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A Study on Saving Behaviour in Chennai

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ABSTRACT:
This study looks into saving behaviour and the preferences of investors in Chennai, India, with a particular emphasis on the decision between bank deposits and mutual funds. The purpose this study's goal is to comprehend the factors that influence investors' choices of investments and their preferences for these two well-liked investment options.
A structured questionnaire is employed in the quantitative research approach of the study to collecting information from a sample of Chennai-based investors. And questionnaire asks questions about the demographics of the investors, their investment goals, their risk tolerance, their familiarity with mutual funds and bank deposits, and the variables influencing their investment preferences.
The results of this study will shed important light on Chennai investors' investment preferences and behaviour, revealing the factors that influence mutual fund selection.

Keywords: Investors Savings And Behaviour, Mutual Fund, Bank Deposit, Preference Of Investment, Demographic Variables

I.INTRODUCTION:

Mutual fund: A company that raises plutocrat from multitudinous sources and invests it in securities like stocks, bonds, and short- term loans is known as a collective fund. All of a collective fund's investments are appertained to as its portfolio. Investors buy shares of collective finances. Each share represents an investor's power stake in the fund and the earnings it generates. Based on their intended investments, mutual funds can be divided into various types, such as balanced funds, money market funds, bond funds, and equity funds, among others. According to their financial objectives, risk tolerance, and time horizon, investors can pick from a variety of mutual fund many varieties, each with their own distinct features, risks, and potential returns.
Mutual fund investing entails risks, including the potential for principal loss. On the other hand, they may also present long-term opportunities for income and growth. Before Investors should thoroughly analyse their investment objectives before making a choice, risk tolerance, and the costs and fees related to mutual funds.

Bank deposits: The modern financial system is not complete without bank deposits, which give people and businesses a convenient and safe way to store money while earning interest. A bank deposit is simply the sum of money that a customer places in their bank account. Customers can, however, choose from a number of bank deposit types, each of which has special features and advantages.
A demand deposit, also referred to as a checking account, is the most typical type of bank deposit. Customers who make this kind of deposit are able to withdraw money whenever they need to using their debit cards, ATM withdrawals, or check writing. Time deposits, which include savings accounts, certificates of deposit (CDs), and other comparable accounts, are an additional type of bank deposit. Demand deposits typically have lower interest rates than time deposits, but time deposit customers must leave their money idle for a set amount of time. Other types of bank deposits exist in addition to demand and time deposits, including foreign currency deposits, recurring deposits, and fixed deposits. Customers must be aware of the differences between deposits in order to make informed decisions about their banking requirements because each type of deposit has distinct features and advantages.

II.LITERATURE REVIEW:

1. SANKARARAMAN G et al (2009) in the article entitled IS Astrology a Science or just a Superstition? describes that “Human beings have always been curious to know their future. Whenever someone is in difficulty and cannot easily come out of it, he wants to know whether the days of his misery will come to an end at all. And if yes, then when? All these questions are answered by astrology, which includes the problems relating to investment.”
2. Palanivel and Chandrakumar (2013) have studied about Investing in insurance and bank deposits by people with low and middle incomes.
3. SidharathulMunthaga.J, 2014 The Study was completed. The maturity of investors prefer to invest in insurance, post office savings plans, and bank deposits. Some investors prefer to invest in stock shares and collective finances. Except for those over fifty, the study's findings indicate that the maturity of those who responded are interested in making investments in insurance, post office savings(NSC), public provident fund(PPF), and bank deposits(BD).
4. SANKARARAMAN G et al (2015) investigate the effects of the financial sector, measures for deregulation, and household savings in India. The results show that financial liberalisation has decreased savings and investment style. Income and interest rates have little bearing on the household savings rate.
5. Sailaja (2018) conducted a study on the knowledge of collective fund investment among investors. Since the cost of maintaining a participated store is spread across larger pools of finances, common means can give bookmakers a cost that's lower for dealing with their means, according to the author. A large number of bookmakers collect plutocrat from common store associations through this system.
6. Chakrabarti (2019) Examine equities Collective finances in India using a quadratic optimisation of William Sharpe's asset class factor model and an examination of the relative performance of the finances in comparison to their style marks. Their disquisition showed that the collective finances had positive yearly returns on normal between January 2012 and June 2017. The ELSS finances underperformed the Growth finances or all finances put together in terms of returns generated.
7. Geetha and. Ramesh (2019) in their research on people's preferences for investment behaviour. The authors have researched the variables that affect people's investment behaviour patterns and respondents' attitudes toward various investment options. According to the study, respondents with lower income levels preferred to invest in insurance and bank deposits. Compared to respondents with high income levels, lower income level groups are more knowledgeable about the available investment opportunities.
8. Shahid & Abbas, 2019 According to research done to ascertain how Investor confidence has a considerable impact on company investment decisions in both countries, and corporate governance also affects investor confidence. Additionally, businesses with sound corporate governance procedures draw greater investment.
9. Kalita (2020) carried out a study on the analysis of investor preference for mutual funds. In his study, he came to the conclusion that investors are looking for new ways to add to and improve their portfolios as a result of increased compensation, and common assets offer an accessible means of risk reduction through diversification, under the supervision of skilled fund managers.
10. Manda (2021) The author of a study to look into the risks associated with mutual funds during a crisis came to the conclusion that because of the debt paper, the fund company had to close due to unanticipated illiquidity. Due to the company's inability to sell its underlying assets in the secondary market and the fund managers' excessive exposure to high-yield but low-quality debt instruments, debt mutual fund investors' long-term interests may be jeopardized.

III.OBJECTIVES:

1. To understand the preference of investment among investors
2. To analyze the investment options in mutual funds and bank deposits
3. To know the risk and various problems in mutual funds and bank deposits
4. To suggest measures and making recommendations for the investment

IV.RESEARCH METHODOLOGY:

A research methodology is a group of steps or methods used to find, select, gather, and assess data on a subject. In a research paper's methodology section, the reader can assess the general validity and dependability of a study.

Study of research:

This research was based on Descriptive research design .And collected the samples from the investors based on their preference of investment investing in mutual fund and bank deposit.

A self-administrated questionnaire was utilised to gather information from investors with some prior financial expertise. The researchers have collected a data from 384 investors in Chennai, but found that some of the questionnaire were incomplete .so data collected from 177 sample unit were consider for analysis. Chi-square, Regression were used to analysis the data

V. RESULTS AND DISUCSSION

TABLE 1: DEMOGRAPHIC VARIABLE OF THE RESPONDENTS

VARIABLE	OPTION	PERCENTAGE OF FREQUENCY
GENDER	1.MALE	54.8
	2.FEMALE	45.2
AGE	1.18-30	15.2
	2.31-40	17.6
	3.41-50	27.8
	4.51-60	23.1
	5.ABOVE 60	16.3
ANNUAL INCOME	1.UPTO Rs. 3,00,000	11.9
	2.Rs 3,00,000-Rs5,00,000	27.7
	3.Rs5,00,000-Rs7,00,000	38.9
	4.ABOVE 7,00,000	21.5
ANNUAL SAVINGS	1.BELOW 10,000	34.5
	2.10,000-30,000	26.5
	3.30,000-50,000	23.8
	4.ABOVE 50,000	15.2
TYPE OF INVESTMENT	1.MUTUAL FUND	48.1
	2.BANK DEPOSIT	51.9

Based on the above table the respondents who are MALE is 54.8%, and FEMALE is 45.2%. The respondents who are in AGE GROUP that is between 18-30 is 15.2%, and 31-40 is 17.6%, and 41-50 is 27.8%, and 51-60 is 23,1% and ABOVE 60 is 16.3%. The respondents ANNUAL INCOME that is UPTO Rs3,00,000 is 11.9%, and Rs3,00,000-Rs5,00,000 are 27.7%, and Rs5,00,000-Rs7,00,000 are 21.5%, and ABOVE Rs7,00,000 are 21.5%. The respondents ANNUAL SAVINGS that is BELOW Rs10,000 is 34.5%, and Rs10,000-Rs30,000 is 26.5%, and Rs30,000-Rs50,000 is 23.8%, and ABOVE Rs50,000 is 15.2%. The respondent TYPE OF INVESTMENT that is in MUTUAL FUND is 48.1%, and BANK DEPOSIT is 51.9%.

