9	0.7	37.5	4	49.0
	Regular salaried	26.6	53.6	0.0	1.5	17.3	4	68.1
	Casual labor	0.0	25.0	0.0	0.0	75.0	3	18.8
Marital Status	Married	25.1	46.4	3.1	0.7	24.7	4	61.6
	Unmarried	12.8	36.2	0.0	4.3	46.8	3	41.0
	Divorced/Widow	10.9	52.2	4.3	1.1	32.6	4	52.2

Source: Compiled from primary data

The values clearly show the disparity in the level of awareness among different level of earners. In case of education wise analysis larger disparity is seen .Respondents with lower level of education has low level of awareness. Those with SSLC level of education has low awareness ,while those with plus two and degree has moderate level of awareness and above that there is high level of awareness.

Age wise analysis shows that ,respondents in all age levels has moderate level of awareness regarding this financial instrument and persons above the age of 51 shows more affinity and it is mainly to secure a regular source of income in their old age so as to lead a comfortable life . Related to occupation the regular salaried and self employed has moderate level of awareness. As far as regular salaried are concerned as part of a compulsory contribution they hold this asset.

Casual labourers have only low level of awareness. They do not have a regular source of income and the nature of employment itself is one of the main reasons for the lack of awareness with regard to these assets. Even though various types feasible pension funds are available, that ensures future security and flow of income many are unaware about such options and because of that they do not get benefits out of it. Among marital status all categories are moderately aware of this financial instrument while highest index value of 61.6 is in relation to married household. Unmarried have a lower index value of 41 when compared to the married and because of this their participation in these instruments is low. In case of widowed and divorced the index value is 52.2, showing moderate level of awareness.

5.9.4 Level of awareness about Insurance

Insurance is always a safety cover to reduce the negative impacts of future uncertainties; as such it helps to reduce the risk and to face future with more comforts. Income wise analysis shows that a respondent with less than 25000 monthly incomes has low level of awareness regarding various types of insurance. Households with income around 75000-100000 has high level of awareness and the remaining with moderate level.

 Education wise analysis shows that as education level progresses the awareness of this financial instrument also increases and this helps respondents with higher education to take wise financial decisions. The post graduate and professional degree holders has high level of awareness while the remaining has moderate level of awareness.

Table 5.19
Level of awareness about Insurance (Percentage and Median)

Background variables	Attributes	Awareness					Median	Awareness Index
		Very high	High	low	Very low	Neutral		
Income	≤25000	0.0	28.3	7.6	1.1	63.0	3	25.3
	25000-50000	13.2	59.3	2.2	2.2	23.1	4	59.3
	50000-75000	9.3	64.0	6.7	0.0	20.0	4	60.7
	75000-100000	12.1	75.8	9.1	0.0	3.0	4	73.5
	≥100000	14.5	56.5	4.3	0.0	24.6	4	59.1
Education	SSLC	1.9	30.8	19.2	3.8	44.2	3	35.6
	Plus two	2.0	46.0	4.0	0.0	48.0	3	38.5
	Degree	8.8	56.9	3.1	0.6	30.6	4	53.1
	PG/ Professional	17.3	63.3	3.1	0.0	16.3	4	66.3
Age	Less than 30	8.5	38.3	2.1	0.0	51.1	3	38.3
	31-40	3.9	55.8	6.5	1.3	32.5	4	49.4
	41-50	7.6	54.2	7.6	0.0	30.5	4	52.1
	51 above	14.4	56.8	4.2	1.7	22.9	4	59.5
Occupation	Self employed	9.0	47.9	6.9	0.0	36.1	4	48.4
	Regular salaried	10.2	60.7	2.6	1.5	25.0	4	57.4
	Casual labor	0.0	20.0	25.0	0.0	55.0	3	27.5
Marital Status	Married	9.4	59.6	5.6	0.0	25.5	4	56.8
	Unmarried	8.5	25.5	0.0	4.3	61.7	3	28.7
	Divorced/Widow	8.7	45.7	10.9	2.2	32.6	4	48.9

Source: Compiled from primary data

Within the age group moderate level of awareness is seen in relation to insurance schemes, and due to this many may not be able to choose the right schemes suitable to their financial goals. Respondents below the age of 30 years have comparatively less awareness

when compared to other age groups. Low age group is less concerned about future uncertainities and because of that is less interested to invest in insurance schemes.

