INFORMATICS JOURNALS

88

SHRI-LEKH (Multi-disciplinary Research Journal) Vol 1(2), December 2025, p. 88-96

Online ISSN: 3139-5694
DOI:10.18311/SHRI-LEKH/2025/v1i2/53910

Investment Pattern and Preferences of Salaried People

Pankaj D. Barapatre[1]*, Bhaskar Ghaisas[1] and Ashish A. Linge[2]

[1]Department of Commerce, Dr. R. G. Bhoyar Arts, Commerce and Science College, Seloo RTMNU, Nagpur - 442104, Maharashtra, India

[2]Department of Business Management, C P and E S Berar College, RTM Nagpur University, Nagpur - 440032, Maharashtra, India

Abstract

This analytical review explores "the investment patterns and preferences of salaried individuals in India" and their implications for economic development, GDP growth, and national income enhancement. Investment acts as a vital bridge between individual savings and national capital formation, influencing both household financial stability and the overall macroeconomic framework. Salaried individuals in India remain largely conservative and risk-averse investors, favouring safe and traditional investment instruments. The reviewed studies reveal that salaried investors in India exhibit a dominant inclination toward low-risk and conventional financial instruments such as bank deposits, life insurance policies, and provident funds, while participation in market-linked assets like equities and mutual funds remains limited. Similarly, non-financial investments such as real estate and gold continue to absorb a substantial share of savings due to their tangible nature and socio-cultural significance. Although these choices promote financial safety, they limit the channeling of savings into productive sectors, thereby constraining GDP expansion and income generation. The findings underline the need to enhance financial literacy, investment awareness, and digital access to encourage participation in diversified and market-oriented instruments. A gradual movement toward financial market investments can strengthen capital formation, employment generation, and sustainable economic development. Future studies should apply comparative and behavioral finance approaches to better understand this transition and its influence on individual wealth creation and national growth.

Keywords: Economic Development, Financial Literacy, Financial and Non-Financial Investments, GDP Growth, Investment Pattern, National Income, Salaried Individuals

INTRODUCTION

Investment represents the process of allocating surplus income or savings to earn potential future returns. It is generally motivated by the expectation of financial growth, security, and fulfilment of long-term goals. According to Ramanathan (2015), the choice of an investment option depends on an individual's financial requirements, risk-bearing capacity, and return expectations, as different avenues involve varying degrees of risk and reward.

In the modern financial landscape, investments can be broadly classified into two categories: economic and non-financial products.

Financial investment products comprise:

- Market-based instruments such as "equity shares, mutual funds, exchange-traded funds (ETFs), derivatives, bonds, debentures, and government securities."

*Email: *pankajbarapatre0@gmail.com
ghaisasbhaskar@gmail.com
ashish_linge@rediffmail.com

- Banking and fixed-income instruments, including "Fixed Deposits (FDs), recurring Deposits (RDs), savings accounts, Public Provident Fund (PPF), National Savings Certificate (NSC), and post office schemes."
- Insurance and pension products such as "life insurance, Unit-Linked Insurance Plans (ULIPs), pension funds, and annuities."
- Other financial avenues, including corporate deposits, small savings, chit funds, and mutual funds.
- Non-financial investment products include:
- Real assets—real estate, gold, silver, jewellery, and collectables such as art and antiques.
- Alternative physical investments—commodities (oil, agriculture), luxury assets (vintage cars, watches, wines), and infrastructure holdings (warehouses, private property, and energy assets).

This paper focuses specifically on salaried individuals, who differ from business owners and professionals in their financial decision-making. As noted by Ignatius (2013), salaried earners prioritise safety, stability, and regular income over high returns due to fixed income levels and long-term financial obligations. They are also more accountable to tax regulations, making tax-saving investments a central aspect of their portfolio (Walunj, 2021).

Money management, therefore, plays a crucial role in achieving financial independence. Atodaria (2019) emphasised that for salaried persons, investment is not merely a financial activity but a tool for wealth creation, life goal achievement, and long-term stability. Proper financial planning and disciplined saving habits are the foundation of effective investment behaviour.

