



A STUDY ON SAVINGS AND INVESTMENT PATTERN AMONG THE TEACHERS IN COLLEGES AFFILIATED TO THE UNIVERSITY OF KERALA

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Abstract

Savings refers to that part of income which is not consumed. Individual saving means spending less on consumption than available from one's disposable income. Investment involves the purchase by an individual or institutional investor of a financial or real asset that produces a return proportional to the risk assumed over some future investment period. Savings and investment were not separated because all investors are savers but all savers cannot be good investors, as investment is both science and an art. The objective of the present paper is to conduct an investigation on the savings and investment habits among college teachers in University of Kerala. The data for the purpose was collected from the 50 selected teachers working in the colleges affiliated to the University of Kerala, Thiruvananthapuram with the help of a structured interview schedule.

Keywords: *Investment Behaviour, Saving Habits, Income, Financial Instruments.*

1. INTRODUCTION

Saving is the prominent factor in the development for any kind of economy. A strong financial infrastructure will be laid down only with help of the saving formation. Savings refers to that part of income which is not consumed or it is the excess of income over expenditure. Saving helps everyone to achieve more stable life than someone who has no saving. Habit of saving is a way to keep safe someone from natural adversity that comes in his life.

Investment means commitment of funds made in the expectation of some rate of return in future. It is the part of the savings of persons, companies and business organisations of the country. A person's future will be depending on his investment decision making strategy. Every person has to decide his investment strategy according to his financial position. The investments are of financial investments or physical investments; financial investment means purchase of claims on future money flows or financial assets which are capable of further production and income, physical investments are in consumer goods – durables or non-durables, gold, silver, cars and antiques. These are satisfying the immediate consumer needs, for comfort, luxuries, social status, etc. Some investments of physical nature are more in real estate, land, buildings, etc.

Risk, return and liquidity are the major factors influencing investment decisions. Return of investment means yield plus capital appreciation. Every investor is interested to get high return for their investment. A good investor generally prefers liquidity of his investment. If a capital asset is easily salable or marketable it is said to be liquidity. Variability of returns, liquidity and investment security are the major risk factors involved in an investment strategy.

There are many reasons by which people are induced to save, some of them are:-

- 1) **Earning income**
Some people live for today and have no future plans. They spend whatever they get, they have no saving habit. Once you have saved some considerable amount of money, you can use it as an investment and can earn returns on it.
- 2) **Achieve a feeling of self-reliance**
A habit of savings gives people the ability to enjoy independence and power to do things.
- 3) **To meet future contingencies**
Future life of every person is uncertain; anything may be happen in future. Individuals save for several reasons including the desire to provide for unexpected contingencies such as illness or loss of a job, the desire to acquire certain goods or services such as a car, or a vacation and the opportunity to gain financial rewards.
- 4) **Savings act as an inducement for investment**
If a person has considerable savings, he will have a feeling that he is able to meet some unexpected expenditure and to face moderate risk. This feeling induces him to make investment.

2. REVIEW OF LITERATURE

The important studies relevant to the present study are reviewed briefly below.

Suresh Chandra Bihari & Apoorv Raj (2013) study about the investment behaviour of the customers towards mutual funds and other products. The study shows that commercial sources are more influencing customers to take decision. At the same



time personal sources is also adding value to their decision making process. Magazines, newspapers, film, advertisement, display, demonstration, exhibition and colleagues play a vital role in searching meaningful information.

R. Shanmugam & K.Ramya (March 2010) analyse personality traits and its impact on one's behaviour. The study reveals that internals have high correlation with investment knowledge and successful investment behaviour. Also it was pointed out that there is significant difference in investment behaviour amongst individuals with high and low investment knowledge.

Karthikeyan (2001) analyse small investors perception on post office saving schemes and the study pointed out that there was significant difference among the four age groups, in the level of awareness for Kissan Vikas Pathra (KVP), National saving schemes (NSC) and Deposit Scheme for Retired Employees (DSRE) the overall score confirmed that the level of awareness among investors in the old age group was higher than in those of young age group.

Baby soosy (1993) analyse the savings and investment pattern among Udayamperoor Panchayath. She pointed out that there is positive correlation between savings and occupation. The occupation pattern of the people has much influence on the income, savings and consumption pattern. She also pointed out that the banks which enjoys the first position in lending at the said Panchayath, which in the process of being a saving agency should have the flexibility and competence to evaluate the savings debit and credit needs of each family and respond to the demand of the situation.

