



PERCEPTION OF GOVERNMENT EMPLOYEES TOWARDS DIFFERENT INVESTMENT OPTIONS WITH REFERENCE TO RAJKOT CITY

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ABSTRACT

This study aims to analyse the attitudes and beliefs of government employees regarding various investment avenues available in India, as well as to explore the association between their demographic profiles and investment perceptions. Investment in different avenues plays a crucial role in the financial well-being and future security of individuals. In India, a wide range of investment options are available, including stocks, mutual funds, real estate, fixed deposits, government-backed bonds, cryptocurrency, and gold. Each investment avenue offers unique features, risks, and potential returns, catering to diverse investor preferences and goals. Understanding the perception of government employees towards these investment options is essential, considering their role as key contributors to the country's workforce and economy. The research objectives of the study are twofold: Firstly, to analyse the perception of government employees towards different investment avenues, including their attitudes, preferences, and concerns regarding various options. Secondly, to explore the association between the demographic profiles of government employees—such as age, gender, and monthly income—and their perception towards different investment avenues. By achieving these objectives, the study aims to provide insights into the factors influencing government employees' investment decisions and guide policymakers and financial advisors in designing tailored investment strategies and education initiatives. The sample size for the study comprises 100 government employees from Rajkot City. By focusing on government employees in a specific urban setting, the study aims to capture localized insights into investment perceptions within this demographic group. Through surveys, interviews, and data analysis, the study seeks to elucidate the nuanced attitudes and preferences of government employees towards different investment avenues and identify potential demographic factors influencing their investment perceptions.

KEYWORDS: Government Employee, Investment, Fixed Deposits, Mutual Funds

1. INTRODUCTION

Investment options in India present a diverse landscape catering to the varying risk appetites, financial goals, and preferences of investors. From traditional avenues like bank deposits and gold to modern vehicles such as mutual funds and stocks, investors in India have an array of choices to consider. One of the most traditional investment options in India is bank deposits, including savings accounts, fixed deposits, and recurring deposits. These options offer relatively lower risks and assured returns, making them popular among conservative investors seeking stability and liquidity.

Another favoured traditional investment avenue is gold. Considered a safe-haven asset, gold investments are often seen as a hedge against inflation and currency depreciation. Indians have a cultural affinity towards gold, with investments ranging from physical gold in the form of jewellery or coins to gold ETFs (Exchange Traded Funds) and sovereign gold bonds. Real estate has long been a preferred investment

choice in India, driven by factors such as capital appreciation, rental income potential, and emotional attachment to owning property. While real estate investments can offer significant returns over the long term, they also come with challenges like illiquidity, high transaction costs, and market volatility.

In recent years, mutual funds have gained immense popularity among Indian investors. Mutual funds pool money from multiple investors to invest in a diversified portfolio of stocks, bonds, or other securities. They offer professional management, diversification, and accessibility even to small investors. Equity mutual funds, debt funds, and hybrid funds provide investors with options to align their investments with their risk tolerance and financial objectives.

Stock market investments, facilitated through equity shares or derivatives, offer the potential for high returns but also carry higher risks. With the growth of online trading platforms and increased financial literacy, more Indians are

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participating in the stock market. However, investing in stocks requires thorough research, understanding of market dynamics, and risk management strategies.

Furthermore, the government of India has introduced various investment schemes to promote savings and financial inclusion. These include Public Provident Fund (PPF), National Savings Certificate (NSC), Employee Provident Fund (EPF), and Sukanya Samriddhi Yojana, among others. These schemes offer tax benefits, competitive returns, and security, making them attractive options for long-term savings and retirement planning.

Overall, the investment landscape in India is dynamic and multifaceted, offering opportunities for investors across risk profiles and financial objectives. Whether opting for traditional avenues like bank deposits and gold or exploring newer options like mutual funds and stocks, investors have the flexibility to craft diversified portfolios aligned with their investment goals and risk tolerance. However, prudent decision-making, research, and understanding of market dynamics are crucial for maximizing returns and achieving long-term financial success.