TABLE 2: MUTUAL FUND RESPONDENTS

VARIABLE	OPTION	PERCENTAGE OF FREQUENCY
TYPE OF FUND INVESTED IN MUTUAL FUND	1.EQUITY	15.3
	2.BALANCED	13.0
	3.INCOME	11.9

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	4.TAX SAVINGS	7.9
	5.NONE	51.9
MONEY INVESTED IN MUTUAL FUND	1.LESS THAN 5000	10.8
	2.5000-10,000	14.1
	3.10,000-20,000	9.6
	4.20,000-40,000	8.5
	5.ABOVE 40,000	5.1
	6.NONE	51.9
HOW OFTEN YOU INVEST IN MUTUAL FUND	1.MONTHLY	9.6
	2.QUARTELY	17.6
	3.HALF-YEARLY	11.9
	4.YEARLY	9.0
	5.NONE	51.9
EXPERIENCE OF INVESTMENT IN MUTUAL FUNDS	1.LESS THAN 3 YEARS	23.1
	2. 3-5 YEARS	13.0
	3.5-10 YEARS	7.3
	4.MORE THAN 10 YEARS	4.6
	5.NONE	51.9
WHY DO YOU PREFER MUTUAL FUND	1.MORE RETURNS	15.3
	2.LIQUIDITY	5.1
	3.TAX BENFITS	7.3
	4.SAFETY	3.9
	5.DIVERSIFICATION	10.8
	6.PROFITABILITY	5.7
	7.NONE	51.9

Based on the above table the respondents in TYPE OF FUND INVESTED IN MUTUAL FUND in EQUITY is 15.3%, and in BALANCED is 13.0%, and in INCOME is 11.9%, and in TAX SAVINGS is 7.9%, and NONE is 51.9%. The respondents who are MONEY INVESTED IN MUTUAL FUND that is LESS THAN Rs5,000 is 10.8%, and Rs5,000-Rs10,000 are 14.1%, and Rs10,000-Rs20,000 are 9.6%, and Rs20,000-Rs40,000 are 8.5%, and ABOVE Rs40,000 are 5.1%, and NONE are 51.9%. The respondents who are INVESTED IN MUTUAL FUND that is in MONTHLY is 9.6%, and QUARTERLY is 17.6%, and HALF-YEARLY is 11.9%, and YEARLY is 9.0%, and NONE is 51.9%. The respondents who EXPERIENCE OF INVEST IN MUTUAL FUND that is LESS THAN 3 YEARS is 23.1%, and 3-5 YEARS is 13.0%, and 5-10 YEARS is 7.3%, and MORE THAN 10 YEARS is 4.6%, and NONE is 51.9%. The respondents who PREFER MUTUAL FUND for MORE RETURNS is 15.3%, and LIQUIDITY is 5.1%, and TAX BENEFITS is 7.3%, and SAFETY is 3.9%, and DIVERSIFICATION is 10.8%, and PROFITABILITY is 5.7%, and NONE is 51.9%.

TABLE 3: BANK DEPOSITS RESPONDENTS

VARIABLE	OPTIONS	PERCENTAGE OF FREQUENCY
TYPE OF FUND INVESTED IN BANK DEPOSITS	1.SAVINGS ACCOUNT	10.1
	2.CURRENT DEPOSIT	7.3
	3.FIXED DEPOSIT	25.4
	4.RECURRING DEPOSIT	9.1
	5.NONE	48.1
MONEY INVESTED IN BANK DEPOSIT	1.LESS THAN 5000	11.9
	2.5000-10,000	10.1

