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## Analyzing Role of Reward Management System on Managing Employee Performance Effectively: Study with reference to Co operative Sugar factories in Pune, Maharashtra

**Prof. Roshna Jaid-** (Assistant Professor), **Prof. Rohan Dahivale**  
Rajgad Institute of Management Research & Development, Pune, Maharashtra  
**Contact Details:** [roshna.jaid@gmail.com](mailto:roshna.jaid@gmail.com), [rohendahivale@rediffmail.com](mailto:rohendahivale@rediffmail.com)  
**Mobile No.:** 9860570696, 9921613494

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### ABSTRACT:

Maharashtra has one fourth of the total sugar mills & produces a little more than one third of the total sugar of India. Sugar mills of Maharashtra are much larger as compared to the mills of in other parts of the country. Cooperative sector is dominant by sugar industry in Maharashtra; it contributes around 40% of national sugar production. It has been playing significant role in socio economic development in state. Over last decade the sugar cooperatives in Maharashtra have been facing some grave problems like short margin, policy hurdles, entry of private players, employee management problems, corruption & so on. The purpose of this research paper is about to understand the role of Reward management system in managing Employee Performance at cooperative sugar factories effectively. Researcher tries to understand the current needs of sugar factories & employees low productive behavior. This study is about finding relation between reward systems with performance of employees. Study examined relation between extrinsic, intrinsic reward & employee performance. Research was carried out through constructive analysis of different articles, research papers notes that base on reward system. Descriptive & deductive approach of research used. Self designed questionnaire prepared distributed conveniently, collected data analyzed with statistical tool of Mean, standard deviation & Pearson's correlation. Findings of this research in above area show that there is positive relation among elements of reward management system & employee performance.

**Key Words:** Sugar factories, Sugar factories management Performance, Reward system, Performance measurement, Performance Management, Intrinsic & Extrinsic reward

### 1. Introduction:

This study sought to identify the key predictors of performance Management. The strongest predictors were found to be company satisfaction, the extent to which one's job takes advantages of talents and abilities, and the extent to which the organization emphasizes doing things right the first time. A work environment conducive to a continuous learning culture was also found to be highly associated with performance management.

It is prevalent to use different kinds of incentive schemes and rewards in the corporations regardless of their effects and consequences. Anyway, familiarity with the principles of incentive schemes and reward systems is necessary for corporations. Therefore, some topics related to a reward system such as goals of the reward system, principles of giving reward, different types of giving reward, characteristic of reward and punishment, different types of reward to payment management methods and individual and group incentive systems are investigated in this section

The growing need of the management is to get the full potential out of your work force by providing them the skills and by proper coaching; motivation and appropriate appraisals, and this could only be possible when the employees are performing efficiently and up to the mark of achieving the organizational goals and mission. To manage performance of an individual or a group is that the management should have the skills to coach them in accordance to achieve the organizational goals and the best way is to give them a raise in something and it could be a monetary raise or some kind of recognition among others. Different organizations apply different strategies according to their

respective environments, some may get influenced by more experienced or old employees and in response to that give low performance behavior on the other hand sometime the organization makes reward system so strong that it gets out of hand for them to manage the organizational goals themselves. Therefore, the management performance system is a balance between the performance of an employee and the reward he/she gets from achieving the goals of the organization according to its mission.

**2. Cooperative Sugar Factories**

The **sugar production** being prime business among the farmer of western Maharashtra region, it pulls the attention to have a retrospect on the benefits of this industry flourishing on rural parts of the state. Cooperative movement for sugar industry started in 1960's in Maharashtra with announcement of the potential 12 places in the states where sugar factories could be established.

At present there are 173 cooperative sugar factories working in sound condition which has become livelihood of 2.5 crore population in the state. This cooperative sugar industry provides employment to 1.65 lakh people directly. Almost 8 lakh people are engaged in the harvesting and transportation of sugarcane to factories from the fields.

The major concentration of sugar mills found in the river valley in the western part of Maharashtra plateau, Ahmednagar is the largest centre. The other major centers are in the districts of Kolhapur, Solapur, Satara, and Pune & Nashik.

Currently sugar cooperative factories are facing many problems- one of them is Employee Performance Management cause of entry of private players as a competitor.

District wise Cooperative sugar factories in Maharashtra Table:

Sr. No	District	No of Cooperative Sugar factories in Dist
1	Ahmednagar	16
2	Kolhapur	19
3	Nashik	6
4	Pune	11
5	Sangali	15
6	Satara	9
7	Solapur	14

**3. Objectives of Research:**

1. To identify & establish the relationship between reward system & employee performance in Cooperative sugar factories.
2. To analyze the effectiveness of existing reward system.

**4. Review of Literature**

**4.1 Reward:**

Reward systems are not just bonus plans and stock options. They include both of these incentives; but can also include awards and other types of recognition, promotions, reassignment, or other non-monetary bonuses too. Rewards prove to be as a tool to increase performance and change behaviors in dissatisfied employees. Employees are the assets of the firm and they are the hands and brains through which the whole organizational process comes to life. Therefore, a fair reward system could build job satisfaction and productive behavior in an employee.

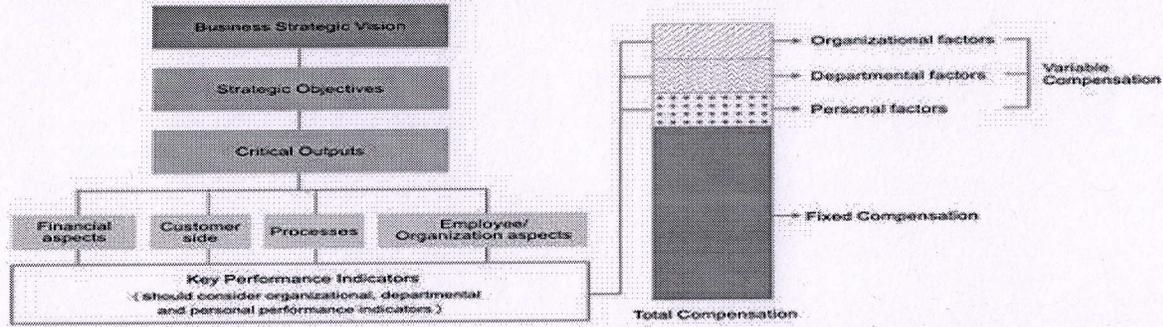
In Reward systems there are following conceptual framework exist.

**Intrinsic Rewards + Extrinsic Rewards = Reward System = Employee Performance**

According to Bahaudin G Mujtaba, (Coaching and Performance management: developing and inspiring leaders, pp 261, Para 2), “Reward system should be linked with goal-setting, employee development, competency measures, and team performance. This will decentralized the decision making down the hierarchy to empower those performing the tasks.

PwC Taiwan provides a complete reward system model, linked with the performance system, to help clients create a fair reward system to encourage employees to maximize their contributions.

**Principles for Reward System Design**



According to Paul J stonich (1981) “corporations often find it difficult to carry out their strategies because they have executive compensation system that measure and reward performance in a way that ignores or even frustrates strategic thinking, planning, and action. In Particular, rewards system rarely emphases the long neither run adequately, nor are they well coordinated with the methods and objectives of other management systems”. By this the writer says that, there are corporations that only emphases upon the reward system and ignore their Strategic work therefore, the strategic plan of action gets ignored so as it affects the long run reward system and organizational goals, objectives as well.

**4.2 Performance Management System:**

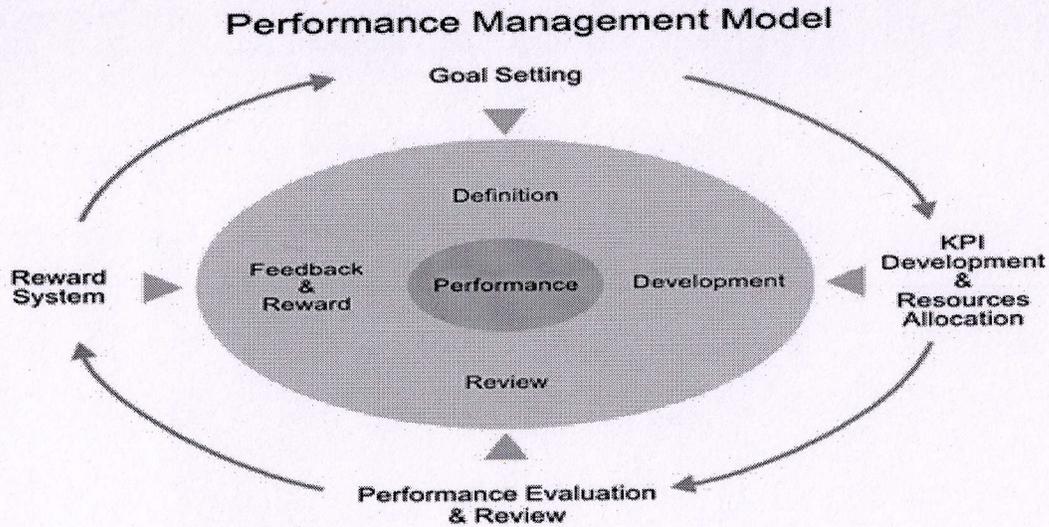
It is the systematic process by which the department of commerce involves its employees, as individuals and members of a group, in improving organizational effectiveness in the accomplishment of agency mission and goals.