2. NEED OF THE STUDY

The need for a study stems from several key factors:

- **Financial Security:** Government employees constitute a significant portion of the workforce and often have stable incomes. Understanding their investment preferences is crucial for ensuring their financial security, especially considering their roles in public service and the stability of their income sources.
- **Diverse Investment Options:** With a multitude of investment avenues available in today's market, it's essential to discern which options resonate most with government employees. This understanding can aid policymakers, financial institutions, and employers in tailoring investment schemes and benefits that meet the needs and preferences of this specific demographic.
- **Economic Impact:** The investment behaviour of government employees can have broader economic implications for the city of Rajkot and its surrounding areas. By comprehending their investment tendencies, stakeholders can better forecast market trends, identify areas for economic growth, and potentially stimulate local investment initiatives.
- **Financial Literacy:** Assessing the perception of government employees towards different investment options can shed light on their level of financial literacy. Identifying any gaps in knowledge or misconceptions can inform targeted educational programs aimed at enhancing financial literacy among this demographic, thereby empowering them to make informed investment decisions.
- **Retirement Planning:** Government employees often have pension schemes or retirement benefits, but supplementary investments are crucial for a comfortable retirement. Understanding their perceptions towards various investment options can aid in devising retirement

planning strategies tailored to their preferences and risk appetites.

- **Policy Formulation:** Insights into the investment preferences of government employees can inform the formulation of policies related to employee benefits, taxation, and financial regulations. Policymakers can use this information to design incentives or regulations that encourage responsible investment behaviour and support the financial well-being of government employees.
- **Local Development:** Rajkot's economic development can be influenced by the investment choices of its government employees. Assessing their perceptions towards different investment options can provide valuable insights into areas of potential investment within the city, contributing to local economic growth and infrastructure development.

In summary, conducting a study on the perception of government employees towards different investment options in Rajkot is essential for enhancing financial security, promoting economic growth, improving financial literacy, and informing policy decisions that benefit both employees and the broader community.

3. LITERATURE REVIEW

Sharma and Patel (2019) conducted a study to explore the perception of employees towards different investment options in India. Through surveys and interviews, they investigated employees' awareness, knowledge, and preferences regarding various investment avenues such as stocks, mutual funds, real estate, and fixed deposits. Findings indicated that employees exhibited varying levels of familiarity and comfort with different investment options, influenced by factors such as risk tolerance, financial goals, and investment horizon. Moreover, perceptions of investment safety, returns potential, and liquidity significantly impacted employees' willingness to consider specific investment avenues.

Gupta and Singh (2020) investigated the influence of financial literacy on employees' perceptions of different investment options in India. Their research utilized surveys and workshops to assess employees' understanding of investment concepts, risk assessment, and portfolio diversification strategies. Findings revealed that employees with higher levels of financial literacy demonstrated more informed and confident investment decision-making, favouring diversified portfolios and long-term wealth creation strategies. Moreover, financial education interventions were found to positively impact employees' perceptions and attitudes towards various investment avenues, empowering them to make sound financial choices.

Chen and Wang (2018) conducted a comparative analysis of employees' perceptions towards different investment options in India and other emerging markets. Through focus group discussions and surveys, they examined cultural influences, regulatory environments, and market dynamics shaping employees' investment preferences. Findings indicated significant variations in perceptions across regions, with Indian

employees exhibiting a preference for traditional investment instruments such as fixed deposits and gold, while also showing increasing interest in equity markets and mutual funds. Understanding cultural nuances and regulatory frameworks was essential for designing targeted investment education and communication strategies.

Patil and Desai (2017) investigated the impact of employer-sponsored investment schemes on employees' perceptions and participation in different investment options in India. The study analysed employer-provided retirement plans, employee stock purchase programs, and other investment benefits to assess their influence on employees' investment decisions. Findings indicated that employer-sponsored schemes played a crucial role in shaping employees' perceptions of investment options, with tax benefits, employer contributions, and automatic enrolment features positively influencing participation rates in retirement plans and equity investments. Moreover, employer communication and education initiatives were identified as key drivers in enhancing employees' understanding and appreciation of investment options.

Nguyen and Tran (2019) examined the impact of peer influence and social networks on employees' perceptions towards different investment options in India. Through surveys and social network analysis, they explored how peer interactions, recommendations, and social norms influenced employees' investment choices and behaviours. Findings revealed that peer recommendations and social proof significantly influenced employees' perceptions and attitudes towards investment options, with word-of-mouth communication and social validation playing a crucial role in shaping investment decisions. Moreover, peer support networks and investment clubs emerged as effective platforms for knowledge sharing and collective decision-making among employees.

Wong and Lam (2018) investigated the role of financial advisors and investment intermediaries in shaping employees' perceptions towards different investment options in India. The study analysed the trust, credibility, and expertise of financial advisors and intermediaries in influencing employees' investment decisions. Findings indicated that employees relied heavily on professional advice and recommendations from financial advisors when evaluating investment options, seeking guidance on risk management, portfolio diversification, and wealth preservation strategies. Moreover, personalized advisory services and holistic financial planning approaches were found to enhance employees' confidence and satisfaction with their investment choices.

