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An Analytical Study on Pattern of Saving and Investment of Individuals and Households. A Case Study of Jammu District

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***Abstract*-- This study is conducted to look into the investor rationality by examining the pattern of saving and investment under study. Over the past few years, there has been a dramatic shift in how people save money. There has been a dramatic shift in the country's saving habits. The average Indian citizen now saves a much larger portion of their income than they did a decade ago. Strong saving investment rates, a large population, and increasing integration with the global economy, all of which bode well for its long-term growth prospects. In the present article researcher is interested in studying saving and investment patterns of individual and households. This study examines the saving and investment patterns of households in Jammu district, based on primary data collected through questionnaires from 120 respondents. The findings indicate that fixed deposits are the most preferred investment option, chosen by 35.83% of respondents, followed by gold, silver, and other valuable metals at 28.33%. Shares and securities account for 18.33%, while mutual funds are the least favoured at 17.5%. These results reflect a clear preference for low-risk, stable investment avenues over higher-risk alternatives. The study also investigates challenges faced by households and offers valuable suggestions to enhance investment practices in the region.**

***Keywords*-- financial market, Investment, Income, Money, Saving**

I. INTRODUCTION

Capital formation, realized via savings and investment, is essential for enhancing a nation's economic capability. Countries that accumulate substantial domestic investment funded by domestic savings typically experience accelerated economic growth and development (Griffin, 1978). The dynamics of income, consumption, saving, and investment are pivotal in determining the extent of economic growth in any economy. The Indian economy's expansion has primarily been funded by domestic savings, with investment levels directly correlated to the savings rate (Singh, 2009). The persistent rise in domestic savings and investment has been linked to the long-term upward trend in economic growth in India since independence. India possesses a favorable long-term economic trajectory attributed to robust savings and investment rates, a substantial proportion of youth, and enhanced interconnectedness with the global economy.

The post-reform period in India has experienced a large increase in the real GDP growth rate, with stronger growth phases associated to rising domestic savings. Household sector savings play a significant role in supporting growth by providing funds for banks to lend to businesses and directly financing investments in companies (Hashmi & Sedai, 2016b). Savings from households contribute significantly to the total savings in the Indian economy, influencing overall saving and investment levels. Investment is the deliberate allocation of capital into financial assets, involving a risk-return trade-off that requires the forgoing of present consumption for prospective future gains. Household savings and investments have risen over the years, accompanied by an increasing interest in diverse investment opportunities and stock markets (Rangarajan & Benny, 2025). Financial literacy and inclusion have favorably influenced household saving and investment practices, resulting in enhanced financial well-being and living standards. Improving welfare through prudent saving and investment practices is essential for economic advancement. Increased financial literacy improves financial decision-making, resulting to higher savings and investments that contribute to personal financial well-being and economic prosperity (Singh, 2009). By understanding the relevance of savings and investment, individuals and lawmakers may make informed decisions to support economic growth, financial stability, and overall prosperity. Savings contribute to capital formation, which is crucial for financing infrastructure expansion, technological improvements, and other productive activities that promote economic progress (Pranajaya et al., 2024). To make our life easier, a broad variety of investing possibilities are accessible nowadays. While some of them are liquid and marketable, others are not, and some are also highly harmful, while still others bear practically no risk. Individuals must select the optimal option from among them based on their specific requirements, preferred amount of risk, and projected return (Rui et al., 2018). Investing possibilities are as following: Equity, Corporate Debentures, Bank Fixed Deposit, Company Fixed Deposit., Post Office-NSC, Public Provident Fund, Life Insurance, Mutual Fund and Real Estate etc.

II. Literature Review

Kaur and Kaur (2020) in their study suggested that a considerable number of the respondents favor low-risk investing avenues such as savings and Public Provident Fund (PPF) due to the fixed returns and lesser risk involved. This underlines the need of educating individuals about the many investing choices accessible to them, ensuring they make informed decisions based on their risk tolerance and financial goals.

Sathavara (2020) has shown that vital insights to investors, emphasizing the idea of 'No Pain, No Gain', which argues that higher return typically come with bigger risks. The study finds that investors exhibit a tendency for investing in insurance policies, bank deposits, rela estate, mutual funds, and precious metals like gold.