Occupation wise casual laboures has low level of awareness while regular salaried and self employed are moderately aware. The source of income is not regular for the casual labourers and because of that they show less awareness and investment in these assets is comparatively less by this category. Unmarried persons have low level of awareness about investment in insurance schemes while the other two groups are moderately aware.

5.9.5 Level of awareness about Mutual funds

Investment in Mutual funds has gained popularity and households are interested to invest in this instrument as varied types of products are available in relation to this instrument. Table 5.18 depicts household's awareness level about mutual funds across different economic and social variables. Within the income classes respondents with income above 100000 has high awareness about mutual funds and the index value is 68.1. Those with income amid 25000-100000 have moderate awareness and lower income group has low level of awareness. This clearly shows those higher income groups are more aware of the possibilities of investment in mutual funds to earn more return.

Education wise analysis shows that , those with qualification degree level and above are moderately aware of this instrument while households with lower level of education has low index value showing low awareness level. This low awareness level pulls back the household in investing in mutual funds. An analysis of age group shows that higher age group is more aware of the various aspect of this instrument.

Respondents less than 30 years of age have low awareness while above 30 years of age respondents have moderate awareness. Regular salaried and self employed has moderate level of awareness about investing in mutual fund while casual laborers has low level of awareness and because of this their investment participation is low in mutual funds. Unmarried group has low awareness while the other two categories have moderate awareness.

Table 5.20
Level of awareness about Mutual funds (Percentage and Median)

Background variables	Attributes	Awareness					Median	Index
		Very high	High	Low	Very low	Neutral		
Income	≤25000	0.0	5.4	32.6	12.0	50.0	3	23.4
	25000-50000	0.0	29.7	30.8	5.5	31.1	3	39.0
	50000-75000	8.0	30.7	33.3	4.0	24.0	3	48.7
	75000-100000	12.1	63.6	6.1	6.1	12.1	4	64.4
	≥100000	7.2	79.7	1.4	1.4	10.1	4	68.1
Education	SSLC	0.0	1.9	51.9	11.5	34.6	2	30.3
	Plus two	2.0	18.0	28.0	14.0	38.0	3	33.0
	Degree	1.2	40.0	22.5	2.5	33.8	3	43.1
	PG/ Professional	12.2	58.2	9.2	5.1	15.3	4	61.7
Age	Less than 30	6.4	14.9	19.1	4.3	55.3	3	28.2
	31-40	1.3	35.1	24.7	10.4	28.6	3	42.5
	41-50	5.1	43.2	18.6	5.1	28.0	3	48.1
	51 above	4.2	39.0	30.5	5.1	21.2	3	50.0
Occupation	Self employed	6.2	34.0	22.9	4.9	38.9	3	44.4
	Regular salaried	0.1	41.8	21.9	6.1	27.0	3	46.9
	Casual labor	0.0	0.0	50.0	15.0	35.0	2	28.8
Marital Status	Married	4.5	41.2	20.6	4.5	29.2	3	46.8
	Unmarried	6.4	14.9	25.5	10.6	42.6	3	33.0
	Divorced/Widow	0.0	30.4	41.3	10.9	17.4	2	46.2

Source: Compiled from primary data

5.9.6 Level of awareness about Bonds/Debentures

Table 5.18 depicts the level of awareness of respondents in relation to bonds and debentures. Income wise analysis shows that low income group has very low level of awareness about stock market instruments.

Table 5.21
Level of awareness about Bonds/Debentures (Percentage and Median)

Background variables	Attributes	Awareness						
		Very high	High	Low	Very low	Neutral	Median	Awareness index
Income	≤25000	0.0	1.1	31.5	35.9	31.5	2	25.5
	25000-50000	0.0	3.3	57.1	16.5	23.1	2	35.2
	50000-75000	2.7	16.6	28.0	25.3	28.0	2	35.0
	75000-100000	0.0	24.2	39.4	0.0	26.4	3	37.9
	≥100000	2.9	60.9	15.9	4.3	15.9	4	57.6
Education	SSLC	0.0	1.9	28.8	51.9	17.3	1	28.8
	Plus two	0.0	6.0	46.0	24.0	24.0	2	33.5
	Degree	1.2	13.8	40.6	13.1	31.2	2	35.2
	PG/ Professional	2.0	40.8	23.5	10.2	73.5	3	46.9
Age	Less than 30	0.0	12.8	29.8	14.9	42.6	3	28.2
	31-40	0.0	20.8	36.4	26.0	16.9	2	40.3
	41-50	2.5	19.5	32.2	20.3	25.4	2	38.3
	51 above	0.8	17.8	39.0	16.1	26.3	2	37.7
Occupation	Self employed	0.0	25.7	30.6	22.2	21.5	2	40.1
	Regular salaried	2.0	14.8	40.3	13.3	29.6	2	36.6
	Casual labor	0.0	0.0	15.0	60.0	25.0	1	22.5
Marital Status	Married	1.5	9.9	33.3	17.6	27.7	4	39.7
	Unmarried	0.0	12.8	36.2	23.4	27.7	2	33.5
	Divorced/Widow	0.0	15.2	43.5	26.1	15.2	2	37.5