Performance management process is used to communicate organizational goals and objectives, reinforce individual accountability for meeting those goals and track and evaluate individual and organizational performance results.

**Performance Management System Design**

A great performance system does not only recognize and motivate high performers, but also cultivate a performance-driven culture to meet future competition. PwC Taiwan’s performance consultation incorporates MBO methodology and emphasizes the linkage between performance and the reward system to maximize business performance.

Unicorn HRO provides performance management tools that can help you formulate plans, monitor progress closely, and even track and manage rewards. An appropriate reward system for all employees and sellers as a part of performance management plan can be resulted in increasing of efficiency and productivity at the workplace. Performance management is a secure way for assessment which conforms the corporation's activity to mission, perspectives and purposes and harmonizes them (Mujtaba, 2010).



**4.3 Reward system and performance**

Appropriate, effective and timely reward increases employees and managers' motivation. Researches and experience regarding the concept of performance reinforcement have proved that effective and timely feedback can be regarded as a motivation to increase employees' productivity and spirit (Cock, 2008). The studies reveal that there is a significant relation among the extant resources of employees, service compensation, the exchanged information, degree of stress and job burnout in the workplace (Schaufeli, 2004). Corporations usually focus on what managers and employees referred to as reward and emphasize a special value and direct their behavior towards those values (Podhame, 2004).

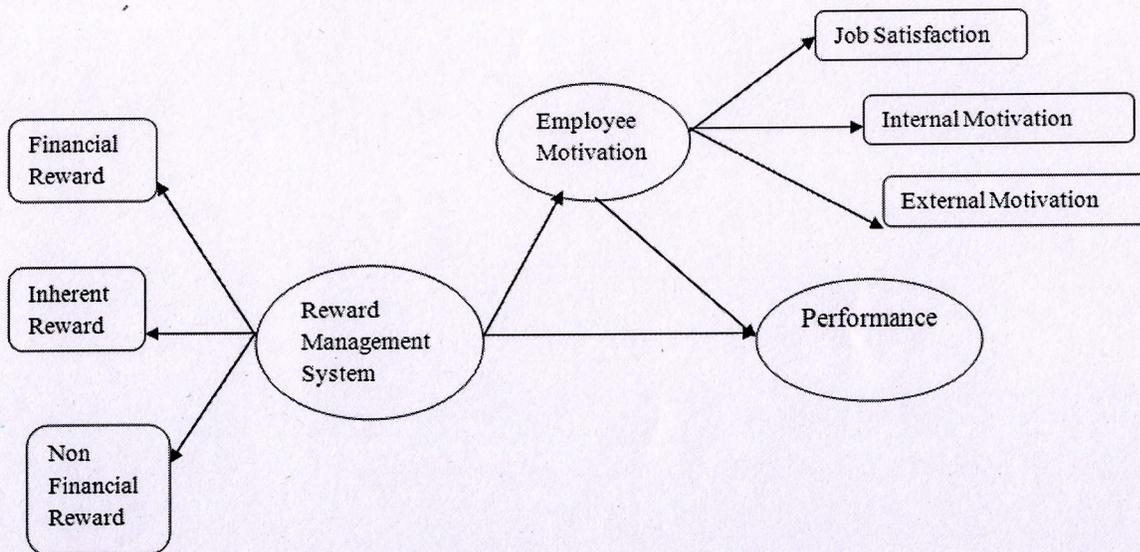


Fig. Conceptual Model

5. Researches Methodology

Research Design	Descriptive Study
Research Method Used	Deductive Approach
Research Technique used	Structured Questionnaire
Data Collection Sources	<b>Primary</b> - Self Designed questionnaire <b>Secondary</b> - Organization Annual Report, Books, Journals, Articles, Online References
Sampling Technique	Random Sampling
Sampling Size	100
Scale Used	Likert scale ( Renging from 1 to 5 – Strongly disagree to strongly agree)
Research Analysis Tool	Mean, Standard Deviation & Persons correlation tools used

Table 1: Operationalization of Variable

Concept	Variable	Indicator
Extrinsic Rewards	Pay	Salary scale based on the job categorization
	Bonus	Rupees( amount an employee receive for their contribution)
	Benefits	Rupees( amount an employee receives for their contribution)
	Promotions	Number of promotions per year
Intrinsic Rewards	Recognition	Employee attitudes regarding fairness in appraising performance
	Career Advancement	Possibility of career advancement opportunities ( High or low)
	Responsibility	Given responsibility are matched with the employee capabilities
	Learning Opportunity	Availability and support from organization to learn ( High or Low)
Employee Performance	Employee Productivity	Whether the employee productivity is increased or decreased with the changes of the employee rewards
	Job Accomplishment	Achievement of assigned targets within the given time duration

Source: Developed by researchers based on Dharmasiri and Wickramsinghe (2006) and Pretheepakanth (2011)

6. Hypothesis:

1. Reward Management System does not play positive & significant role in employee performance management.
2. Reward Management System plays positive & significant role in employee performance management.

## 7. Data Analysis &amp; Interpretation:

Variables	Mean	std. Deviation	Pearson Correlation(r)	Level of Significance(p)
Pay	4.03	0.921	0.9068	0.000
Bonus	3.81	0.945	0.721	0.000
Benefits	3.77	0.842	0.733	0.000
Promotions	3.53	0.865	0.307	0.000
Recognition	3.37	0.7022	0.1834	0.000
Career Advancement	3.22	1.005	0.1322	0.000
Responsibility	3.24	0.97	0.144	0.000
Learning Opportunity	3.13	1.26	0.174	0.000
Employee Productivity	3.86	0.8604	0.7805	0.000
Job Accomplishment	3.77	0.9149	0.7005	0.000

Table 1: Descriptive statistics of rewards and employee performance

**Result & Interpretation:**

Statistics are computed & presented in above table in form of Arithmetic means, standard deviation, Parsons Correlation & level of significance for both the dependent variables & independent variables.

- Mean column shows that the mean for pay, bonus, benefits, promotions, job accomplishments, employee productivity are high (3.53 to 4.03) than the recognition, career advancement, learning opportunity, responsibility (3.13 to 3.37).

**Interpretation of Mean:** Above mean value shows that the employees consider pay, bonus, benefits, promotions, employee productivity, job accomplishments slightly important than the other.

**Interpretation of Std. Deviation:** Standard deviation of career advancement & learning opportunity shows that the responses are extensive than its mean as value indicates 1.005 & 1.26 respectively.

If we categories rewards into following two categories with the variables

Table 2: Extrinsic rewards and employee performance:

Variables	Pearson Correlation(r)	Level of Significance(p)
Pay	0.9068	0.000
Bonus	0.721	0.000
Benefits	0.733	0.000
Promotions	0.307	0.000

\*\* Correlation significant 2tailed

**Interpretation: Extrinsic rewards & employee performance**

From table 2 it shows that the pay ( $r = 0.906$ ,  $p < 0.1$ ) has a very strong relationship on employee performance. Means increase or decrease of pay will bring corresponding changes on employee performance.

Even employee performance has strong relationship with bonus, benefits which have correlation values 0.72, 0.733.

Promotions have little week relationship on employee performance as value of correlation is 0.307.

**Table 3: Intrinsic rewards and employee performance:**

Variables	Pearson Correlation(r)	Level of Significance(p)
Recognition	0.1834	0.000
Career Advancement	0.1322	0.000
Responsibility	0.144	0.000
Learning Opportunity	0.174	0.000
Employee Productivity	0.7805	0.000
Job Accomplishment	0.7005	0.000

**Interpretation: Intrinsic rewards & employee performance**

Above table shows correlation between intrinsic rewards with employee performance. Employee productivity, job accomplishment shows strong relationship with employee performance. Meanwhile responsibility, career advancement, learning opportunity showed weak relationship towards employee performance.

Employee productivity gives great impact to the employees' performance. The importance of the chance he revealed that intrinsic reward plays important role in employee performance.

Pearson correlation between independent variables and dependent variable included in the study. The correlation coefficient shown was shown a strong relationship between extrinsic rewards  $r=0.6669$  and employee performance.  $P$  is  $0.0 < 0.01$ , can reject null hypothesis. The alternate hypothesis ( $H_1$ ) was accepted. Also intrinsic rewards also showed comparatively weak relationship than extrinsic rewards towards employee performance  $r=0.3524$  with significant level less than 0.01.

**Extrinsic, Intrinsic rewards and employee performance**

Variables	Pearson correlation ( r )	Level of significance(p)
Extrinsic rewards	0.66695	0.000
Intrinsic rewards	0.3524	0.000

Correlation significant at the 2 tailed level

$H_1$  hypothesis states the positive relationship between extrinsic rewards and employee performance and based on the result it was accepted. It shows that the relationship between pay & employee performance.

It proves that maximum employees of cooperative sugar factories prefer monetary rewards irrespective of their position. Money is a measurement of accomplishment. According to Herzbers's two factor model of motivation, pay is viewed primarily as a hygiene factor which motivates employees towards the higher employee performance.