Shwetha and Swathi (2020) in their study found that rural women had comparatively low investment levels and lack the courage to take on high risk enterprises. Rural women need to be well informed, knowledgeable, and aware of the advantages of different investing possibilities.

Dhawan and Mehta (2019) have examined that gender have an effect on financial literacy and awareness. People choose assets that are liquid, safe, and offer fewer lock –in periods, larger returns, and tax advantages.

Sadavarte and Arora (2019) stated that a favorable macroeconomic environment supported by significant structural changes, such the banking sector's openness, should significantly contribute to the increase in domestic saving.

Parimalaran (2018) in his study stated that the rising consumerism-influenced spending culture has badly damaged savings and investments.

Sayyed and Indhumathi (2018) in their analysis determined that among all income classes, the most favored investments are bank deposits and insurance.

Aren et al. (2015) With their research, they looked into the influence of a number of variables on the most popular investment options in Turkey, such as basic and advanced financial literacy levels, risk, repay, business data, and married status, as well as demographics like gender, age, education, and marital status. A poll of 112 individuals who were either employed in the finance industry or able to make financial investments was used to conduct the research. The study's findings imply that the selection of investment choices is not much influenced by variables such as age, marital status, or the society criterion, which takes the social value of an investment into account. The study indicates that numerous aspects contribute differently to the explanation of an investor's choice for a given investment option.

Lian et al. (2018) in their study suggested that consumers "reach for yield" when interest rates are low, which means they are more likely to take risks. The study reveals that low interest rates lead to considerably greater allocations to hazardous assets across a variety of populations using randomized investing trials that preserve fixed risk premiums and risks.

Senthil Kumar (2017) in his paper stated that volume of savings is responsive to farm income of the farmers. Age, educational attainment, size of the home, experience farming, and household income all had a substantial impact on one's ability to save and invest.

Gumman (2017) in his research revealed that provident funds, insurance policies, and SIP are displacing more conventional savings choices such bank and post office savings programs. It was said that nearly all of the respondents were delighted with the manner they invested and saved.

III. Research Gap

The literature review demonstrates a research deficit in the investigation of several characteristics of respondent household's asset portfolio, preference patterns, awareness, and sentiments towards saving and investment. While existing studies generally focus on the relationship between saving and economic growth and general characteristics of family saving and investment, there is a dearth of comprehensive analysis that integrates these elements, addressing especially the urban population. This study is conducted to examine at the investor rationality by examining the pattern of saving and investing under study. By delving into these distinct elements of the present research households' saving and investing behavior, the study intends to provide useful insights into the unique traits, choices, and issues experienced by urban inhabitants in district Jammu. This research will contribute to a greater understanding of urban savings patterns and help in designing targeted policies and interventions to increase financial literacy, enhance savings rates, and create sustainable economic growth under study.

IV. Significance Of The Study

Household saving and investment are key components of capital development and economic growth. By making informed decisions about saving and investing, households contribute to the general development of the economy. By researching the dynamics of household saving and investment behavior, researchers and policymakers can get significant insights into the mechanisms driving economic growth, financial stability, and wealth creation at the individual and macroeconomic levels.

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V. Research Objectives

a. To study the saving and investment pattern of households in the study area.

b. To investigate the problems and valuable suggestions under study.

VI. Methodology

Present study entitled "an analytical study on pattern of saving and investment of individuals and households. A case study of Jammu district (2025)". Primary data have been used in our investigation. The primary data gathered by using questionnaire from 120 respondents.

VII. Results And Discussion

Table I:
Respondent Savings and Investment preferences

Investment options	No of respondents	Percentage
Gold, silver and other valuable metals	34	28.33%
Mutual funds	21	17.5%
Shares and securities	22	18.33%
Fixed deposits	43	35.83

Source: Author's own calculations.

