

A Study on Saving Habits of Post Graduate Students in Visakhapatnam City

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Abstract: *Every one of us works hard and smart to earn more money to improve our financial position but if the finances are not managed well, the money can leave us easily. So, it is important that the finances are managed well. Saving is one of the most crucial way of managing the finances. Unfortunately, savings is not so profound among the students. The students lack managing their financial management skills. This paper is sought to understand the saving habits among MBA students of Visakhapatnam District. It was found that the savings into various financial schemes by MBA students is below average. There should be some awareness program conducted for the students to learn saving to secure their future wealth.*

Keywords: Money, savings, students, financial schemes

1. Introduction

Savings brings pleasure whether the savings are on buying a product or services or saving in banks or any other financial schemes. Also, the saving habits makes a crucial role in making any financial decisions. It gives financial freedom and stability (Loibl & Kraybill, 2011) [1].

The saving habit becomes impetus due to the dynamic nature of economic policy. This also makes the financial literacy important. In a study by Anjana & Nagavali(2020) on Financial literacy on PG students of Visakhapatnam district, it is found that there is a very poor financial literacy among the students. They are aware of only some financial schemes like bank deposits, post office schemes and insurances but are not aware of other schemes. It is also found that they don't have habit to save in any of the financial schemes [2]. Based on a study done by Danes, Huddleston-Casas, & Boyce (1999) [3], the curriculum on finance can improve the financial literacy among school students and can make a positive improvement on making better financial decisions.

Poor financial literacy would lead to lack of retirement planning and poor borrowing deeds (Lusardi, 2008) [4]. The financial literacy should start at home where the children can be taught to handle the money, and also how to spend the money wisely. They can be taught of various saving options available in the market so that they can develop saving habits (Ambre 2012) [5]. Based on a study done by Rodriguez (2015) [6], the saving habits improved among the group who received reminder messages for savings than the group who received the messages on financial literacy.

2. Review of Literature

The financial decisions taken by people are influenced by social and environmental factors which are changing with the evolving of technology. The availability of financial options for savings have also multiplied with the dynamic and changing technology (Greenspan, 2005) [7].

Saving is an important element of financial literacy. So, for a person to be wise enough in making savings and developing the saving habits, it is important for him/her to be financially literate to some extent (Huston, 2010) [8]. Savings leads to accumulation of assets which lasts for a longer time. That part of the income gets saved which is not spent (Henderson & Poole, 2005) [9].

Sonuga-Barke & Webley, argue that saving is defined in terms of the value of a set of activities (going to the counter and depositing money), made concerning one or other establishments (bank or building society). From the practical point of view, savings is, therefore, an adaptive reaction to the income limitation problem [10] (Sonuga & Webley, 1993).

The development of habit of saving takes time but once developed it changes the perception towards savings that helps in making good financial saving decisions (Loibl, Kraybill & DeMay, 2011) [11]. Allessie & Lusardi (1997) [12], also believed that once a habit is formed, it tends to affect an individual's consumption and savings. They noted that savings are a function of one's past savings and a recipe for current income changes and "discounted value of future income changes". In industrial society, savings are usually done by diverse people and for diverse reasons (Samuelson & Samuelson, 1980) [13].

3. Objectives of the Study

- a) The main objective of the study is to analyze the saving habits of Post graduate students (MBA) in Visakhapatnam city.
- b) To study saving habits of students with respect to Gender, Specialization, Age and type of family they belong to.

4. Methodology of the Study

In this study, the respondents are the students pursuing Masters of Business Administration in the colleges located in Visakhapatnam District. Only the students having Finance or Human Resources as their specialization are considered for the study. The respondents are chosen on the basis of

simple random sampling technique. A structured questionnaire was distributed to 442 students of MBA of various colleges in Visakhapatnam, out of which 393 questionnaires were considered for the analysis as 49 questionnaires were incomplete. Therefore, the answered questionnaire of 393 respondents were analyzed for the study. Both the primary and secondary data was collected for the study. Secondary data was collected from various publications and websites. Primary data was collected by administering a structured questionnaire and interaction with the MBA students of Visakhapatnam city. SPSS was used to analyze the data collected from the respondents.

5. Result and Analysis

The completed response from 393 questionnaires by the MBA students (with specializations either in Human Resources or Finance) were analysed to understand the saving behaviour of these students in various financial schemes available in the market. For this, five hypotheses were tested using t-test or f-test statistics.

