

Savings and Investment Pattern of Teachers Working in Arts and Science Colleges in Coimbatore District

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Abstract: *In modern world money is essential for everyone. For running smooth and peaceful life everyone should earn money, India is one of the fastest growing economy with a higher GDP. To reach top position proper fund management is the need of the hour for accelerating further economic development. This can be done through proper savings and investment. Saved money should be invested in proper investment avenues. Savings and investments at the gross root level channelize not only benefit single person but also benefits to the whole economy. Objective of the study is to know the savings and investment pattern of teachers working in arts and science colleges of Coimbatore district. Data was collected by distributing structured questionnaire to 748 college teachers. The research shows that majority of respondents are saving money, resorting to traditional investment method, they believe that it will be safer side for meeting their future needs and requirements.*

Keywords: Money, Savings, Fund Management, Investment avenues, College teachers

1. Introduction

"If you do not know how to care for money, money will stay away from you" says Robert T.Kiyosaki. From the above quote we come to know about the importance of money in our day to day life. In today's world earning of money is a difficult task for everyone than spending the money. Everyone should work hard for earning the money. India is one of fastest growing economies in the world. Proper funds are needed for economic development. Economic growth of a country is very much depended upon savings of the individuals. So, savings not only beneficial to individuals but also benefits the economy as a whole. Nowadays, people tend to save money rather than to spend. Instead of parking savings, the saved money is used to make profit for their future. The peoples started to invest their saved money in various investment avenues. One should be very careful in investing their money. Making investment a successful one, investor should work for it. Decision making plays a vital role in making investments in various investment avenues. The investment decisions of investor should balance risk and return against it. There are various investment options includes government bonds, stocks, deposits in banks, gold, insurance schemes, provident fund, postal schemes, silver, real estate etc. The above alternative forms of investment are called investment vehicles. Savings and investment are the two important variables which plays a significant role in the economic growth.

Global Investment Scenario

India today enabled with digital technology in the current global environment, capital is scarce and countries are competing for attracting capital. It is important to make India an investor friendly destination for increasing the capital of the country. The Indian government had facilitated the investors by establishing investor facilitation cell to provide primary support for all investor protection for handholding and liasioning services to investors

Investment Scenario In India

Foreign Direct Investment (FDI) and globalization is considered as an integral part of all developed as well as developing countries. The growth of underdeveloped countries is also depended on these factors. These factors equip the developing nations with new skills and also provide smooth access to the markets and introduction of the new technology. Today the whole world is looking for foreign and overseas investors. Foreign investment is important for the economic development. In recent trends, India rank second to China in league of investment destination. India is considered the most preferred investment destination by the foreign institutions and individual investors. India's macroeconomic prospectus have improved and reached the best position among emerging market economies. Investment scenario in India is getting better with each passing day due to high confidence level of investors. Choosing the best investment option will varies, only if the investor analysis and study the heterogenous nature of the Indian market before investing the earned money. Attracting global investors is the major factor considered in today economy development. Various elements within the country work for attracting global investors.

Table 1: Financial Assets of House Holds

(Rs In Billion)				
Particulars	2012-13	2013-14	2014-15	2015-16
Currency	1115	9995	1341	2006
Bank Deposit	5751	6481	5933	6159
Non-Banking Deposit	279	217	333	403
Life Insurance	1799	1840	2482	2725
PF & Pension funds	1565	1902	2020	2111
Shares and Debentures	170	425	533	918
Mutual Funds	7014	8252	10827	12328

Source: RBI Bulletin 2016

Table 2: Changes in Financial Assets of the Household Sector

(In Percent)					
Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Gross Financial Savings	10.4	10.4	10	10	10.8
Currency	1.2	1.1	0.9	1.1	1.4
Deposit	3	6	5.8	4.9	4.7
Shares & Debentures	0.2	0.2	0.4	0.4	0.7
Claims on Government	-0.2	-0.1	0.1	0	0.4
Insurance Funds	2.2	1.8	1.6	1.9	2
Provident & Pension Funds	1.1	1.5	1.6	1.6	1.5
Net Financial Liabilities	3.2	3.2	3	2.5	3
Net Financial Savings	7.2	7.2	7.4	7.5	7.7

Source: RBI Bulletin 2016

Table no 2 depicts the changes in financial assets of the house hold sector, it comprises of the individuals in the house hold and its evidence from the table the financial savings of the house hold sector shows an increasing trend. It reflects the changing attitude of people towards investment avenues.