Research Methodology

This paper is an analytical review study based on secondary data derived from existing research papers, books, and academic publications accessible through platforms such as Google Scholar, SSRN, and various peer-reviewed journals. A total of 22 literature are taken into consideration, but 6 of these are not properly relevant, hence 16 pieces of literature are taken for study. The analysis involved synthesising and comparing previous findings to identify common investment patterns among salaried people and to determine gaps in existing research for future exploration.

Objectives of the Study

- To review the literature available on "Investment patterns and preferences of salaried individuals in India"
- To identify existing research gaps and propose future directions.

REVIEW OF LITERATURE

Sr. No.	Author	Year of publication	Main Objective	Sample Size	Findings
1	K.V. Ramanathan	2015	"To study the investment patterns of bank employees." Ramanathan (2015)	130	Based on income levels, 42.3% of respondents earning between ₹5–10 lakh identified asset creation as their primary reason for investing. When analysed by investment category, individuals with an annual income above ₹7.5 lakh also showed a stronger preference for asset creation, whereas respondents in the remaining income groups prioritised return on investment as their main investment objective.

2	Ms Minakshi Pandurang Kharkar	2024	"To study the investment preferences and strategies of salaried Workers in Wardha." Kharkar (2024)	67	This study contributes to improving investment decision-making by helping individuals plan for their future financial requirements. However, broader research involving more diverse samples is needed to gain deeper insight into investor attitudes. A major concern identified is the limited awareness and understanding of investment concepts among investors, which continues to hinder informed financial decisions.
3	Dr K. Krishnamurthy Mr C. Sathiyamoorthy	2015	"To study the influencing elements on the Investors' perception and awareness regarding different investment patterns in the Tiruvannamala district. Krishnamurthy (2015)	960	The majority of investors place greater importance on the safety of their investments rather than seeking high returns. According to the study, bank deposits remain the favoured choice among households. The main reasons for investing are to fund children's education, cover marriage-related expenses, and secure financial stability during retirement.
4	ZankhanaAtodaria a, Ronikadevi Sharma b aAssistant Professor,	2019	"To analyse the perception of people related to various investment alternatives." Atodaria (2019)	680	The study revealed that most salaried individuals in Somnath are knowledgeable about and actively invest in bank deposits and insurance policies. The primary factors influencing their investment decisions include the expectation of regular returns and the desire to minimise tax liabilities. Additionally, many invest because of easy access to investment information and the services offered by investment agents.
5	Mr Firos Khan MC	2020	"To know the various investment avenues available for salaried individuals." "To find out which salaried individuals mostly prefer investment avenues." Khan (2020)	110	The analysis shows that while investors are aware of different investment options available in India, they predominantly prefer bank deposits, insurance policies, Public Provident Fund (PPF), and National Savings Certificates (NSC). The results emphasise that safety is the key factor driving their investment decisions, leading to less attention given to alternative investment avenues.

6	A. Ignatius	2013	1. "To study the investment preference among salaried people working in different sectors in Namakkal Taluk, Tamil Nadu, India." 2. "To analyse the investment pattern among the salaried investors." Ignatius (2013)	100	The analysis reveals that insurance is the most preferred investment avenue among salaried individuals, with 40% of the respondents selecting insurance as their primary choice.
7	Riyana	2019	"To study the investment pattern of employed women. . To identify the type of financial products preferred by employed women." Riyana (2019)	50	The findings indicate that most respondents maintained a moderately risky investment portfolio, followed by those who preferred low-risk options. The majority held a balanced mix that included mutual funds or equities combined with safer avenues such as bank deposits, insurance, provident fund contributions, and jewellery.
8	Mrs. Susmi P. S, Mrs. Dhanya Asok. Mrs Roopa Ruby Mathew, Mrs Binu Bhai P.V	2020	"To study the awareness of salaried employees about mutual fund schemes." I.P.S. (2020).	150	Most respondents reported that they have never invested in mutual funds, while a majority indicated prior investment in equity funds. Additionally, the findings show that deposits remain the most common existing investment, reflecting a continued preference for traditional low-risk options.
9	R. E. Walunj	2021	"To study the mode of investment avenues of the public sector employees." Walunj (2021)	50	Employees largely prefer secure options such as bank deposits and schemes of insurance schemes, indicating a general reluctance to take financial risks. However, individuals in the 25 to 40 age group are more willing to invest in the stock market, capital market, and mutual funds, motivated by the possibility of higher returns associated with higher risk. Younger investors show less interest in low-return options like bank or post office deposits. In contrast, individuals aged 40 to 50 years tend to avoid risky avenues and give greater priority to pension schemes and other stable investment options.