In the table I, the findings reveal that fixed deposits are the most preferred investment option among respondents, with 43 individuals representing 35.83% of the sample choosing this option. This is followed by gold, silver, and other valuable metals, favored by 34 respondents or 28.33%. Shares and securities were selected by 22 respondents (18.33%), while mutual funds were the least preferred, with 21 respondents accounting for 17.5%. These results indicate a stronger inclination towards low-risk, stable investment vehicles such as fixed deposits and precious metals, compared to higher-risk options like shares and mutual funds.

VIII. Savings And Investment Pattern Of Household In The Study Area

Savings is the share of income not spent on current expenditure since a person does not know what will happen in the future, money should be saved to pay for unforeseen occurrences or crises and the amount which is held aside for the future usage it may not have a return. Savings refer to any income that we do not spend and set aside- we put the money away.

Investment: In the broad terms, investment refers to the retaining our money in the financial assets and keeping in somewhere else. The invested amount can be increased for the future. It may have comeback also. It may be defined as "Expenditure incurred by individuals and businesses on the purchase of new plant and machinery, the building of the houses, factories, schools, construction of roads etc. It is, in other words, the purchase of new physical capital". Investment is a form of activity that is participated in by the people who have to do saves i.e. investments are made from their savings, or in the other terms, it is the people who invest their savings.

Every individual investor possesses various thinking when they decide about investing in a particular investment avenue such as stocks, bonds, mutual funds, fixed deposit etc. In each life cycle stage, every individual demands his hard-earned money to be invested in most secure and liquid channel. However, the decision varies for every individual depending on their risk-taking ability and the objective for which such investment is to be done. Purpose of investment can be associated with saving objective. Each individual investor selects the investment option for particular time period looking at their personal financial goals. Investment behavior of an individual investor demonstrates how he/she intends to allocate the surplus financial resources to various vehicles for investment accessible. The investing behavior comprises of why they want to invest, how much of their disposable income they want to invest, for how many years/months they want to invest and most significantly the timing of such investment. In numerous empirical studies, it has been established that knowledge being a significant aspect on the decision to invest, which influences individuals on choice of investment and later on how they act after investment (Kasilingam & Jayabal, 2009). The study was conducted particularly to know about the individual investor's viewpoint towards the choosing on the purpose for which they preserve money for future. In every life cycle stage, saving objective by an individual always varies. Such a change occurs not only owing to the age of the investors, but also due to the occupation and income level category, where they fall. The emerging countries in world, like India face as shown the great burden of getting sufficient funds to deploy in their development endeavors. Most of countries find it tough at stage to get out of the vicious circle of poverty that is predominant of low income, poor saving, low investment, low employment etc. and the list goes on. With high capital production ratio, that is noticed India needs very high rates of investments that would take and make leap forward in her endeavors continues of obtaining high levels of growth.

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The primary aspects that are seen in an investment are safety of principal amount, liquidity, income and its stability, appreciation and lastly easy transferability. A varied variety of investment routes in quantity and sorts are offered such as shares, bank, corporations, gold and silver, real estate, life insurance, postal savings. All the investors invest who choose to invest, invest their surplus money in the above-mentioned avenues that are available based on their risk-taking attitude and capacity bearing.

IX. Conclusion And Policy Suggestion

Based on the findings that fixed deposits and precious metals are the most preferred investment options, indicating a preference for low-risk and stable investment vehicles, the following policy recommendations are suggested: Develop targeted financial education programs to increase awareness of the benefits and risks associated with diverse investment options, encouraging more informed decision-making among investors. Facilitate easier access to a broader range of investment opportunities, including mutual funds and shares, by simplifying regulatory requirements and reducing entry barriers, to diversify investment portfolios and stimulate capital market development. Improve transparency, contract enforcement, and regulatory quality in financial markets to build investor confidence, particularly in higher-risk instruments like shares and mutual funds. Support the creation and promotion of innovative, low-risk financial products that combine stability with moderate returns to attract conservative investors currently favoring fixed deposits and precious metals. Given the theoretical framework linking institutional quality to economic activities, policies should focus on strengthening institutional dimensions such as rule of law, corruption control, and property rights protection to create a conducive environment for diverse investment participation. These recommendations aim to balance investor preferences for safety with the need to broaden investment horizons, ultimately supporting deeper financial market integration and economic growth.

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