Source: Compiled from primary data

Respondents with income level greater than 25000 have moderate level of awareness. High level of awareness is not recorded and it shows that majority lacks knowledge about these financial instruments and that is one of the main reasons for less participation in such financial instruments. Above 100000 monthly income the index value is 57.6, and this reveals that even in high income strata the awareness towards bonds and debentures is only moderate.

Educational attainment and level of awareness of bonds and debentures shows that even with high level of educational attainment the index value shows that respondents has moderate awareness. Generally as education level increase the awareness must also increase but this is not seen in the case of stock market instruments. Even though financial inclusion is high financial literacy of such instruments are low. Due to the lower awareness people are not able to invest money in such channels and this prevents them from reaping gain from financial markets.

Regarding age, younger generations must be more aware of the new instruments but this is not happening. The index value shows that respondents less than 30 years of age has low awareness, the value is only 28.2. Awareness level is highest among the age group 31-40 and this also shows their interest to earn more by investing in avenues with higher return. Occupation wise analysis shows that casual labourers have very low level of awareness, only 22.5. The other two categories have moderate awareness and the highest index value of 40.1 is among the self employed category. Within marital status all the three categories has moderate level of awareness about bonds and debentures.

5.9.7 Level of awareness about Derivatives

Derivatives are financial securities and its main purpose is to reduce and hedge risk. Among the financial instruments respondents have shown lower awareness regarding this instrument.

The income wise analysis shows that respondents with less than 25000 incomes have very low level of awareness and the index value is only 26.4. Higher income group has only moderate level of awareness and the highest index value is 35.3. Due to the low awareness of this instrument many are not interested in investing in this asset. There is a need to make these instruments popular so that many will actively participate in it.

Table 5.22
Level of awareness about Derivatives (Percentage and Median)

Background variables	Attributes	Awareness						
		Very high	High	Low	Very low	Neutral	Median	Awareness Index
Income	≤25000	0.0	1.1	30.4	41.3	27.2	2	26.4
	25000-50000	0.0	2.2	49.5	34.1	14.3	2	34.9
	50000-75000	2.7	10.7	28.0	42.7	16.0	2	35.3
	75000-100000	0.0	9.1	36.4	24.2	30.3	2	31.1
	≥100000	0.0	17.4	29.0	10.1	43.5	3	30.1
Education	SSLC	0.0	1.9	17.3	67.3	13.5	1	22.9
	Plus two	0.0	6.0	40.0	36.0	18.0	2	33.4
	Degree	1.2	6.2	43.1	25.0	20.4	2	33.7
	PG/ Professional	0.0	12.2	28.6	23.5	35.7	2	31.6
Age	Less than 30	0.0	2.1	29.8	25.5	42.6	3	22.9
	31-40	0.0	6.5	36.4	41.6	15.6	2	33.4
	41-50	0.8	10.2	35.6	29.7	23.7	2	33.7
	51 above	0.8	6.8	35.6	31.4	25.4	2	31.6
Occupation	Self employed	0.0	11.1	26.4	37.5	25.0	2	30.9
	Regular salaried	1.0	5.1	43.9	25.0	25.0	2	33.0
	Casual labor	0.0	0.0	10.0	65.0	25.0	1	21.3
Marital Status	Married	0.7	9.0	35.6	31.1	23.6	2	33.1
	Unmarried	0.0	0.0	29.8	36.2	34.0	2	23.9
	Divorced/Widow	0.0	4.3	37.0	34.8	23.9	2	30.4

Source: Compiled from primary data

Educational attainment of the respondents shows that even households with higher educational qualification are less aware of this instrument. Respondents with SSLC level of education have low awareness while other categories are moderately aware and the highest

value of index is only 33.7. The other variables like age, occupation and marital status also show a similar result and respondents are only moderately aware of derivatives.