10	Monal Kumar Babulal Sathvara	2020	"To know the mode of investments of the salaried respondents in various investment avenues." Sathvara (2020)	100	About 32% of investors consider both growth and income as the primary factors when selecting investment options. A wide range of investment avenues—such as "real estate, shares, gold and silver, mutual funds, post office schemes, and bank deposits"—are available to investors. Among these, a very high proportion of salaried individuals (86%) are familiar with insurance products, particularly LIC policies. Out of the 100 respondents surveyed, 54 reported being aware of real estate as an investment option, while 74 indicated awareness of various post office schemes.
11	Dr M. Kalimuthu, S. Vibharashmi	2023	"To analyse the best Investment Avenue for the salaried employees." Kalimuthu (2023)	150	According to the study's objective, respondents largely prefer placing their funds in banks, viewing it as a safer investment choice with minimal risk. This reflects a generally risk-averse mindset among the participants. Furthermore, a significant number of individuals lack awareness about new investment opportunities and hesitate to invest in unknown options because of the associated risks.
12	Deepak Sood Dr. Navdeep Kaur	2015	1. "To evaluate the saving habits and investment patterns of the salaried class people at Chandigarh." 2. "To analyse investment selection behaviour of salaried class people at Chandigarh." Sood (2015)	200	1. Today, there are numerous special investment schemes available in the market that encourage people to save. 2. Investors need to carefully analyse the market conditions and price fluctuations, especially in precious metals. 3. Most teachers prefer investing in Bank Fixed Deposits (F.D.) and Government Securities. However, there is a lack of awareness about other options like equity and mutual funds. To invest confidently in these avenues, they should regularly follow newspapers, journals, and articles related to the stock market.

TH1	M. Mathari	2007	"To study the various financial and non-financial investment options available to the salaried persons." Mathari (2007)	150	Life insurance is preferred because it provides coverage against life risks. It is also favoured for the tax concessions it offers. Mutual funds with tax benefits are more preferred compared to those without such concessions. Public Provident Fund (PPF) is preferred due to its attractive tax advantages. Small savings schemes are popular because they are available in small denominations, making them accessible to all categories of investors. Investment in shares is preferred as carefully selected shares can yield substantial profits, which may not be possible through other investment options. **Non-financial Investments:** The appreciation of investment in house property largely depends on the locality. Many non-financial investments, such as two-wheelers and four-wheelers, are preferred due to their essential nature.
TH2.	Jaiswal, Priti	2023	."To study the investment pattern and practices of investors." Jaiswal (2023)	479	It is observed that investors predominantly prefer risk-free investment options. Among the respondents, 344 (15.60%) selected Bank Fixed Deposits as their first choice, followed by insurance with 329 respondents (15.00%) as their second choice. Public Provident Fund (PPF) was the third choice for 322 respondents (14.70%), while 286 respondents (13.00%) preferred investing in Gold and Silver. The fifth preferred option was the National Savings Certificate (NSC), chosen by 281 respondents (12.80%). These investments are favoured primarily for their safety and low risk. On the other hand, 169 respondents (7.70%) preferred Mutual Funds, and 165 respondents (7.50%) chose Real Estate as their investment options. Equity shares were selected by 103 respondents (4.70%). Although these options are recognised, they are less preferred compared to the risk-free investments mentioned above. Additionally, 24 respondents (1.10%) preferred Government Bonds, while 15 respondents (0.70%) chose other options.