Researcher from the above interpretation believes that the money is important to employee because it satisfies employees most needs, wants & it's a highly tangible recognition for employee's contribution.

**8. Conclusion:**

Human resource is the basic asset for an organization for achieving sustainable competitive advantage. Attracting & retaining competent workforce is major task in front of every organization. Employee performance plays major role in achieving organization vision mission. In current scenario employee attrition rate in every industry is high. Employee retention & employee performance can be improved when employees are motivated to achieve their goals with employee's basic needs. Research proved the objective of research which is relationship between employee performance & rewards system. Study concludes that the rewards system in cooperative sugar factories plays vital role in enhancing employee performance. It's a responsibility of cooperative sugar factories to

develop unique reward strategy with aim of achieving, sustainable competitive advantage over private players.

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## An Analytical Study of the Awareness Level of Corporate Bond Market in India Among Retail Investors

Hema P. Gwalani<sup>1</sup> and Dr. D. B. Bharati<sup>2</sup>

<sup>1</sup>Assistant Professor, Ashoka Business School, Nashik

<sup>2</sup>Director, Rajgad Institute of Management Research and Development, Pune

### ABSTRACT

Increasing the Liquidity in Corporate Bond Market has been a major agenda for the Government and for the Capital market authorities for long now. Various efforts in the forms of reforms, change in guidelines and making availability of the required infrastructure has been made in the direction but still the efforts does not seem to give the expected results when it comes to the participation retails investors in Corporate Bond Market India. . One of the major reasons of the non-participation has been lack of sufficient awareness on the part of retail Investors. This paper tries to measure the awareness level about the Corporate Bonds and also the reasons for the non-participation of the retail investors in the Primary and Secondary Markets of Corporate Bond Market, with the help of data collected and its statistical analysis.

**Keywords:** Awareness level, Capital market, Corporate Bond Market, Primary Corporate Bond Market, Retail Investors, Secondary Corporate Bond Market

### Introduction

#### *Meaning of securities*

Though the term security has not been defined formally but in general it can be described as financial instruments and can be broadly categorized into debt securities ,equity securities, and, Derivative contracts. Debt Securities have been defined under chapter 1 of Securities And Exchange Board Of India (Issue And Listing Of Debt Securities) Regulations, 2008 as : “debt securities” means a non-convertible debt securities which create or acknowledge indebtedness, and include debenture, bonds and such other securities of a body corporate or any statutory body constituted by virtue of a legislation, whether constituting a charge on the assets of the body corporate or not, but excludes bonds issued by Government or such other bodies as may be specified by the Board , security receipts and securitized debt instruments.

### *Corporate Bonds*

In broader terms corporate bonds can be said to be fixed income securities which are issued by corporate means entities other than Government. These are the debt securities which are issued by private and public corporations.

Market is a place where the buyer and seller meet together to meet each other's demand. When it comes to securities market, It is the place where the buyers and seller come together to meet the objective of creating securities from sellers point of view and buying and trading securities from buyers point of view.

Corporate Bond Market is the market where the corporate bonds are created and traded. When it comes to the Corporate Bond market in India it is in existence in real sense since December 2003, with the amendment in disclosure norms to make listing of companies made mandatory and with an initiative to provide a similar trading system for the bond market as like equity market. The objective being to provide a platform for corporate and investors to exchange and fulfill their needs i. e. mobilizing the funds at affordable rate in case of corporate and for investors a good investment with good long term returns at less risk. So far the corporate bonds market has failed to achieve the desired objective; it considerably lags in point of time. The secondary debt market in India is practically non-existent.

Various studies have been made in past and recently as well to study the reasons and various reforms have also been suggested through these studies. Serious effort has been made by government to match with the expectations; still the results are not so visible, which creates a need of study.

### *Indian Corporate Bond Market – an overview*

There has been a development in the field of Corporate Bond Markets of India though various reforms and policy changes but it has been very slow and the Corporate Bond Market Still remains underdeveloped.

The Number of Public Issues and amount collected can be said to be the representative of the underdeveloped market.

**Table 1: Public issues and trading volumes of Non-convertible Debenture**

Year	Number of Issues	Amount (Rs. In cr.)	Number of securities traded	Number of trades	Traded Value (Rs. In cr.)
2008-09	1	1500	2543	4967	50029
2009-10	3	2500	5559	12231	156616
2010-11	10	9451	4504	8006	155951
2011-12	20	35611	5401	9798	176609
2012-13	20	17000	12557	21017	241838
2013-14	35	42400	12456	20812	275717

Source: [http://www.sebi.gov.in/cms/sebi\\_data/statistics/corporate\\_bonds/publicissuedata.html](http://www.sebi.gov.in/cms/sebi_data/statistics/corporate_bonds/publicissuedata.html)  
[http://www.nseindia.com/products/content/debt/corp\\_bonds/cbm\\_trades\\_archives.htm](http://www.nseindia.com/products/content/debt/corp_bonds/cbm_trades_archives.htm)

*Need for the Development of Corporate Bond Market*

To achieve the expected GDP growth of Indian Economy, Development of Corporate Bond Market has been the high priority agenda of the Government this being the highly untapped market. Many such reforms are taking place since 2007 in full force but are not generating the expected results. The time has come for better reforms which will attract small investors not only to achieve the above mentioned reason but also to support the banking system in the country which facing the big problem of – Asset Liability Mismanagement.

It can be seen that the private placement route has been the most preferred route by the issuers for the benefits of low cost but with the limited scope it has the issuers need to fine the alternative source. Looking at the Indian saving statistics the one area which the researcher feels to be the opportunity is the household sector, the small investors.

**Review of Literature**

“India needs to develop a corporate debt market to meet the projected investment of USD 1 trillion required to sustain the country's economic growth rate in the 12th Five-Year Plan (2012-2017)” These are the comments of Prime Minister Manmohan Singh in his speech on Wed Feb 16 2011 realizing the need for a vibrant corporate debt market in India. The Corporate Debt Market in India has not reached the levels which the time demands. The various benefits which a developed corporate bond brings have been the reason for the attention on the issue. It's not the first time that the need for corporate bond markets has been arise and expressed. The literature shows that the issue of development of corporate bond market has been the point of attraction not only in India but in the world since way back.

Tadashi Endo, Financial Markets Advisory Department, International Finance Corporation, The World Bank Group in his paper 'The Development of Corporate debt markets'(2000) at world level or the Indian researchers Dr. R H Patil in his working paper 'Broad basing and Deepening the Bond Market in India' (2001-02), Suchismita Bose and Dipankor Coondo (2003) and Pranab Sen, Nikhil Bahel and Shikhar Ranjan in the working paper series of Planning Commission, Government of India 'Developing the Indian Debt Capital Markets: Small Investor Perspective' (2003) studied the various benefits of a developed corporate bond market and also the reasons for an underdeveloped Corporate Bond Market and also suggested the various measure for the development.

The above study shows the importance of the development of Corporate Bond markets in India and also the importance of the role of small investor in the process and justifies the selection of the topic by the researcher. The period after 2005 saw a considerable amount of policy changes in the system towards development. Some of the important developments being, permission was given by SEBI in December 2006 to BSE BSE to set up a reporting platform. Further all market intermediaries were given an access to the platform for reporting. Connectivity was provided to Non-members of the Exchange Virtual Private Network (VPN). In January 2007 BSE and in July 2007 NSE operationalized its reporting and trading platform and it first time it became possible to capture information related to trading in corporate bond market.

February 2009 was the year of remarkable achievement as the first ever public issue by TATA's of non-convertible debt securities was offered to public. In May 2009, simplified listing agreement for debt securities was put in place by SEBI, Further in August 2011, amendments were done by SEBI in the Regulations for Mutual Funds, which permitted Mutual Funds to set up Infrastructure Debt Funds under the Mutual Funds Framework.'

All these necessary policy reforms were taken considering the need of development of corporate debt market in India. The same was also expressed by various researchers in the same period.

'Why a corporate bond Market: growth and direct finance' by Marvin Good friend overviewed the role of direct corporate borrowings verses bank loans in the process of economic development. During the same period Dr. Y V Reddy Governor, Reserve Bank of India gave remarks at Washington in October 2007. As per him the development of a corporate bond market in India has been way behind in comparison with other financial market segments and liquidity has been an issue in the underdeveloped secondary market.

A similar observation was presented in 'The Indian Corporate Debt Market: Prescription for revival' in 2007 by Tamal Datta Chaudhari by showing a comparative picture of a subdued Indian corporate bond market with Government Bonds in India and also with Size of Domestic Corporate debt market as percentage GDP showing outstanding Corporate Bonds to be only 3.3% of GDP as compared to 128.8 per cent of United States. (Based on BIS 2006) Further the reasons for the failure of corporate Debt Market in India were also discussed in 'The Indian Corporate Debt Market – Need of the hour' various steps taken to tackle such problems have resulted only in a slight improvement. The Corporate debt market in India has reached only 6.5 per cent of GDP as compared to 3.3 per cent in 2006. But it is negligible as compared to government debt sector which is nearly 40 per cent of GDP. In India banks contribution in financing of the large firms was 14.4% in 2000-01, which increased up to 17.8% in 2010-11. But the bond market in comparison remained stagnated, with just 3.5% in 2000-01 and even after a decade later just 3.9%.