Raju (1993), conduct a study about household sector savings and deposit mobilisation in Kerala, analysed that the major determinants of savings habits of household sector are income, education and size of the household. He also found out that the investment in physical assets is comparatively high among the rural households. He pointed out that this can be reduced through proper education among the households.

3. OBJECTIVES OF THE STUDY

The present paper has the following objectives

1. To analyse the savings habits of college teachers in University of Kerala.
2. To analyse the investment pattern of college teachers.

4. HYPOTHESES

Ho: There is no significant relationship between income and annual savings.

Ho: There is no significant relationship between age of the respondent and annual savings.

Ho: There is no significant relationship between income of the respondent and expected rate of return.

5. METHODOLOGY ADOPTED AND DATA BASE

The present work is descriptive and analytical in nature. Both primary and secondary data have been collected and used for the preparation of this article. Primary data are collected from the 50 teachers from colleges under University of Kerala through structured interview schedule. Secondary data have been collected from journals, research reports and the relevant text books.

5.1. Sampling Size

The population of the study is the college teachers under University of Kerala. In order to ensure a large sample size, 50 teachers have been selected for the purpose. Simple random sampling method has been employed for the selection of sample respondents.

RESULTS AND DISCUSSION

In order to fulfil the objectives stated above, certain variables are identified and analysed. The variables analysed are listed below.

1. Demographic information about respondents
 - a. Age group
 - b. Gender
 - c. Marital status
 - d. Education
 - e. Monthly income
2. Annual savings
3. Main avenues of investment
4. Objectives of investment
5. Frequency of investment

6. Investment decision maker

1. Demographic Information about respondents.

Table-1 , Demographic Information about respondents.

Demographic variable	Particulars	Total	Percentage
Age (Years)	Up to 30	7	14
	30-40	24	48
	40-50	9	18
	Above 50	10	20
Total		50	100
Qualification	PG	27	54
	M.phil	12	24
	Ph.D	6	12
	PDF	5	10
Total		50	100
Marital status	Married	34	68
	Unmarried	16	32
Total		50	100
Monthly Income	Up to 40000	5	10
	40000-50000	17	34
	50000-60000	14	28
	60000-70000	8	16
	Above 70000	6	12
Total		50	100

Source: Primary Data

The table shows that majority of the respondents are in the age group between 30-40 years, 18% of the respondents were in the age group of 40-50 years, 20% of the respondents were in the age group of above 40% and 14% were in the age group of below 30 years. The majority of the college teachers have completed post graduation (54%), 24% of the teachers have completed M.phil degree, 12% have completed Ph.D degree and only 10% of the respondents have completed PDF. 68% of the respondents were married and 32% of the respondents were unmarried. It is also inferred from the above table that 10% of the respondents have monthly income of less than rupees forty thousand, 34% have monthly income between 40000-50000, 28% and 16% have monthly income between 50000-60000 and 60000-70000 respectively and 12% have monthly income of more than rupees seventy thousand.

2. Frequency of investment and Investment decision maker.

Table.2 Frequency of investment and Investment decision maker

Frequency of investment	no	Percentage	Investment decision maker	No	Percentage
Monthly	3	6	Self	31	62
Quarterly	35	70	Family	16	32
Half Yearly	8	16	Friends	3	6
Yearly	3	6	Total	50	100
Others	1	2			
Total	50	100			

Source: Primary Data

Most of the teachers (62%) take investment decisions for their own interest; they are self decision makers. 32% of the respondents take investment decisions for the influence of the family and 6% of them take decision on the basis of friends' opinion and suggestion. According to the statistics 70% of the teachers invest their income on quarterly basis and 16% of the respondents made investment on half yearly basis. 6% of the sample respondents made investment on monthly basis and another 6% of them on yearly basis etc.

1. **Pearson Chi- square Tests for measuring the association between monthly income and savings**

Table.3 Chi- square Test

Monthly Income	Respondents	
	No.	Percentage
Up to 40000	6	12
40000-50000	18	36
50000-60000	15	30
60000-70000	8	16
Above 70000	3	6
Total	50	100
Pearson Chi-Square	14.960	
P value	0.002	
Result	Significant	

Source: Primary Data

As per the Chi-Square Test, CVTS (Computed Variable Test Statistics) is 14.960 and p value is 0.002 ($p < 0.05$), H_0 is rejected that is there is relationship between savings and income. That is income of the college teachers and their savings are dependent.