2. Need for the Study

Today, the entire nation is expecting a fast track growth. Very soon India will reach top investment destination compared to our peers. Now a day's majority of people start to earn and save money for making profits by investing money in proper investment avenues. Saving and investing money will shape the economy and lead faster economic development. The value inculcated in people's mind will definitely affect the tomorrow's picture. The habit of individual financial planning and investment will surely shows sign of development. The well informed investor has a potential to invest money in various investment avenues. In the present day knowledge economy education had been played an important role for individuals. The teachers are the pillars of the society and the quality of education depends upon the knowledge, skills, creativity and intelligence of the teachers. Therefore financial education and awareness will definitely serve the purpose effectively, if got started through college level study. Therefore study regarding saving and investment pattern of college teachers become inevitable. The researcher has chosen coimbatore district for the present study which is called as the manchester of south India. The district is famous for engineering and agriculture activities. The coimbatore district is famous for providing extensive and advance health care facilities and is notorious for higher education particularly technical education. There are various state run universities, private universities, government colleges, government aided colleges and unaided colleges, law and medical colleges are there in the district. It is established fact that students from different parts of the country pursuing their qualitative higher education through these colleges. There are number of arts and science colleges registered in coimbatore district and the college teachers are paid good pay scales, like others they tend to save and invest saved money in investment avenues. Hence a study is undertaken to know what are the investment avenues preferred by the arts and Science College teachers working in the district of Coimbatore.

3. Statement of the Problem

The most important factor considered for overall growth and development of the economy is availability of capital formation. Capital formation is not enough for the country to meet its economic needs it may leads to underdevelopment of economy. Meanwhile capital formation is considered as the important key drivers for growth of economy. Capital formation resulting in increasing output and economic expansion to country. Productive capacity increase productive potential to the economy. It brings positive relationship between processes of capital formation and its economic growth to the country. It is clearly stated that growth of economy depends upon capital accumulation. Capital accumulation requires direct and indirect investment and current savings. Stimulating investment will increase level of savings will be challenging task for developing country like India for meeting financial requirement to the economy mobilization of financial assets and physical savings are important .To achieve desired saving and investment rate, there would need to raise large resources domestically. In India the major part of fund is from house hold sector .Indian households undertake savings in form of both financial and non-financial form. House hold sector savings is linked with growth. The saved money should invest in proper investment avenues. The country's savings and investment has to increase in positive way for development. It is clear from above that savings is backbone of investment. The Indian house hold sector is divided into many class people. Salaried class people plays an important role .People from salaried segments had fixed source of income. Salaried class people will have the mentality of savings for future emergencies .With minimum risk people tend to invest the money in proper investment avenues to maximize the return. From the various classes of salaried class people college teachers are subset of household segment. Teachers build valuable pillars to society. They serve as potential guide for youngsters of today and investors of future. A teacher serves as maker of mankind and builds future architect of society. College teachers are one of elite income group segment in society. Importance is given to resource mobilization keeping in mind for future requirements. Their aim is to save money after spending their income. College teachers know trick of maximizing their savings. They end to invest saved money in proper investment avenues after making deep analysis about investment avenues in which they are interested to invest the money. Analysis is made to avoid risk, maximize its return and capital appreciation. In this juncture study is under taken to know savings and investment pattern of arts and science college teachers working in district of Coimbatore.

4. Significance of the Study

Savings among house hold sector is good it leads development of economy .It results increase in investment rate quantum. Money market and capital market development depends upon investment and savings .The present study is empirical to identify savings, investment pattern, preferences, factors influencing investment risk, return satisfaction and problems faced by them study will help college teaches to plan savings and invest money in proper investment avenues.

Objectives of the study

To find out the savings, investment pattern and mode of investment of college teachers working in Coimbatore district.

5. Research Methodology

Research Design

The research design is the conceptual structure with which research is conducted. It constitutes the blue print for the collection, measurement and analysis of data. As such the design includes a routine of what the researcher will do from writing the objective and its implication to the final analysis of data. Generally the design which minimizes bias and maximizes the reliability of the data collected and analyzed is considered a good design.

Data Source

The study is based on both primary and secondary data. The data required for the study is primary in nature. Questionnaire method has been used for the collection of primary data. In this regard, a structured questionnaire was prepared and administered among the sample respondents selected. The secondary data have also been obtained from the books, journals and magazine.