Though it is clear from the above literature and the available data that the Indian Corporate Bond market has not been so efficient, it can further be tested by measuring the liquidity of the market as well. Liquidity has been considered as one of the parameter of efficiency by many researchers like Abdourahmane Sarr and Tonny lybek, (2002) Measuring liquidity in Financial Markets, Working Paper Series, International monetary Fund and also by Dr. Venkat R. Eleswarapu, and Dr. Chandrasekhar Krishnamurti in liquidity, stock returns and ownership structure: An empirical study of the Bombay stock exchange.

### **Objectives, Hypothesis and Research Methodology**

#### *Objectives*

The research conducted is to achieve the following objectives:

1. To study the awareness about the Corporate Bonds in small Investors
2. To study the relation between age, awareness and investment in Corporate Bonds
3. To study the factors playing important role in increasing the awareness

#### *Hypothesis*

1. The awareness level about Corporate Bonds in small Investors is very less.
2. There is a strong relation between the age of the investor and the awareness about corporate bonds
3. There is a strong relation between awareness and investment in to Corporate Bonds
4. Brokers play a significant role in increasing the awareness about Corporate Bonds
5. There is a strong relation between awareness of and Investment in Corporate Bonds.

6. Investors give equal rating to the criteria of comparison between the available Investment options
7. Investors give equal ratings to the factors that affect the growth of Corporate Bond Market in India.

#### *Research Methodology*

The current is an analytical study for which the primary data of the sample size of 500 was collected through scientifically developed personally administered questionnaire. The sample has been chosen on the random basis from in and around Nasik.

The parameters for the research study have been decided based on the extensive literature review. Second, in-depth interviews were held with investors to establish the evaluation criteria and the factors which result in investor decision making. Third, a questionnaire was constructed and piloted. Questionnaire was prepared keeping in mind the various outcomes possible. Care was taken that the wrong interpretations and biased view do not affect the research. Ordinal scale, Rank scale, the five-point likert scale, such various nominal scales was also for the analysis of different variables and their relationship. Statistical methods like Percentage method, Chi square test, Regression test have been applied for the analysis of data with the aid of excel.

*Sample:* The population comprised investors as defined in the introduction part of this article. A random sampling procedure was used on a sample of 500 respondents. The population of this study was investors in and around Nasik City.

**Table 2: Characteristics of the sample**

	Category	Frequency
<b>Age</b>	Below 25	70
	25 to 50	240
	50 to 60	115
	Above 60	75
	<b>Total</b>	<b>500</b>
<b>Annual Income</b>	Up to Rs. 5 Lakhs	176
	Rs.5,00,001 to Rs.10,00,000	182
	Rs.10,00,001 to Rs.15,00,000	80
	Rs.15,00,001 and above	62
	<b>Total</b>	<b>500</b>
<b>Gender</b>	Male	380
	Female	120
	<b>Total</b>	<b>500</b>
<b>Educational level</b>	Less than 10th	115
	Graduate	290
	Post Graduate & Above	95
	<b>Total</b>	<b>500</b>
<b>Occupation</b>	Service	320
	Self Employed	95
	House wife	0
	Unemployed	40
	Other	45
	<b>Total</b>	<b>500</b>

Source: Primary Data

### Data Analysis and Findings

From the collected and analyzed data the major findings that came across are:

1. Majority of investors (64%) are unaware about Corporate Bonds as an investment Instrument.
2. Most of the investors choose the traditional instruments like Fixed Deposit as a first choice for Investment
3. Out of the respondents, who were aware about Corporate Bonds around 50 % have invested in Corporate Bonds.
4. Out of the respondents who are investors in Corporate Bonds not even 10% of those trade in Corporate Bonds.
5. Out of the Investors aware about Corporate Bonds most of them (around 48%) became aware through Brokers.

6. There is somewhat relation between the Age and investment in to corporate bonds of a retail investor.
7. The major factors affecting the investment decision of the investor are Returns, Awareness about the instrument, Liquidity and Security
8. As per the data creation of awareness becomes a major factor followed by tax savings, liquidity security and returns.

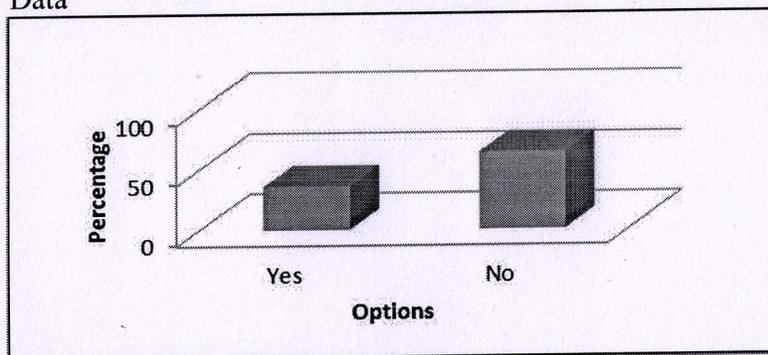
**Hypothesis testing**

*The awareness level about Corporate Bonds in small Investors is very less*

**Table 3: Awareness**

Option	Percentage	Frequency
Yes	36	180
No	64	320
<b>Total</b>	<b>100</b>	<b>500</b>

Source: Primary Data



**Graph 1: Awareness of Corporate Bonds**

From the above data using percentile method it can be inferred that the awareness level about corporate bonds among retail investors is very less as the number of unaware investors is much larger than the aware investors

*There is a strong relation between the age of the investor and the awareness about corporate bonds*

**Table 4: Awareness towards Corporate Bonds and Age**

Age	Aware	Percentage	Unaware	Percentage	Frequency	Percentage
Below 25	18	25.71	52	74.29	70	100%
25 to 50	72	30.00	168	70.00	240	100%
50 to 60	42	36.52	73	63.48	115	100%
Above 60	48	64.00	27	36.00	75	100%
<b>Total</b>	<b>180</b>	<b>36.00</b>	<b>320</b>	<b>64.00</b>	<b>500</b>	<b>100%</b>

Source: Primary Data

Cross tabulation: Are you aware about Corporate Bonds? \* Age

*Chi Square Test*

The Chi square Test result of 4.11E-07 (being less than the significant value of 0.05) signifies a strong relation between the awareness and age of the Investor.

Further the Correlation value of 0.54863 between age and awareness supports the hypothesis that there is a relationship between Age and awareness of the investor.

**Table 5: Strong Relation between Awareness and Investment in to Corporate Bonds**

Option	Awareness		Investment	
	Frequency	Percentage	Frequency	Percentage
Yes	180	36	91	18.2
No	320	64	409	81.8
Total	500	100	500	100

Source: Primary Data

Correlation value of .9279 signifies strong relation between Awareness and Investment

Another test, Conversion ratio of awareness to investment also support the hypothesis statement.

*Brokers play a significant role in increasing the awareness about and converting investment in Corporate Bonds*

How did you became aware about Corporate Bonds \* Do you invest in Corporate Bonds

**Table 6: Role of Brokers to Increase Awareness and Investment about Corporate Bonds**

Option	Awareness Frequency	Percentage	Investors	Conversion Ratio
Own Research and Knowledge	30	6%	9	30%
Broker	85	17%	58	68%
Television	10	2%	4	40%
Newspapers	15	3%	6	40%
Awareness Program	15	3%	6	40%
Others please specify	25	5%	8	32%
Total	180	36%	91	51%

Source: Primary Data

From the above table it can be inferred that Brokers are one of the important source of creating awareness about corporate bonds amongst retail Investors. Further they play an important role in converting the awareness to investment which can be seen from the high

conversion ratio of 68%. The similar result can be obtained through the correlation value of 0.9820 and R square regression value of 0.9660 which signifies broker to be the important factor.

**Table 7: Strong Relation between Age and Investment in Corporate Bonds**

Age	Investment in Corporate Bonds	Percentage	No Investment in Corporate Bonds	Percentage	Total Investors	Percentage
Below 25	6	9%	64	91%	70	100%
25 to 50	37	15%	203	85%	240	100%
50 to 60	22	19%	93	81%	115	100%
Above 60	26	35%	43	57%	75	100%
<b>Total</b>	<b>91</b>	<b>18%</b>	<b>409</b>	<b>82%</b>	<b>500</b>	<b>100%</b>

Source: Primary Data

The correlation value of 0.6401 shows somewhat relation between the Age and investment in to corporate bonds of a retail investor.

*Investors give equal rating to the criteria of comparison between the available Investment options*

**Table 8: The Criteria of Comparison between the Available Investment Options**

Sr. No	Comparison Criteria	Average of Rank
1	Returns	7.46
2	Security	6.93
3	Liquidity	7.04
4	More awareness or knowledge of the instrument	7.32
5	Time period	5.61
6	Bureaucracy	4.82
7	More information availability and transparency	5.43
8	Family tradition	4.04
9	Status Symbol	3.53
10	Others	2.82

Source: Primary Data

The average rank derived from the ranks given by the investors to the comparison criteria suggests that the major factors affecting the investment decision of the investor are Returns,

Awareness about the instrument, Liquidity and Security and the investor does not rank the comparison criteria equally.