2. **One way ANOVA for measuring the relationship between income of the respondent and expected rate of return.**

Table.4 Expected rate of return of the respondent

Expected rate of return	No of respondent	Percentage
Below 5%	3	6
5 –10%	13	26
10- 15 %	25	50
Above 15%	9	18
Total	50	100

Source: Primary Data

The table shows that most of the respondents expect rate of return at 10-15%, 18% of the respondents expect more than 15% rate of return on their investment, next 26% of the respondents expect rate of return at 5-10%.

ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	24.556	4	6.139	37.108	.000
Within Groups	7.444	45	.165		
Total	32.000	49			

Source: Primary Data

The anova results shows that the significance value is 0.000 which is less than the level of significance, which is 0.05. Hence the null hypothesis is rejected. It proves that there is significant relationship between monthly income of the respondent and expected rate of return.

3. **One way ANOVA for measuring the relationship between age of the respondent and savings.**

Table.6 Savings of the Respondent (Source: Primary Data)

Savings of the respondent	No	Percentage
Up to 50000	9	18
50000-100000	19	38
100000- 150000	19	38
Above 150000	3	6
Total	50	100

The table shows that 38% of the college teachers have annual savings between 50000-100000, another 38% of the respondents have savings between 100000-150000, only 6% have savings more than rupees one lakh fifty thousand.

Table.7 One way anova table

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	27.822	3	9.274	60.439	.000
Within Groups	7.058	46	.153		
Total	34.880	49			

Source: Primary Data

The table shows that the significance value is less than the level of significance i.e., $0.000 < 0.05$, hence the null hypothesis is rejected. The result proves that there is relationship between age of the respondent and annual savings.

4. Main avenues of investment of the respondents.

Table.6 Main avenues of investment

Investment	No	Percentage
Mutual Fund	3	6
LIC	11	22
Gold	5	10
Real Estate	3	6
Bank FD	7	14
Equity	2	4
GPF	16	32
Others	3	6
Total	50	100

Source: Primary Data

Majority of the teachers consider GPF as the main investment avenue, 22% of the respondents have LIC, 14% of them interested in Bank FD. 10% of the respondents consider gold as Investment avenue and only 6% of the respondents invested in mutual fund and real estate and 4% of the teachers are share market investors.

5. Objectives of investment of the respondents,

Table.6 Objectives of investment

Objectives of investment	No	Percentage
High return	2	4
Tax benefits	15	30
Emergency Need	20	40
Children's Education	7	14
Children's Marriage	4	8
Others	2	4
Total	50	100

Source: Primary Data

The above table clearly shows that 40% of the respondents invest their savings for meeting the future emergencies, 30% of the respondents invest their money for enjoying tax benefits, 4% of the college teachers invest their money for high return, 14% invest their money for children's education and 8% for children's marriage etc.

6. CONCLUSION AND SUGGESTIONS

Saving means income not spend or deferred consumption, saving money will help one and his family to achieve more stable life than someone who has no savings. Investment is a part of the savings of individuals; every individual has to make his investment decisions according to his financial position. Most (48%) of the teachers are in the age group of 30-40 years, the statistics shows that younger age group are more interested in savings and investment than other groups. The study shows that majority of the respondents have monthly income between 40000 and 60000.



As per the Chi-square Test, CVTS (Computed Variable Test Statistics) is 14.960 and p value is 0.002 ($p < 0.05$), income level of the respondents influence their saving habits. Test statistics of frequency of investment shows that majority of the respondents invest their income on quarterly basis. Majority of the teachers take investment decision for their own interest, they are self decision makers and some of the respondents take investment decision for the influence of family and friends.

Majority of the college teachers investing their money for meeting future emergency needs and next 30% of them are investing their income for getting income tax benefits. As per the test statistics GPF is considered as the main investment avenue and some of them have LIC, Gold etc. Only small numbers of teachers are interested in share market investment. Age, income etc have influence the saving habits of teachers. Creating a saving and investment habit gives us options in the future. It gives us flexibility throughout the life investors.

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