Primary data

Primary data was collected from 748 college teachers working in art and science college in coimbatore district through structured questionnaire. The questionnaire covers socio economic profile of the respondents, savings and the purpose of savings of respondents, Investment pattern and objective behind their investment, level of awareness of investment avenues, risk faced by the respondents, return expected by the respondents, satisfaction and the problems faced by the respondents form the investment made

Secondary data

The secondary data have been collected from different sources the books, journals, magazines, expert’s opinion published in various print media, books written by the authors on investment and the data published by RBI ,Central statistics office and Ministry of Finance available on the internet.

Sampling Design

The simple random sampling method was adopted for the study. There are 64 arts and science college are there in coimbatore district. Around 2750 college teachers were working in the coimbatore arts and science colleges. The total populations for the study were collected from the bharathiar university website. From the total population the researcher had chosen 748 respondents as the sample size were considered for the study. The questionnaires were collected from 748 respondents.

Sampling Technique

Questionnaires were distributed among the respondents and collected back from arts and science college teachers working in the district of Coimbatore.

Pilot study

Pilot study was conducted among 50 investors. The reliability of variables in each construct was confirmed throughout the pilot study. On the basis of the pilot study a certain modification has been made in questionnaire. The questionnaire has been restructures and final schedule was prepared and questionnaires were collected from the respondents.

6. Review of Literature

- 1) **B.Thulasipriya (2015)** had conducted the search on investment preference of government employees on various investment avenues. The employees still prefers to invest in financial products which give risk free returns.
- 2) **Hood Nofsinger and Varma (2014)** examine the factor that influences the investment decisions of socially responsible investors. The investor feels that stock owned by individual investors should have social characteristics and personal values.
- 3) **Murithi Suriya (2012)** reported that majority of the investors are found to be considering two or more sources of information to make investment decisions. The investors discuss with their family and friend before making an investment decision

Analysis and Interpretation:

Friedman Test

A popular k – related samples test is the Friedman’s test. In this test we will be comparing k – parallel variables. The results are presented with suitable hypothesis and relevant interpretations. In this study this technique is to test whether any influence in the ranking variables relating to

- 1) Purpose of savings
- 2) Objective priority while investing
- 3) Risk factors experienced in investment

The results are presented with suitable hypothesis and relevant interpretations.

Hypothesis: The ranks for the different perception on purpose of savings are the same.

Table 1: Ranks for Different Perception on Purpose of Savings

S. No	Ranking Factors	Mean Rank	Degrees of freedom	Chi-square calculated value	p - value
1	Additional expenses	3.17	6	388.746	0.000
2	Tax savings	3.97			
3	Purchase of fixed assets	3.99			
4	Children’s future and education	3.48			
5	Future emergency contingencies	3.80			
6	Regular interest income	4.50			
7	Secured future	5.09			

The significance (0.00) is less than the (0.05). This means that we rejected the hypothesis. The ranks given to the seven factors are dissimilar. The most important factors are 'Additional expenses' (3.17) followed by 'Children's future and education' (3.48), 'Future emergency contingencies' (3.80), 'Tax savings' (3.97), 'Purchase of fixed assets' (3.99), 'Regular interest income' (4.50) and 'Secured future' (5.09).

II. Objective Priority While Investing

Hypothesis: The ranks for objective priority while investing are same.

Table 2: Ranks for Different Perception on Purpose of Savings

S. No	Ranking Factors	Mean Rank	Degrees of freedom	Chi – square calculated value	p - value
1	Growth Orientation	3.31	6	235.115	0.000
2	Regular Income orientation	3.60			
3	Balance Aspect	3.71			
4	Short term Profit Seeking	4.43			
5	Long term Profit Seeking	4.11			
6	Tax Saving Purpose	4.10			
7	Long Term Capital Appreciation	4.73			

The significance (0.00) is less than the (0.05). This means that we rejected the hypothesis. The ranks given to the seven factors are dissimilar. The most important factors are 'Growth orientation' (3.31) followed by 'Regular income orientation' (3.60), 'Balanced aspect' (3.71), 'Tax savings' (4.10), 'Long term profit seeking' (4.11), 'Short term profit seeking' (4.43) and 'Long term capital appreciation' (4.73).

III. Risk Factors Experienced In Investment

Hypothesis: The ranks for risk factors experienced in investments are same.