	3.10,000-20,000	18.6
	4.20,000-40,000	6.8
	5.MORE THAN 20,000	4.5
	6.NONE	48.1
HOW OFTEN YOU INVEST IN BANK DEPOSIT	1.MONTHLY	13.6
	2.QUARTERLY	8.4
	3.HALF-YEARLY	20.3
	4.YEARLY	9.6
	5.NONE	48.1
EXPERIENCE OF INVESTMENT IN BANK DEPOSIT	1.LESS THAN 3 YEARS	10.7
	2.3-5 YEARS	13.5
	3.5-10 YEARS	19.8
	4.ABOVE 10YEARS	7.9
	5.NONE	48.1
WHY DO YOU PREFER BANK DEPOSIT	1.RISK FREE	13.0
	2.FIXED INTEREST	12.4
	3. 100%RETURNS	26.5
	4.NONE	48.1

Based on the above table the respondents who are FUND INVESTED IN BANK DEPOSITS that in SAVINGS ACCOUNT is 10.1%, and CURRENT DEPOSIT is 7.3%, and FIXED DEPOSIT is 25.4%, and RECURRING DEPOSIT is 9.1%, and NONE is 48.1%. The respondents who MONEY INVESTED IN BANK DEPOSIT that is LESS THAN Rs5,000 is 11.9%, and Rs5,000-Rs10,000 is 10.1%, and Rs10,000-Rs20,000 is 18.6%, and Rs20,000-Rs40,000 is 6.8%, and MORE THAN Rs20,000 is 4.5%, and NONE is 48.1%. The respondents who invest in bank deposit in monthly is 13.6%, and QUARTERLY IS 8.4%, and HALF-YEARLY is 20.3%, and YEARLY is 9.6%, and NONE is 48.1%. The respondents who EXPEREINCE OF INVESTMENT IN BANK DEPOSIT that is LESS THAN 3 YEARS is 10.7%, and 3-5 YEARS is 13.5%, and 5-10 YEARS is 19.8%, and ABOVE 10 YEARS is 7.9%, and NONE is 48.1%. The respondents who PREFER BANK DEPOSIT that is in RISK FREE is 13.0%, and FIXED INTEREST is 12.4%, and 100% RETURNS is 26.5%, and NONE is 48.1%.

TABLE 4: GENDER AND SAVINGS USING CHI-SQUARE

HO: There is no significance difference between gender and savings

H1: There is significance difference between gender and savings

Descriptive Statistics					
	N	Mean	Std. Deviation	Minimum	Maximum
GENDER OF THE RESPONDENT	177	1.45	.499	1	2
SAVINGS OF THE RESPONDENT	177	2.20	1.084	1	4

GENDER OF THE RESPONDENT			
	Observed N	Expected N	Residual
MALE	97	88.5	8.5
FEMALE	80	88.5	-8.5
Total	177		

SAVINGS OF THE RESPONDENT			
	Observed N	Expected N	Residual
BELOW 10,000	61	44.2	16.8
10,000-30,000	47	44.2	2.8
30,000-50,000	41	44.2	-3.2
ABOVE 50,000	28	44.2	-16.2
Total	177		

Test Statistics		
	GENDER OF THE RESPONDENT	SAVINGS OF THE RESPONDENT
Chi-Square	1.633[a]	12.718[b]
df	1	3
Asymp. Sig.	.201	.005

INTREPRETATION:
H0 IS REJECTED
H1 IS ACCEPTED
THERE IS A SIGNIFICANCE DIFFERENCE BETWEEN GENDER AND SAVINGS.

TABLE 5: INCOME AND SAVINGS USING CHI-SQUARE
HO: There is no significance difference between income and savings.
H1: There is a significance difference between income and savings.

Descriptive Statistics					
	N	Mean	Std. Deviation	Minimum	Maximum
INCOME OF THE RESPONDNETS	177	2.70	.939	1	4
SAVINGS OF THE RESPONDNET	177	2.19	1.068	1	4

INCOME OF THE RESPONDNETS			
	Observed N	Expected N	Residual
LESS THAN 3,00,000	21	44.2	-23.2
3,00,000-5,00,000	49	44.2	4.8
5,00,000-7,00,000	69	44.2	24.8
ABOVE 7,00,000	38	44.2	-6.2
Total	177		