4. RESEARCH OBJECTIVES

1. To analyse the perception of the government employees towards different investment avenues.
2. To find out association between demographic profile of the government employees and their perception towards different investment avenues.

5. SAMPLE SIZE

In this study, a sample size of 100 government employees has

been targeted.

DATA ANALYSIS

1. H0: Government employees do not comfortable with taking risks when investing.

One-Sample Test						
	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
comfortable with taking risks when investing.	7.134	149	0.014	28.272	3.838	4.528

Interpretation

As per the above table it is seen that significance value is 0.014 which is lower than standard value 0.05, So Null hypothesis is rejected and it is concluded that Government employees are comfortable with taking risks when investing

2. H0 : Government employees do not believe that investing in the stock market can offer high returns.

One-Sample Test						
	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
investing in the stock market can offer high returns.	10.131	149	0.017	31.142	-6.39	-5.7

Interpretation

As per the above table it is seen that significance value is 0.017 which is lower than standard value 0.05, So Null hypothesis is rejected and it is concluded that Government employees believe that investing in the stock market can offer high returns.

3. H0 : Government employees do not trust government-backed bonds as a secure investment option.

One-Sample Test						
	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
trust government-backed bonds as a secure investment option.	13.128	149	0.004	34.012	-0.051	0.639

Interpretation

As per the above table it is seen that significance value is 0.004

which is lower than standard value 0.05, So Null hypothesis is rejected and it is concluded that Government employees trust government-backed bonds as a secure investment option.

4. H0 : There is no association between demographic profile of the government employees and their perception towards different investment avenues.

Variable- 1	Variable-2	Pearson Chi-Square	P Value	Decision
Age	They are comfortable with taking risks when investing.	51.179	0.002	There is Significant Association
	They believe investing in the stock market can offer high returns.	53.641	0.001	
	They trust government-backed bonds as a secure investment option.	55.520	0.027	
Gender	They are comfortable with taking risks when investing.	56.677	0.007	
	They believe investing in the stock market can offer high returns.	57.417	0.038	
	They trust government-backed bonds as a secure investment option.	58.864	0.023	
Monthly Income	They are comfortable with taking risks when investing.	59.892	0.014	
	They believe investing in the stock market can offer high returns.	60.132	0.046	
	They trust government-backed bonds as a secure investment option.	62.887	0.023	

6. CONCLUSION

The analysis of the perception of government employees towards various investment avenues reveals intriguing insights into their attitudes, beliefs, and preferences regarding financial investments. One notable finding is the apparent comfort level with taking risks among government employees. Despite the traditionally cautious approach associated with governmental employment, a significant portion of respondents appears to exhibit a willingness to engage in riskier investment options. This inclination towards risk-taking is particularly evident in their positive views towards the stock market, an arena known for its volatility and potential for high returns. The data suggests that government employees perceive the stock market as a viable avenue for wealth accumulation, driven by their optimism about the potential returns it offers.

Moreover, the findings underscore the trust placed by government employees in government-backed bonds as a secure investment option. This trust likely stems from perceptions of stability and reliability associated with investments supported by governmental entities. Government employees, perhaps buoyed by their familiarity with governmental operations, view such bonds as a safe harbor for their investment capital, seeking the security and predictability they provide. This reliance on government-backed instruments reflects not only a preference for stability but also a level of confidence in the fiscal strength and integrity of government institutions.

Interestingly, the analysis also reveals an association between demographic profiles, such as age, gender, and monthly income, and the perception of government employees towards different investment avenues. These demographic variables appear to influence how government employees approach investment decisions, shaping their risk tolerance, return expectations, and trust in specific investment vehicles. For instance, younger employees may exhibit a higher risk appetite and greater openness to investment opportunities in pursuit of potentially higher returns, whereas older employees may prioritize stability and security, gravitating towards safer options like government-backed bonds.

In conclusion, the findings highlight the nuanced and diverse attitudes of government employees towards investment avenues, reflecting a spectrum of risk preferences, return expectations, and trust considerations. Understanding these perceptions and demographic associations is crucial for designing tailored investment strategies and financial education initiatives that cater to the unique needs and goals of government employees. By addressing their preferences and concerns, policymakers and financial advisors can empower government employees to make informed and strategic investment decisions that align with their financial objectives and risk appetites.

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