**Table 9: Investors Rating to the Factors that are Required for Development of Corporate Bond Market in India.**

Option	Frequency	Percentage
Better Returns	175	35%
Better security	190	38%
More liquidity	210	42%
Awareness programs	255	51%
More number of Public Issues	30	6%
Moderate but safe Returns	40	8%
Less Bureaucracy	30	6%
More Transparency and easy availability of Information	105	21%
Tax savings	215	43%
Other	15	3%
<b>Total</b>	<b>500</b>	<b>100%</b>

Source: Primary Data

From the above table it can be inferred that investors does not rank the factors affecting the development of Corporate Bond Market in India equally. As per the data creation of awareness becomes a major factor followed by tax savings, liquidity security and returns.

#### **Conclusion**

The awareness level regarding corporate bonds is very less amongst the retail investors. And the awareness level directly affects the investment in to the corporate Bonds by the retail investors. Many initiatives have been taken by the government for increasing the liquidity in corporate bond markets. The paper concludes that focus should be kept on increasing the awareness about corporate bond markets and brokers a play a major role in creating awareness and increasing the investment in the Corporate Bond Market in India. Further the investor also gets attracted towards corporate bonds if tax savings are associated with the same. Reforms in such direction will help the government increase the participation by the retail investor in Corporate Bond Market in India.

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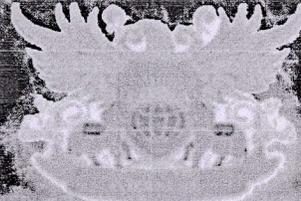
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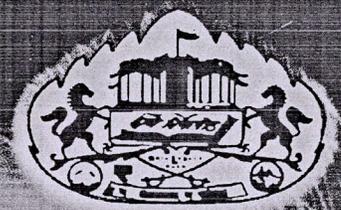
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46. "Improving Quality of Work life through Labour Legislation: Study  
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Prof. Roshna Jaid,

Prof. Rohan Dahivale,

Prof. (Dr.) D.B. Bharati

Rajgad Institute of Management Research & Development, Pune, Maharashtra

**ABSTRACT**

*Increasing complexity of today's era with respect to environmental challenges, changing trends in organizational structures, increased knowledge, interdisciplinary collaboration, new health problems, advancement of technology, specialization, commitment of performance poses several challenges. There has much concern today about wages, convenient working hours, working condition & flexibility of work life in performance of work life. This research paper is made an attempt to study the labour laws relation with Quality work life of employees in manufacturing companies of PCMC. PCMC is also known as "Industrial Hub" of Pune. The Survey research approach used for collecting data from 50 leaders of union from 50 large, medium & small scale companies from PCMC. Objective is to understand importance of labour laws in QWL of employees. Dependent & independent variables selected for the study, data analyzed with help of statistical tools. Factors like salary, wages remuneration, conditions of work, health, safety, welfare, social security provisions, equality of treatment. Researcher found relation between LL & QWL of employees. The study is limited to manufacturing companies of PCMC.*

**Keywords:** Quality of Work Life (QWL), Labor legislations, manufacturing industries of PCMC, Trade Union, Role of the Government, PCMC

**1. Introduction:**

The Quality of Work Life (QWL) has assumed increasingly interest and importance in all the countries of the World. It is very significant in the context of commitment to work, motivation and job performance. It is also means to facilitate the gratification of human needs and goal achievement. Work life naturally means the life of workers, physical and intellectual, in their work environment in office or factory or field-working. What is expected of the worker? What are the conditions of the work place? What is the compensation that the worker gets? What are the incentives offered to him?

Quality of work Life is referred to as humanizing the working life and emphasizing the human factor. It mostly refers to favorable or unfavorable of a job environment for the people involved in it. The basic objective is to develop jobs that are excellent for people as well as for production.

**2. Quality Work Life:**

The term "Quality of Work Life" has different connotation to different persons. And also Robbins (1989) defines QWL as "a process by which an Organization responds to employee needs by developing mechanisms to allow them to share fully in making the decisions that design their lives at work." A better QWL initiative supports to fulfill technical and social requirements of job in our organizations. London conducted Objectives of Q.W.L.

- > To improve the standard of living of the employees.
- > To increase the productivity.
- > To create a positive attitude in the minds of the employees.
- > To increase the effectiveness of the organization (profitability, goal accomplishment etc.,)

**Why Need Quality of Work life?**

In current scenario every organization wants more output in comparison of less input, it can be possible when working employee find its working place comfortable as per the job requirement. So its

very important for an organization to make a Quality relationship between its employees and working environment. The Quality of Work Life is movement which draws "attention to workers" need for meaningful and satisfying work and for participation in decisions that affect their work situation.

### 3. Labour Legislation India :

Traditionally Indian governments at federal and state level have sought to ensure a high degree of protection for workers / employees through different act. India is a federal form of government and because labour is a subject in the concurrent list of the Indian Constitution, labour matters are in the jurisdiction of both central and state governments. Both central and state governments have enacted laws on labour relations and employment issues.

In the Constitution of India from 1950, articles 14-16, 19(1) (c), 23-24, 38, and 41-43A directly concern labour rights. Article 14 states everyone should be equal before the law, article 15 specifically says the state should not discriminate against citizens, and article 16 extends a right of "equality of opportunity" for employment or appointment under the state. Article 19(1)(c) gives everyone a specific right "to form associations or unions". Article 23 prohibits all trafficking and forced labour, while article 24 prohibits child labour under 14 years old in a factory, mine or "any other hazardous employment".

Articles 38-39, and 41-43A, however, like all rights listed in Part IV of the Constitution are not enforceable by courts, rather than creating an aspiration "duty of the State to apply these principles in making laws".<sup>[1]</sup> The original justification for leaving such principles unenforceable by the courts was that democratically accountable institutions ought to be left with discretion, given the demands they could create on the state for funding from general taxation, although such views have since become controversial. Article 38(1) says that in general the state should "strive to promote the welfare of the people" with a "social order in which justice, social, economic and political, shall inform all the institutions of national life. In article 38(2) it goes on to say the state should "minimise the inequalities in income" and based on all other statuses. Article 41 creates a "right to work", which the National Rural Employment Guarantee Act 2005 attempts to put into practice. Article 42 requires the state to "make provision for securing just and human conditions of work and for maternity relief". Article 43 says workers should have the right to a living wage and "conditions of work ensuring a decent standard of life". Article 43A, inserted by the Forty-second Amendment of the Constitution of India in 1976, creates a constitutional right to codetermination by requiring the state to legislate to "secure the participation of workers in the management of undertakings".

### 4. Labour Legislation & enforcement of Quality Work life Initiatives:

Like many other governments, Government of India is also taking number of measures to maintain, improve quality work life of labour of all sector. Government playing different role thorough different legislation implementation in laws, like first formulation of labour related acts, rules and regulations. Second, the government has been trying to ensure that QWL mechanism is properly developed and organizations are working in accordance with the rules and regulations. Third, since the government is still the largest employer in the economy government itself sitting on the negotiation table to bargain with trade unions in order to reach an agreement on different human resource and labor related issues (Adhikari, 2005)

Although the country's economy is open and deregulation process is undergoing, there are still many roles to play from the side of government safeguarding the interests of workers and employees. In a country like India, where culture of privatization is yet to flourish, the government still has to protect rights, interests, facilities and safety of workers in different establishments. Similarly, role of employers and trade unions is also important in maintaining a sound QWL situation. In the process of protecting rights and interests, the government has constituted a number of labor legislations. The authors of this paper attempted to review the current labor laws in order to examine how far the government in the past remained successful to implement QWL initiatives at the organizational level. The following major labor acts guiding QWL issues:

Quality Work Life issues discussed in following Acts			
Act	Provision	Sec	Description
The Factories Act 1948	Health	Sec 11 to 20	Related to cleanliness, ventilation, Drinking water, Disposal of waste & effluents, Latrines & Urinals etc
	Safety	Sec 21 to 41	Related to Machinery, Machinery in motion, floors of machinery construction site etc free from hazardous & should be safety
	Welfare	Sec. 42 to 49	Related to Adequate facilities of washing, sitting, first aid box, ambulance, storing dry cloths, canteens
	Working Hrs, Spread over time & Leave Facilities	Sec 51 to 79	Working hrs for adult, women, overtime wages, leave with wages & all facilities under same given
The Minimum Wages Act 1948	Welfare of workers by minimum rate of wages, seeks to prevent exploitation of workers	Sec 11,12,13,14,15,16,17	Act prevent exploitation of workers it explain work in kind, payment of minimum wages, fixing hrs for a normal working, Minimum rate of wages, Two or more classes of workers.
The Payment of Wages Act 1936	Payment of Wages	Sec 2,3,4,5,6,7,8,9,10,11,12,13	Act is piece of legislation, regulate payment for certain class of employees, authorized deductions from payment, timely payment of wages, manner of payment,
The Payment of Gratuity Act 1972	Gracious Amount of payment for future security of employee	Sec 2,4,5,6,7,8,9,10,11,12	a voluntary Payment made by the employer to the employee in recognition of continuous, meritorious services and sincere efforts by the employee towards the organization. Amount of gratuity, maximum limit, Determinants & Nomination of gratuity
The Payment of Bonus Act 1965	Prosperity Contribution	Sec 4,5,6,7,8,9,10,11,12,13,14,15	Workers should have prosperity of concern for which they have contributed. Minimum Bonus, Max Bonus, bonus eligibility, calculation of bonus, disqualification from bonus, set off, set on etc