Table 3: Ranks for Risk Factors Experienced In Investments

S.No	Ranking Factors	Mean Rank	Degrees of freedom	Chi – square calculated value	p – value
1	Market Risk	3.10	5	1149.203	0.000
2	Credit Risk	2.98			
3	Inflation Risk	2.21			
4	Interest Rate Risk	3.19			
5	Political Risk	4.72			
6	Liquidity Risk	4.80			

The significance (0.00) is less than the (0.05). This means that we rejected the hypothesis. The ranks given to the six factors are dissimilar. The most important factors are 'Inflation risk' (2.21) followed by 'Credit risk' (2.98), 'Market risk' (3.10), 'Interest rate risk' (3.19), 'Purchase Political risk' (4.72) and 'liquidity risk' (4.80).

Chi-square Analysis

To study the personal factors on Period of Investment

Hypothesis: The personal factors have no significant influence on the opinion of the respondents on period of investment related variables

The Tables 4 and Table 4.1 describe overall scores and the results of chi-square analysis in terms of personal variables, chi-square values, p values and their significance on the study of savings and investment pattern.

Table 4: Overall Scores – Personal variables on period of investment

Personal variables		Overall Scores – Perception on period of investment			
		Low	Medium	High	Total
Age	21- 30 years	17	234	111	362
	31-40 years	14	129	57	200
	41-50 years	4	70	39	113
	50 years above	18	48	7	73
Total		53	481	214	748
Sex	Male	18	223	101	342
	Female	35	258	113	406
Total		53	481	214	748
Marital Status	Married	29	270	119	418
	Single	24	211	95	330
Total		53	481	214	748
Family members	Up to 2 members	0	71	17	88
	2 to 4 members	42	310	160	512
	5 to 6 members	2	68	30	100
	Above 6 members	9	32	7	48
Total		53	481	214	748
Number of family members	1 Member	8	98	46	152
	2 Members	24	284	121	429
	3 Members	11	74	40	125
	More than 3 members	10	25	7	42
Total		53	481	214	748
Annual Income	Up to Rs.100000	14	174	89	277
	Rs. 100001- Rs. 200000	5	133	54	192
	Rs.200001-Rs.300000	2	85	24	111
	Rs.300001-Rs.500000	11	50	39	100
	Above Rs. 500001	21	39	8	68
Total		53	481	214	748
Place of residence	Rural	21	135	42	198
	Semi Rural	15	134	28	177
	Urban	17	212	144	373
Total		53	481	214	748
Educational Qualification	Post Graduation only	11	103	78	192
	PG with NET/SELT	10	112	38	160
	P.G with M.Phil.	8	152	40	200
	Ph.D with NET/SELT	22	114	58	194
	Ph.D	2	0	0	2
Total		53	481	214	748
Nature of College	Government Institution	1	12	9	22
	Private Aided Institution	1	11	3	15
	Constituent	7	75	30	112
	Self Finance	44	383	172	599
Total		53	481	214	748

Source: primary data

Table 4.1: Chi Square values – Personal Variables on Period of Investment

S. No	Personal variables	Chi-square Value	p -Values	Significant/ Not Significant
1	Age	48.007	0.000	S
2	Sex	3.220	0.200	NS
3	Marital Status	0.048	0.976	NS
4	Family members	32.325	0.000	S
5	Number of family members	22.818	0.001	S
6	Annual Income	88.690	0.000	S
7	Place of residence	41.522	0.000	S
8	Educational Qualification	60.210	0.000	S
9	Nature of College	2.708	0.845	NS

S – Significant at 5% level (p value ≤ 0.05); NS – Not Significant at 5% level (p value > 0.05)

It is found from the Table 4.1 that the hypothesis is rejected (Significant) in six cases and other cases are accepted (Not significant). It is concluded that the personal factors 'Age', 'family members', 'Number of family members', 'Annual Income', 'Place of residence' and 'Educational Qualification' have significant influence on the period of investment in the study of savings and investment pattern among the college teachers in Coimbatore District.

7. Conclusion

Investors are sensitive about their safety of their investments made. They need safety and reliability for their investments. Current trend had not affected investment. College teachers invest their money in safer environment, need regular income from their investment made with lower risk. The investment preference is influenced by creating awareness, information factors and features to invest instruments. This will bring the changes in investment pattern of respondents in the years to come.

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