SAVINGS OF THE RESPONDNET

	Observed N	Expected N	Residual
LESS THAN 10,000	61	44.2	16.8
10,000-30,000	48	44.2	3.8
30,000-50,000	42	44.2	-2.2
ABOVE 50,000	26	44.2	-18.2
Total	177		

Test Statistics		
	INCOME OF THE RESPONDNETS	SAVINGS OF THE RESPONDNET
Chi-Square	27.452[a]	14.299[a]
df	3	3
Asymp. Sig.	.000	.003

INTERPRETATION:
HO IS REJECTED
H1 IS ACCEPTED
THERE IS SIGNIFICANCE DIFFERENCE BETWEEN INCOME AND SAVINGS

TABLE 6 : AGE ,INCOME ,SAVINGS USING TWO WAY ANOVA
HO: There is no significance between Age, Income, Savings
H1: There is significance between Age, Income, Savings

Between-Subjects Factors			
		Value Label	N
INCOME OF THE RESPONDNETS	1	LESS THAN 3,00,000	21
	2	3,00,000-5,00,000	49
	3	5,00,000-7,00,000	69
	4	ABOVE 7,00,000	38
AGE OF THE RESPONDENT	1	18-30	55
	2	31-40	32
	3	41-50	35
	4	51-60	30
	5	ABOVE 60	25

Descriptive Statistics
Dependent Variable: SAVINGS OF THE RESPONDNET

INCOME OF THE RESPONDNETS	AGE OF THE RESPONDENT	Mean	Std. Deviation	N
LESS THAN 3,00,000	18-30	1.00	.000	21
	Total	1.00	.000	21
3,00,000-5,00,000	18-30	1.71	.726	14
	31-40	2.00	.471	10
	41-50	2.40	.516	10
	51-60	2.43	.787	7
	ABOVE 60	2.38	.744	8
	Total	2.12	.696	49
5,00,000-7,00,000	18-30	2.17	1.193	12
	31-40	2.36	1.151	14
	41-50	2.29	1.312	17
	51-60	2.31	1.302	16
	ABOVE 60	2.10	1.370	10
	Total	2.26	1.233	69
ABOVE 7,00,000	18-30	2.88	.991	8
	31-40	2.88	.991	8
	41-50	2.62	.916	8
	51-60	2.71	.951	7
	ABOVE 60	2.86	.900	7
	Total	2.79	.905	38
Total	18-30	1.71	.994	55
	31-40	2.38	.976	32
	41-50	2.40	1.035	35
	51-60	2.43	1.104	30
	ABOVE 60	2.40	1.080	25
	Total	2.19	1.068	177

Tests of Between-Subjects Effects					
Dependent Variable: SAVINGS OF THE RESPONDNET					
Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Intercept	734.316	1	734.316	4.655E3	.000
	.223	1.413	.158[a]		
INCOME	27.659	3	9.220	24.320	.000
	1.224	3.228	.379[b]		
AGE	.993	4	.248	.499	.901

	4.485	9.008	.498[c]		
INCOME * AGE	3.871	8	.484	.514	.845
	151.505	161	.941[d]		

INTREPRETION:
HO IS REJECTED
H1 IS ACCEPTED
THERE IS SIGNIFICANCE DIFFERECE BETWEEN AGE, INCOME, SAVINGS

V. CONCLUSION:

As a result, our research has shed important light on how people who invest in mutual funds and bank deposits make financial decisions. According to our research, mutual funds offer higher returns and the possibility of long-term growth while bank deposits offer a secure and reliable investment option.

Additionally, we've noticed that people who invest in mutual funds typically have higher risk appetites and are prepared to deal with the volatility that comes along with this kind of investment. On the other hand, investors who favour the security of bank deposits are typically risk averse and place a high priority on capital preservation.

Before deciding between mutual funds and bank deposits, investors should be aware of their risk appetite and investment objectives. It ultimately depends on the person's preferences and financial situation because both options have benefits and drawbacks.

Overall, our research emphasizes the value of diversifying one's portfolio of investments and consulting a professional before making any investment decisions. Investors can achieve their long-term financial objectives while maximizing their returns, lowering their risks, and taking this approach.

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