5.9. 8 Level of awareness about Real estate

In case of awareness of real estate, higher income group has more affinity towards it. Respondents with monthly income above 100000 have awareness about the various aspects of investment in real estate and the index value is 64.9. The other income groups except the low income group are moderately aware of this particular physical asset. The least aware are the lower income group with low index value of 32.1, and this may be due to the reason that this field requires large volume of funds which may not be affordable by the low income group.

Table 5.23
Level of awareness about Real estate (Percentage and Median)

Background variables	Attributes	Awareness						
		Very high	High	low	Very low	Neutral	Median	Awareness Index
Income	≤25000	0.0	21.7	26.1	10.9	41.3	3	32.1
	25000-50000	0.0	39.6	17.6	16.5	26.4	3	42.6
	50000-75000	1.3	49.3	13.3	4.0	32.0	4	46.0
	75000-100000	0.0	48.5	15.2	9.1	27.3	3	46.2
	≥100000	14.5	60.9	7.2	4.3	13.0	4	64.9
Education	SSLC	0.0	15.4	25.0	19.2	40.4	3	28.8
	Plus two	0.0	60.0	14.0	6.0	20.0	4	53.5
	Degree	3.1	43.1	17.5	7.5	28.8	3	46.1
	PG/Professional	6.1	44.9	12.2	9.2	27.6	4	48.2
Age	Less than 30	0.0	27.7	10.6	6.4	55.3	3	27.7
	31-40	2.6	35.1	24.7	10.4	27.3	3	43.8
	41-50	3.4	50.0	14.4	9.3	22.9	4	50.4
	51 above	4.2	44.1	16.1	10.2	25.4	3	47.9
Occupation	Self employed	6.2	46.5	11.8	5.6	29.9	4	48.4
	Regular salaried	1.1	42.9	17.9	10.7	27.6	3	44.8
	Casual labor	0.2	0.0	40.0	25.0	35.0	2	26.3
Marital Status	Married	4.1	47.6	12.4	9.0	27.0	4	48.2
	Unmarried	0.0	25.5	19.1	8.5	46.8	3	30.9
	Divorced/Widow	0.0	26.1	39.1	13.0	21.7	3	42.4

Source: Compiled from primary data

Education wise analysis shows that, respondents with plus two level of education exhibits higher awareness and the index value is 53.3. Higher education group are not showing much awareness and this shows that higher the educational attainment the attraction towards this physical asset is not high.

Within the age group the index varies between 27.7 and 50.4, younger generations are less aware while the age group around 41-50 shows higher level of awareness when compared to other groups. Occupation wise, casual laboures has low awareness while regular salaried and self employed are moderately aware of the various aspects of investment in real estate. In case of marital status unmarried have low level of awareness while married and divorced have moderate level of awareness. The index ranges in around 30.9 to 40.2.

5.9. 9 Level of awareness about Gold

Households always have an attraction towards gold due to many reasons. Majority of households hold some amount of gold and has desire to increase its volume. The level of awareness about this asset is shown in Table 5.24.

The awareness level in relation to income group shows that respondents having income up to one lakh are moderately aware of investment in this physical asset. Very low level of awareness is given by a small percentage and it shows households interest towards this asset.

Education wise analysis shows that majority has a moderate level of awareness and the index ranges around 32.7 to 55.9. Within the age group all categories are moderately aware of this physical asset, especially with regard to the benefits reaped out of this asset. Marital status wise analysis shows that a married household has more awareness and the index value is 54.4. The other two categories are moderately aware with index value around 35-37.

The analysis of the awareness level of savers and investors reveals that respondents are highly aware of the conventional form of financial instruments especially bank deposits and post office savings. Income, age and educational attainment show a positive impact on the level of awareness. Awareness of mutual funds, bonds /debentures are moderate while that of derivatives is less. There is a need to increase the financial literacy and awareness of

diversified investment avenues. Regarding the physical assets like gold and real estate respondents are moderately aware as such investment in these assets are carried out not by understanding all dimensions of these assets.