The Employee State Insurance Act 1948	Self-financing social security and health insurance scheme for Indian workers.	Sec 5 to 10	provides worker Medical Relief, Sickness Cash Benefit, Maternity Benefit to Women Workers, Pension to the Dependent of Deceased Workers and Compensation for Injuries during course of Employment
The Workman Compensation Act, 1923	Social Security act for compensating employee accident benefit during course of employment	Sec 3 to 22	Compensation to be provided only as per law - for death benefit, disablement benefit, dependent benefit in partial & permanent cases.
The Employees Provident Fund & Miscellaneous Provisions Act 1952	Social Security Provision of Employee & Family	Sec 2,3,4,5,6,7,8, 9,10	Enacted as a measure of social justice and should be construed liberally so as to confer benefit on the employees to the maximum extent. PF provision, Contribution, Modification, Recovery Mode, Payment
The Maternity Benefit Act,	Women's Social Security & Health, Welfare measure act	Sec 5 to 10	Medical benefit like maternity leave, tubectomy operation expenses, hospital expenses, Miscarriage benefit, Nursing break,

### 5. Research Objective of Paper:

- To study & understand implementation of labour laws in Industrial undertaking PCMC.
- To analyze the relation between implemented labour laws & quality work life of employees.

### 6. Hypothesis:

$H_0$ : Implementation of labour laws does not provide support for improving quality work life of employees.

$H_1$ : Implementation of labour laws provides support for improving quality work life of employees.

### 7. Research Methodology:

Research Design	Descriptive Type of Research
Research Method Used	Survey
Research Technique used	Structured Questionnaire
Data Collection Sources	Primary & Secondary Sources

Sampling Technique	Convenient Sampling
Sampling Scale	Likert Scale
Sampling Size	50
Research Analysis Tool	Percentage Method

### 8. Literature Review”:

The benefits of QWL initiative go to both employees and employers. Employees trust that with the presence of QWL initiatives they feel safe, relatively well satisfied and able to grow and thus can develop as human beings. They believe that QWL enhances their dignity through job satisfaction and humanizing work by assigning meaningful jobs, ensuring job security, making provisions for adequate pay and benefits, providing safe and healthy working conditions, giving opportunities to develop human capacity, ensuring growth and security, social integration, constitutionalism, getting freedom to self-expression and thus, help to increase individual productivity that supports to achieve organizational effectiveness (Hian and Einstein, 1990; Nachmias, 1988; Carlson, 1980; Guest, 1979; Suttle, 1977; Walton, 1974). That’s why Casio (1992) aptly defines QWL “in terms of employees’ perceptions of their physical and mental well-being”. QWL initiatives are equally beneficial for the employers. QWL positively nurtures a more flexible, loyal, and motivated workforce, which is essential in determining the company’s competitiveness (Allan and Loseby, 1993; Meyer and Cooke, 1993; Bassi and Vanburen, 1997).

Organizations pay and benefits and job security are considered the most important motivating factors to improve the level of QWL situation. At the same, consideration is needed to improve QWL through education, training and other skill development programmes. There are provisions in labor laws and well-defined mechanisms to implement these provisions to ensure labor rights, at the organization level there are a number of lapses. All three actors, government, employers and unions are, to a larger extent, failed to implement labor legislation ( Adhikari D. R ).

### 9. Industrial History & Growth Of Pcmc:

Pimpri Chinchwad is also known as “**Audyogik Nagar**” (Industrial City). PCMC today is one of the major industrial hubs in Asia. PCMC is now home to the Indian operations of major automobile companies like Premier Limited, Mahindra Navistar, Bajaj Auto, BEL Optronics Devices Limited, TATA Motors (formerly TELCO), Kinetic Engineering, Force Motors (formerly Bajaj Tempo) DaimlerChrysler, Thermax and Auto line Industries. In addition to this, several heavy industries are such as Forbes-Marshall, Thyssen Krupp and GEA Ecoflex Alfa Laval & Sandvik. Asia has their manufacturing units in the town, the German company KSB Pumps, Swedish bearing company SKF. Rajiv Gandhi InfoTech Park hosts several Software and Information Technology majors like Cognizant, Accenture, IBM India, KPIT Cummins, Tata Technologies, Infosys, Wipro, Geometric Limited, Finolex cables limited, SQS India Info systems Pvt. Ltd., BNY Mellon (India), among others. Now Mercedes Benz also included in it. This is the **Richest Municipal Corporation** - not only in India but the Richest in Asia. And the reason behind it is that, it has a **industrial belt of small as well as big National & Multinational Companies**. All the industrial units are closed on Thursdays.

Present population approx.	10,00,000	Area	176 sq.km.
Number of Industries	6195	Major bridges	11

Source: <http://www.punediary.com/html/pcmt.html>

10. Data Analysis & Interpretation:

Table No. 1: Variables (Dependable & Undependable) Mean, Std. Deviation, Pearson

Likert Scale	S.D	D	Avr	A	S.A	Mean / Average	Std. Deviation	Pearson	Total
m	1	2	3	4	5				
Health Provision	0	1	8	9	32	4.44	0.82	0.8796	50
Safety Provision	1	0	12	27	10	3.9	0.78	0.6536	50
Welfare provision	2	0	13	19	16	3.94	0.96	0.8727	50
Working Conditions	2	0	6	16	26	4.28	0.96	0.9315	50
Social Security Provision	0	4	6	13	27	4.26	0.95	0.939	50
Salary & Wages	2	4	8	23	13	3.82	1.03	0.772	50
Equality / Equal Treatment	3	6	11	11	19	3.74	1.24	0.961	50

**Interpretation:**

Table No.1 interprets that the labour laws variables like health, safety, welfare, salary & wages, working conditions plays essential role in improving QWL. Labour law variables have strong relationship with QWL.

Table 2: Nature of Jobs Existed in Manufacturing Organizations. (N= 50)

Sr. No	Nature of Job	Yes (%)
1	Performance of the workers are evaluated	47
2	Opportunities to workers positively links to job satisfaction	78
3	Repetitive Job	68
4	Challenging Job	34
5	Safe and healthy working conditions are maintained	31
6	Wage system is based on productivity	22
7	Creative & Innovative Workers	18
8	Promotion based on Performance	11
9	Training needs are assessed	31
10	Workers get opportunity	20

**Interpretation:** The result of responses presented in table 2 shows that there have not been changes in the nature job in manufacturing sector. Majority of jobs role & responsibility are still repetitive than challenging, competitive. Most of the union leaders agreed that the opportunity to workers links with job satisfaction & in improving quality work life. Need to improve health, safety provision.s. Training needs are not properly assessed; performance measurement system is still formal not linked with performance. Also employees are not giving chances of opportunity for their creativity & innovativeness.

Table No. 3 Ranking of Job factors essential for improving QWL (N= 50)

Sr. No	Job Content	Percentage of Respondents		
		1 <sup>st</sup> Rank Essential	2 <sup>nd</sup> Rank	3 <sup>rd</sup> Rank
1	Meaningful Job Profile	46	27	21
2	Job Security	57	21	18
3	Adequate Salary & Wage, Welfare benefits	62	18	11
4	Safe & Health Working Conditions	48	21	13

**Interpretation:** Based on literature four major variables related to job selected to examine essentials of QWL in manufacturing sectors. Above table shows that the every leader of union from each company believes that QWL is primarily related to adequate pay benefits. Also incentives, benefits, facilities essential to maintain QWL than the job security, meaningful job profile.

**Table No. 4 Expectation regarding QWL by Trade Union Leaders (N=50)**

Sr. No	Job Content	Percentage of Respondents		
		1 <sup>st</sup> Rank Expectation	2 <sup>nd</sup> Rank	3 <sup>rd</sup> Rank
1	Sufficient provisions for social security, insurance, standardized wage systems, incentives, facilities, health and safety, working conditions, etc.	68	23	10
2	Enhance skill development programs like training and development, participation, autonomy, flexibility, employee relations etc.	54	26	21
3	The need for enforcing labor legislations and proper mechanism to monitor and supervise work places.	72	18	10
4	Formulation of new PF, MW, PW, MB Act and other QWL relate legislations to protect workers right, free to form unions and their recognition in changing perspectives.	48	27	18

**Interpretation:**

Table 4 depicts the expectation of leaders about the implementation of labour laws & amendment required in laws. Union leaders are expecting that companies need to develop a proper mechanism for the implementation of labour related legislation and there should be regular monitoring of such initiatives by government. Also sufficient provision for social security standardized wages systems, incentives, working conditions.