TH3	Sriraaj, P	2016	"To ascertain the preferences of investors and their information search on different investment avenues." Sriraaj (2016)	550	Investors show limited knowledge regarding investment options like "ULIPs (Unit Linked Insurance Plans) and SIPs (Systematic Investment Plans)". Moreover, many are not well acquainted with instruments such as "Bonds, Derivatives (including Futures, Options, and Swaps), Commodities, and Debentures." Investors need to develop a thorough understanding of essential concepts like "diversification benefits, stock closing prices, current market indices (NSE/BSE), inflation, and investment returns." While investors generally have a good awareness of companies and are familiar with traditional investment products, their understanding of "corporate securities, mutual funds, equity shares, and preference shares" remains comparatively low. To bolster the financial system, it is vital to educate investors about the characteristics and advantages of contemporary financial products.
TH4	Kulkarni, Manasi Ashok	2017	"To know the investment preferences of school, college and various other educational institute teachers." Kulkarni (2017)	1500	Among these women, 87% preferred to save their money in bank deposits, with a greater inclination towards government banks over private ones due to the perceived security and safety of their deposits. Additionally, 78% of respondents actively seek expert advice before making investment decisions. Notably, 70% of respondents prioritised investments with low risk, while 28% valued liquidity as an important factor during times of financial difficulty. Savings serve various purposes, and among women in the education sector, the most preferred savings tools are LIC policies (85%), gold (16%), and bank deposits (8%).

ANALYSIS OF REVIEW

The literature collectively indicates that salaried individuals display distinct behavioural tendencies when classified by investment type—financial versus non-financial. A clear pattern of risk aversion, preference for security, and limited diversification emerges across both categories.

Most salaried investors channel their funds into financial instruments such as bank deposits, life insurance, PPF, and NSC. These options are favoured for their low risk, accessibility, and predictable returns. Over 80% of respondents across studies identified these avenues as their primary choices for achieving financial objectives such as retirement, children's education, and marriage.

In contrast, market-linked investments like equities and mutual funds witness low participation, estimated at around 7–10% of salaried investors, mostly within the 25–40-year age group. The major deterrents are inadequate financial knowledge, fear of market instability, and lack of professional advice. Awareness regarding emerging options like SIPs, ULIPs, bonds, and ETFs remains limited, highlighting the need for broader financial education initiatives.

Meanwhile, non-financial investments—particularly real estate and gold—retain enduring popularity because of their tangible value, inflation-hedging capacity, and cultural appeal. Although these assets contribute to wealth preservation, they often involve high capital requirements and low liquidity. Studies suggest that 30–40% of salaried respondents invest in these assets, reflecting a preference for tangible wealth accumulation rather than regular passive income generation.

In summary, the review highlights that while salaried individuals engage in both financial and non-financial investments, their choices remain guided by stability, safety, and tradition, with minimal emphasis on diversification or risk-taking for higher returns.

Research Gap

The literature consistently shows that salaried individuals in India prefer conventional, less-risk investments such as "bank deposits, insurance, and gold." However, the academic exploration of their changing financial behaviour remains incomplete. Existing studies are largely descriptive and fail to integrate behavioural finance perspectives, psychological determinants, and macroeconomic linkages. Limited research examines how the mix between financial and non-financial investments impacts capital formation, GDP growth, and national income. Moreover, there is little empirical work on the influence of financial literacy, digitalisation, and fintech adoption on investment diversification. Therefore, future research should adopt comparative and behaviorally informed approaches to understand the ongoing shift toward financial investments and their role in personal wealth creation and national economic development.

SCOPE FOR FUTURE RESEARCH

Future research can expand this analysis by conducting comparative studies across different income groups, genders, and regions to assess variations in financial and non-financial investment behaviour. Researchers can employ behavioural finance frameworks to study risk perception, decision-making biases, and investor attitudes. There is also significant scope to evaluate how financial literacy campaigns, government incentives, and fintech innovations influence participation in modern investment avenues such as mutual funds, SIPs, REITs, and ETFs. Additionally, longitudinal studies could examine how post-pandemic economic conditions and inflationary pressures reshape risk appetite and saving behaviour. Such research would contribute valuable insights into how the transition from traditional to diversified investments supports personal wealth generation, passive income flow, and sustainable national growth.