Table 5.24
Level of awareness about Gold (Percentage and Median)

Background variables	Attributes	Awareness					Median	Awareness Index
		Very high	High	Low	Very low	Neutral		
Income	≤25000	0.0	33.7	9.9	2.2	4.3	3	30.7
	25000-50000	0.0	53.8	12.1	2.2	31.9	4	47.0
	50000-75000	1.3	66.7	10.7	1.3	20.0	4	57.0
	75000-100000	0.0	66.7	9.1	6.1	18.2	4	56.1
	≥100000	2.9	84.1	4.3	1.4	7.2	4	68.5
Education	SSLC	0.0	36.5	9.6	1.9	51.9	3	32.7
	Plus two	0.0	64.0	6.0	4.0	26.0	4	52.0
	Degree	0.6	60.0	10.6	0.6	28.1	4	51.1
	PG/ Professional	2.0	64.3	9.2	4.1	20.4	4	55.9
Age	Less than 30	0.0	55.3	6.4	4.3	34.0	4	45.7
	31-40	3.9	46.8	5.2	1.3	42.9	4	41.9
	41-50	0.0	61.9	10.2	3.4	24.6	4	52.3
	51 above	0.0	63.6	12.7	0.8	22.9	4	54.2
Occupation	Self employed	2.1	65.3	5.6	2.1	25.0	4	54.3
	Regular salaried	0.0	57.7	12.2	2.0	28.1	4	49.9
	Casual labor	0.0	15.0	10.0	5.0	70.8	3	17.5
Marital Status	Married	1.1	65.5	7.1	2.2	24.0	4	54.4
	Unmarried	0.0	40.4	12.8	4.3	42.6	3	37.8
	Divorced/Widow	0.0	34.8	19.6	0.0	45.7	3	35.9

Source: Compiled from primary data

5.10 Perception of investors in relation to saving and investment

Households save and invest with various motives and intentions. The perception of investors in relation to saving and investment also differs. The perception has been analysed in relation to six statements related to saving and investment-

Savings and investment increases income of the family;

It improves one's standard of living;

Savings and investment are carried out mainly with the purpose of tax exemption;

Helps to accumulate financial and physical assets;

Increases the ability to meet unexpected contingencies;

Savings and investment helps to enhance social recognition.

The perception of investors has been analyzed on a five point likert scale; where the responses vary from strongly agree to strongly disagree. On the basis of the responses a perception index was generated and the responses were ranked accordingly. Table 5.25 shows the perception of investors and the ranks in accordance with the index evaluated.

Table 5.25
Perception of investors in relation to saving and investment

Statement	1*	2*	3*	4*	5#	Perception Index^	Rank
S1	196	158	2	0	4	87.63	II
S2	131	222	0	0	7	88.05	I
S3	78	218	0	5	59	67.43	III
S4	55	238	0	3	64	65.06	IV
S5	44	196	12	5	103	55.06	V
S6	24	111	58	27	140	39.70	VI

Note: * 1 to 4 shows the response level from highest to lowest
No opinion
^ [(1x 4+ 2 x 3+3 x 2+4 x 1+5 x 0) /(360x4)] x 100
Source: Primary survey

The index score ranges from one to hundred and the household perception related to these statements varies around the index value of 39.7 to 88.05. Majority of the household moves along with the perception that saving and investment improves one's standard of

living. 196 respondents state that they strongly agree with this statement. Next to this is the belief that saving and investment increases income of the family 222 respondents agree with this. The index value of 67.43 is associated with the statement that saving and investment are carried out for tax exemption purposes and it is ranked in the third position.

The statement savings helps to acquire more of financial and physical asset is ranked as fourth, with index value 65.06. A moderate level of perception is given to the statement that saving and investment increases the ability to meet unexpected contingencies, 196 respondents agree with this perception .The least index value of 39.7 is given to the statement that saving and investment helps to enhance social recognition. Thus the perception of savers and investors varies as such differences occur in their saving and investment behavior.

5.11 Conclusion

The saving and investment pattern of households has undergone various structural shifts in the past years especially after the economic reforms. Household's asset portfolio comprises of various types of assets according to the financial interests, and this varies from one person to the other. In case of physical assets people are more inclined towards gold, as investment in gold is considered safe and due has value appreciation. The opening up of the economy and emergence of private insurance companies has its impact on household saving portfolio. Among the most preferred stock instrument is mutual funds, but still people do not fully understand the intricacies of stock market and are not willing to invest in financial markets. Household largely prefer to invest in public sector, majority are risk averse and public sector is considered as a safe mode of saving and investment. The level of awareness of various instruments shows that people are highly aware about the traditional instruments and moderately aware of the new options especially stock market instruments. Regarding the perception of households related to saving and investment, majority of the them moves along with the perception that saving and investment improves one's standard of living and ensures better quality of life.