**Table No. 3 Assessment of QWL Situation**

Act	QWL related provisions	The Reality
The Factories Act	Health	<ul style="list-style-type: none"> <li>➤ Problem in classification of jobs</li> <li>➤ Problem in welfare facility</li> <li>➤ Problems in welfare facility</li> <li>➤ 85% employee not getting leave benefits</li> </ul>
	Safety	
	Welfare	
	Leaves Benefit	
The Minimum Wages Act 1948	Payment of Minimum Wage	<ul style="list-style-type: none"> <li>➤ Working Hrs is major problem</li> <li>➤ Minimum payment of wages also major issues recently facing</li> </ul>
	Classes of Employees	
	Working hours	
The Payment of Wages Act 1936	Manner of Payment	<ul style="list-style-type: none"> <li>➤ Unauthorized deduction &amp; Payment timing not satisfactory</li> </ul>
	Payment Time	
	Authorized Deductions	
The Payment of Gratuity Act 1972	Maximum Gratuity	<ul style="list-style-type: none"> <li>➤ Gratuity getting as per law</li> </ul>
	Gratuity Calculation	

The Payment of Bonus Act 1965	Minimum & Maximum Bonus	➤ Maximum employees are not happy with the bonus. Now a day's bonus is not given as per contribution.
	Bonus Calculation	
	Eligibility & Disqualification of Bonus	
The Employee State Insurance Act 1948	Medical, Sickness, Death, Diseased & Dependent Benefit	➤ Employees are somewhat happy with the state insurance scheme of companies.
The Workman Compensation Act, 1923	Death & Disablement Benefit	➤ Employees are getting & somewhat satisfied with compensation benefit provided
The Employees Provident Fund & Miscellaneous Provision Act 1952	Provident Fund & Family Pension Scheme Benefit	PF & PF related issues are more in maximum companies.
The Maternity Benefit Act,	Maternity Leave Benefit	➤ Maximum companies are not providing Maternity benefit to employees. ➤ Maternity benefits include different benefits, but organization not provides all kinds of benefits.
	Hospital Expenses	
	Nursing Break	
	Miscarriage Benefit	

**Interpretation:** Above table reveals the fact that the acts are made by legislature, but proper implementation & mechanism of implementation failed to follow. There are number of lapses in the implementation of labor laws in PCMC factories. Need to have some strong policy for implementation of laws.

### 11. Conclusion

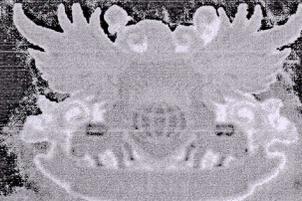
The situation of QWL is really deteriorating. As we know that there are positive consequences of QWL initiatives on the personal and work lives of employees and workers. In the absence of QWL initiatives, as discussed in the beginning of this paper, negative consequences we will face. From the above discussion, it appears that our manufacturing organizations experienced negative consequence in the absence of QWL initiatives. What is required is the commitment on the part of government and employers to work on these initiatives and create a sound and harmonious industrial environment. In the changing perspective of PCMC it is imperative to learn from the past mistake and at the same time government has to take into account expectations of union leaders. However, we suggest that there should be an open debate amidst employers, the government and labor unions in the framework and provisions of new labor legislations to meet the challenges of 21st century.

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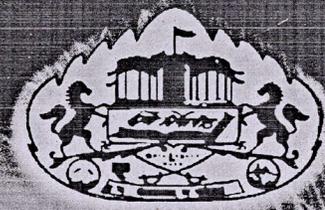
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Email- [marketing@sharpmultinational.com](mailto:marketing@sharpmultinational.com)

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## 48. "A Study of saving and Investment Pattern of Salaried People with reference to Pune city of Private Sector"

**Prof. Renuka E. Walunj**

Research Scholar, Rajagd Institute of  
Management Research and Development,  
Pune

**Dr. D. B. Bharati**

Director of Rajagd Institute of  
Management Research and Development

### ABSTRACT

*"The highest use of capital is not to make more money, but to make money do more for the betterment of life." – Henry Ford.*

*An investment refers to the commitment of funds at present, in anticipation of some positive rate of return in future. It is the employment of funds with the aim of achieving additional income or growth in value. The first step of investment is savings. Savings involves the commitment of resources which have been saved or put away from current consumption in the hope that some benefits will occur in future. The saving in financial form include savings in currency, bank and non-bank deposits, LIC funds, pensions fund, shares and debentures etc. The investment pattern and saving habits of employees sector is determined by their expectations from the various preferred avenues. Preference may vary due to various considerations i.e. Safety, Liquidity, and marketability, returns tax benefits, risk involved etc. Investment also depends upon the awareness about investment opportunities are evaluated and selected.*

*The research aims to study and understand the behavioral pattern of investment among the salaried people working in private sector and the difference in perception of an individual related to various investment alternatives.*

**Keywords:** Investment, Saving, Salaried, Private sector

### **Introduction:**

Investment involves employment of funds with the aim of achieving additional income or growth in values. The essential quality of an investment is that it involves the commitment of resources which have been saved in the hope that some benefits will accrue in future. Thus, investment may be defined as "a commitment of funds made in the expectation of some positive rate of return." The money earned is partly spent and the rest saved for meeting future expenses. Instead of keeping the savings idle it may like to use savings in order to get return on it in the future, which is known as 'investment'.

Investment is the utilization of resources in order to increase income or production output in the future. An amount deposited into a bank or machinery that is purchased in anticipation of earning income in the long run is the both examples of investments.

To the economist, investment is the net addition made to the nation's capital stock that consists of goods and services that are used in the production process. A net addition to the capital stock means an increase in the buildings, equipment or inventories. This capital stock means an increase in the buildings, equipment or inventories. These capital stocks are used to produce other goods and services.

Financial investment is the allocation of money to assets that are expected to yield some gain over a period of time. It is an exchange of financial claims such as stocks and bonds for money. They are expected to yield returns and experience capital growth over the years.

The financial and economic meanings are related to each other because the savings of the individual flow into the capital market as financial investments, to be used in economic investment. The main elements of investments are Return, Risk and Time.

The study is under taken with a view to analyze the investment pattern of the salaried people and factors influencing employee's investment of private sector with reference to Pune city.

**Objectives:**

- 1) To study the behavioral pattern of investments among salaried people working in private sector.
- 2) To study the mode of investments of the salaried respondents in various investment avenues.
- 3) To study the factors that influencing investment behavior of the peoples.

**Hypothesis:**

H1: There is relationship between the age and income of the salaried peoples and their investment pattern.

**Scope of the Study:**

This study is based upon the Investment pattern of salaried class people. This analysis is focused on the information from salaried people about their knowledge, perception and behavior on different investment avenues.

**Review of Literature:**

**Avinash Kumar Singh(2006)** The study entitle "Investment Pattern of People" has been undertaken with the objective, to analyze the investment pattern of of people in Bangalore city and Bhubaneswar analysis of the study was undertaken with the help of survey conducted. After analysis and interpretation of data it is concluded that the Bangalore investors are more aware about various investment avenues and the risk associated with that. All the age groups give more important to invest in equity and except people those who are above 50 give important to insurance, fixed deposits and tax saving benefits.

**Anil B. Kalkundrikar(2011)** entitle "Impact of Demographic Factors on Retail Investor's Investment Decisions- An Exploratory Study" has been undertaken with the objective, to study whether demographic factors have any impact on retail investor's investment decisions. After analysis and interpretation of data it is concluded that there are relations between the retail investor's age, gender, marital status with level of risk taken by him/her. There are relations between the retail investor's level of income, and level of knowledge with level of risk taken by him/her.

**V. Balakrishnan entitle(2011)**, "Investment Decisions- influence of Behavioural Factors" has been undertaken with the objective , to study the various factors that influence the investor's decision making process, to analyze the investment pattern of investors to various capital market information and to examine the relationship between age, income and the investment portfolio of the investor. After analyzing the collected data researcher observed that there is significant relationship between age and the industry prospects in the decision making criteria. The investors prefer a wait and watch policy for taking their decisions to most information.

**Sushil Kumar Mehta entitle (2011)**, "The Effect of Demographics On Investment Choice: An Empirical Study of Investors in Jammu" has been undertaken with the objective to study the relationship between various demographic factors, and the investment personality exhibited by the investors."After analyzing the data researcher found that the people in Jammu region are conservative in nature and want that their money should be safe. They are not that concerned for the growth of the money or liquidity. There is no association of age, gender, occupation, education with the appropriate investment period, but there is significant relationship of income with the appropriate investment period.

**Research Methodology:**

The study sample comprised of 100 salaried people in private sector. A questionnaire was framed consisting of 16 closed end and open end questions covering the personal and demographic profile,

the awareness related to methods, modes reasons of saving and investment and related data were collected.

The questionnaire had three parts. In the first part, the demographic factors of the investors were recorded like age, gender, marital status etc. The second part of the questionnaire was related to the investment details of the investor. The various avenues the investor had invested in and details regarding investment in LIC, Bank deposits, gold, mutual fund etc. The final part of the questionnaire was related to the behavioral details, which recorded the investor reactions.