CONCLUSION

The analytical review concludes that salaried individuals in India remain largely conservative and risk-averse investors, favouring safe and traditional investment instruments such as bank deposits, insurance, and gold. Their financial behaviour reflects a desire for security, stability, and guaranteed returns rather than speculative gains. While these choices support personal financial safety, they contribute marginally to overall capital market development and GDP growth.

A gradual shift toward diversified and market-oriented financial investments is emerging, particularly among younger and higher-income segments. However, this transformation is slow and uneven due to limited financial literacy and awareness. Strengthening financial education, improving access to digital investment platforms, and encouraging balanced

portfolio management can enhance capital productivity and income circulation. Promoting such behavioural and structural changes will not only improve individual financial well-being but also accelerate national income growth and sustainable economic development.

REFERENCES

Atodaria, Z. P. (2019). Investment Pattern of Salaried Class of Somnath (Daman) -A Study of Various. *International Academic Journal of Social Sciences*, *6*(1), 49–61. https://doi.org/10.9756/IAJSS/V6I1/1910005

C, F. K. (2020). Investment avenues for the salaried class. *Journal of Information and Computational Science*.

Chokkas, N. (2021). **T**he Investment pattern of salaried people in Surat city. *Global Journal of Research in Management*.

Dr M. Kalimuthu, S. V. (2023). Investment pattern of salaried employees (with special reference to Coimbatore City). *International Research Journal of Modernisation in Engineering Technology and Science*, *5*(5), 3332–3339.

Ignatius, A. (2013). A Study on Preferred Investment Avenues among Salaried People with Reference to Namakkal Taluk, Tamil Nadu. Trends and Challenges in Global Business Management. pp. 90-94.

Jaiswal, P. (2023). *A comparative study of the investment pattern of salaried individual investors in Western India*. (Doctoral dissertation, Vadodara).

K.V. Ramanathan, D. (2015). *A study of the investment pattern of a bank*. International Conference on Management, Finance Economics, Chennai.

Kharkar, M. M. (2024). A study on the saving and investment pattern of salaried people with reference to Wardha City. *International Journal of Aquatic Science*, *13*(2), 393–403.

Kulkarni, M. A. (2017). *Study of investment attitude and habits of women teachers with respect to the Pune municipal corporation area*. (Master's thesis, Pune).

Kumar, D. (2020). Analysis of investment pattern of different classes of people- A review. *International Journal of Research and Analytical Reviews (IJRAR)*, *7*(3), 514–521.

Mathari, M. (2007). *A study on the investment pattern of the salaried class in Madurai district*. (Master's thesis, Madurai).

Riyana. (2019). *A study on investment patterns among employed women at Ascent HR Private Ltd, Bengaluru*. (Master's thesis, Acharya Institute of Technology, Soldevanahalli, Bengaluru).

Sathiyamoorthy, M. C. (2015). Investment pattern and awareness of salaried class investors in Tiruvannamalai district of Tamil Nadu. *Asia Pacific Journal of Research*, *1*(26), 75–83.

Sathvara, M. K. (2020). A study of savings and investment patterns of salaried persons with special reference to the North Gujarat region. *International Journal of Research in Engineering, Science and Management*, *3*(4), 477–481.

Sood, D. (2015). A study of the saving and investment pattern of the salaried class people with special reference to Chandigarh. *International Journal of Research in Engineering, IT & Social Sciences (ISSN 2250-0588)*, *5*(2), 1–15.

Sriraaj, P. (2016). *A study of the investment patterns of salaried employees in the private sector with special reference to Chennai*. (Master's thesis, Chennai).

Susmi P.S. (2020). A study on investment pattern and awareness of salaried class investors in Ernakulam district. *Dogo Rangsang Research Journal*, *10*(9), 24–31.

Walunj, R. (2021). A study on the investment pattern of employees working in public. *Vidyabharati International Interdisciplinary Research Journal*, *13*(2), 452–456.