#### **Method of Data Collection:**

**Primary data:** Primary data is collected from 100 respondents through questionnaire method.

**Secondary data:** Secondary data is collected from library, published documents, Magazines, various Internet download, books and journalsetc

#### **Limitations of the study**

- The study shall be limited to salaried people who are employed in private sector.
- The study is limited to Pune City only.
- The study has also the limitation of time, place and resources.
- An interpretation of this study is based on the assumption that the respondents have given correct information

**Investor-** Investor is a person or an organization that invest money in various investment sources for specific objective. Attitude of investment is different in each alternative. E.g. financial market have different attitude towards risk and return. The risk bearing capacity of investor is a function of personal, economical, environment, and situational factors such as income, family size, expenditure pattern, and age. A person with higher income is assumed to have higher risk bearing capacity. Thus investor who is having extra cash could invest it in securities or in any other assets like gold or real estate or could simply deposit it in his bank account. The three golden rules for all investors:

- 1) Invest early
- 2) Invest regularly
- 3) Invest for long term and not for short term

#### **Categories of Investors**

- 1) **Conservative investors:** Conservative investors feel that safeguarding what they have is their top priority. These investors want to avoid risk- particularly the risk of losing any principal (original investment). They are generally reluctant to invest in stocks, which may lose value, especially over the short term.
- 2) **Moderate investors:** Moderate investors want to increase the value of their portfolios while protecting their assets from the risk of major losses. For example, a moderate investor might use an allocation model that has 60% in stock, 30% in bonds, and 10% in cash equivalents. They may be willing to invest a modest portion of their principal in higher risk securities.
- 3) **Aggressive investors:** Aggressive investors concentrate on investments that have the potential for significant growth. They are willing to take the risk of losing some of their principal, with the expectation that they will realize greater returns. An aggressive investing style is definitely not for the faint of heart. It is best suited for investors with a long-term investing horizon of 15years or more, who are willing to make a long-term commitment to the stocks they buy.

#### **Types of Investors**

- 1) **Individual investors:** Individual investors are individuals who invest their savings in financial assets. They are large in number. Each individual will have comparatively smaller amount of investible surplus. Majority of the individual investors lack the knowledge and skill required to carry out extensive analysis of the investment opportunities available in the market.

- 2) **Institutional investors:** Institutional investors, on the other hand, are the organizations with surplus funds who engage in investment activities. Mutual funds, investment companies, banking and non-banking companies, insurance corporations, etc. are the organizations with large amounts of surplus funds to be invested in various profitable avenues. These institutional investors are fewer in number compared to individual investors, but their investable resources are much larger

#### **Salaried Investors-**

The respondents of this study consist only the people those who are earning their money as salary, popularly referred as salaried groups. It is observed that the salaried group will always differs in their investment pattern due to safety, security, regular income, retirement benefit and other unique features than the other occupation people like business man and professionals.

#### **Investment Options Available in Market**

- 1) Corporate securities
  - a) Equity Share
  - b) Preference shares
  - c) Debentures and Bonds
  - d) Depository Receipts (GDRs/ADRs):
  - e) Warrants
- 2) Deposit in bank and non banking companies
  - a) Bank Savings:
  - b) Bank fixed deposits
  - c) Company fixed deposits:
- 3) Post office deposits and certificate
  - a) Post Office Time Deposits (POTDs):
  - b) Monthly Income Scheme of the Post Office:
- 4) Life Insurance Policies
- 5) Public Provident Fund
- 6) Government and semi-government securities
- 7) Mutual Fund
- 8) Real Estate
- 9) Bullion investment

#### **Analysis of Investment Pattern:**

The analysis shows that insurance is the preferred investment avenues for salaries class peoples. 38% of the respondent's choices are insurance. From the percentage analysis it is inferred that 70% of the respondents are male and 30% are female. 51% of respondents are married and 49% are single. 80% of respondents come under the income level above 3.5lacs out of that 54% respondents come under above 5 lakhs. More than 75% respondents invested up to 1 lakh annually. 20% of respondents are like to invest in bank deposits and 14% are like to invest in Real-estate and 10% in Gold. 34% of respondents investment objective is safety and 27% of respondents investment objective is tax saving. 24% of respondent's investment behavior is frequency in nature like investment in quarterly and 10% frequency investment in half yearly. 33% of respondents saving purpose is for future needs and 19% of respondent's saving purpose is for Retirement and Health Care. 56% of respondents are self-decision makers in choosing investment option and 22% are referring the friends and relatives. 46% of respondents prefer medium term and 39% are choosing long term.

87% of respondents are satisfactory on their investment and 13% of respondent's satisfaction is poor on their investment.

**Analysis of Investment Pattern**

Variable	Respondents	%	Variable	Respondents	%
<b>Gender</b>			<b>Preference of Investment Product</b>		
Male	70	70	Life Insurance	38	38
Female	30	30	Bank Deposits	20	20
<b>Age</b>			Post office Savings	5	5
Below 25	8	8	Mutual Fund	6	6
25-35	62	62	Gold	10	10
36-45	26	26	Debentures	0	0
Above 55	4	4	Real Estate	14	14
<b>Marital status</b>			Equity	6	6
Single	49	49	Company fixed deposits	1	1
Married	51	51	Other	0	0
<b>Annual Income</b>			<b>Investment Frequency</b>		
Below 1000000	0	0	Weekly	0	0
100000-200000	2	2	Monthly	20	20
200000-350000	16	16	Quarterly	25	25
350000-500000	28	28	Half yearly	10	10
Above 500000	54	54	Yearly	45	45
<b>Annual Investment</b>			<b>Reason for choice of Investment</b>		
Below 25000	19	19	Self awareness	56	56
25001-50000	31	31	Financial Advisor	14	14
50001-100000	29	29	Broker Advice	4	4
100001-200000	13	13	Media	4	4
200001 & Above	8	8	Friends OR Family Advice	22	22
<b>Time period of holding Investment</b>			<b>Sort of Investment preferred</b>		
Up to 3 years	29	29	Short Term	15	15
3 - 5 years	32	32	Long Term	39	39
Above 5 years	39	39	Medium Term	46	46
<b>Basis of Investment Objective</b>			<b>Saving Objective</b>		
Safety	34	34	Children Education	17	17
Liquidity	5	5	Retirement	19	19
Reliability	14	14	Home Publication	8	8
Tax Benefit	27	27	Children Passion	4	4
High Return	20	20	Health care	19	19
<b>Satisfaction about Investment</b>			Future Needs	33	33

Yes	87	87	Awareness of Risk and Return of Investment		
No	13	13	Yes	88	88
			No	12	12

**Recommendations:**

“In investing money, the amount of interest you want should depend on whether you want to eat well or sleep well”. – J. Kenfield Morley

A proper system to educate investors should be developed by financial institutions, companies so as to enable the investors to analyze the risks associated with investments made by them. The investors should deep their investments for a longer time, keeping in mind the level of risk involved and saving pattern. Investors should collect all possible information before making an investment. Investors should carry out periodical reviews of the investments made by them and risk analysis should be done regularly. Proper records for each transaction should be maintained. A careful and reasonable diversification of investment avenues should also be done on the investor’s part to balance the risks involved in the investment. It is also suggested that the investors should inculcate a habit of saving regularly so that small savings will grow into a bigger capital base. Investors should invest a reasonable part of their investments in liquid security so as to meet any contingency. Investments in the form of bank deposits have been found more popular among employees. These employees attribute safety the main reason for making investment in bank deposits. Hence it is suggested that employees should channelize their surplus in diversified way so that they may get good return. For selection of investments investors are helped by financial news channels, financial newspapers, various markets related T.V. Shows, expert talks, Magazines. Though they are having sound knowledge of financial market and economic condition of India yet they lack the edge above the others as this field is very unpredictable and vast hence they must be backed up by financial planner.

**Conclusions:**

The broad objective of the study was to measure the investment pattern of salaried people in private sectors in Pune. The analysis and interpretations are very clearly shows that employees have different view like investment pattern by market movement, factors influencing their decision, frequency of investment and alternatives available.

Employees are a keen to invest in long term investment and less risk products and also interested to earn the good return on their investments. Employees are aware about the factor affecting their short term as well as long term investment. It is clearly revealed that the employees are more concerned about safety of their investments and obtaining high returns, tax benefit from investment came in second. LIC and bank deposits are most preferred investment option due to its safety, reliability features. But income factors affect investment in savings bank, insurance, and real estate. While selecting of investment plan employees checked all information about plan like wait and watch policy before taking any decisions, risk and return involved in investment plan etc. With self-analysis they make decision to grab the opportunity or not. But only basic knowledge is not sufficient to evaluate the actual value of investment. This also shows that investors are usually not confident of their abilities to make investment decisions. Some of the employees are influenced by friends or relatives adviser’s recommendation because they didn’t have in depth knowledge about the market.

The females are conservative while investing, whereas males are aggressive. That is why the females would not like to invest in equities, probably because they felt that investment in equities are very risky. The employees in the lower age groups did not prefer post office as an investment option, but the employees in higher age group preferred post office as an investment avenue.

Thus the study identifies that employee’s investment decisions are based on various demographic factors like age, gender, marital status, level of income and level of market knowledge.

These factors have major impact on investment decisions. Thus the validity of hypothesis has been proved with the help of primary and secondary data.

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