5.1 H0: The level of saving habits among the college students for various financial schemes is equal to average level

Table 1: Saving habits of students in various financial schemes

Savings options	Mean	Standard deviation	T value	Significance value
Saving in bank deposit	2.23	0.956	26.68	.000**
Saving in NBFC deposits	1.72	0.676	31.07	.000**
Saving in post office	1.78	0.438	47.02	.000**
Saving in Securities	1.82	0.743	25.79	.000**
Saving in Derivatives	1.1	0.401	33.98	.000**
Saving in Mutual funds	1.24	0.601	24.96	.000**
Saving in Commodity Derivatives	1.08	0.255	47.87	.000**
Saving in Insurance	1.45	0.807	21.73	.000**
Saving in Physical gold	1.32	0.439	31.08	.000**
Saving in Chit fund	1.54	0.679	23.04	.000**
Saving in Real estate	1.31	0.368	35.01	.000**

**indicates significance at .01

Source: Primary Data

The p values for all the statements related to the saving options in various financial schemes by the Management Students in Visakhapatnam is .000 at 1% level of significance. Thus, the Null hypothesis is rejected. This indicates that the saving habit levels of the post graduate management students is not average. The mean values of the saving options in various schemes indicate that students don't have the habit of saving into various financial schemes. The mean values are less for all the financial schemes which means that the students don't have the habit of saving in any of the schemes. The highest mean value is 2.33 for the financial scheme "Bank Deposits". This indicates that some percentage of savings is done in Bank deposits by the students when compared to the other financial schemes' options.

5.2 H0: There is no significant difference between male and female student with regard to the savings in various financial schemes.

Table 2: Gender and Saving habits of students

Statement on saving	Gender	Mean	T value	Significant value
Saving in Bank Deposit	Male	2.36	.92	.35
	Female	2.22		
Saving in NBFC	Male	1.96	1.42	.15
	Female	1.81		
Saving in post office	Male	1.88	.04	.96
	Female	1.88		
Saving in securities	Male	1.86	1.34	.18
	Female	1.69		
Saving in Derivatives	Male	1.21	.72	.47
	Female	1.16		
Saving in mutual funds	Male	1.30	-1.02	.31
	Female	1.44		
Saving in commodity derivatives	Male	1.07	.162	.87
	Female	1.06		
Saving in insurance	Male	1.49	-1.51	.13
	Female	1.75		
Saving in physical gold	Male	1.20	-.51	.61
	Female	1.25		
Saving in chit fund	Male	1.31	-.88	.38
	Female	1.44		
Saving in real estate	Male	1.10	-.64	.52
	Female	1.16		

Source: Primary Data

Since the p values of all the financial schemes are greater than .05, this indicates that there is no significant difference in the saving habits of the students with respect to male and female. Thus, the null hypothesis is accepted. The mean values indicate that the saving habit of both the males and female students in various schemes (Bank deposit, NBFC, post office, securities, derivatives, mutual funds, commodity derivatives, insurance, physical gold, chit fund, real estate) are below the average level. The saving habits of the students are very poor irrespective of the gender.

5.3 H0: There is no significant difference between HR and finance specialization student with regard to the savings in various financial schemes.

Table 3: Specialization in MBA and Saving habits of students

Statement on saving	Gender	Mean	T value	Significant value
Saving in Bank Deposit	Finance	2.28	-1.029	.309
	HR	2.50		
Saving in NBFC	Finance	1.88	-1.683	.096
	HR	2.07		
Saving in post office	Finance	1.90	1.159	.252
	HR	1.80		
Saving in securities	Finance	1.85	1.052	.297
	HR	1.70		
Saving in Derivatives	Finance	1.22	1.120	.267
	HR	1.13		
Saving in mutual funds	Finance	1.42	4.379	.000**
	HR	1.07		
Saving in commodity derivatives	Finance	1.09	3.128	.002**
	HR	1.00		
Saving in insurance	Finance	1.58	.720	.475
	HR	1.47		
Saving in physical gold	Finance	1.17	-1.660	.106
	HR	1.37		
Saving in chit fund	Finance	1.35	.386	.701
	HR	1.30		
Saving in real estate	Finance	1.10	-.868	.390
	HR	1.17		

**indicates significance at .01

Source: Primary Data

Since the p values of the financial schemes (Bank deposit, NBFC, post office, securities, derivatives, insurance, physical gold, chit fund, real estate) are greater than .05, this indicates that there is no significant difference in the saving habits of the students with respect to HR and Finance specialisation in MBA program. The mean values indicate that the saving habit of both the HR and Finance students in various schemes are below the average level.

The p value of financial scheme (mutual funds and future commodity derivatives) is less than .01, which indicates that there is a significance difference in the saving habits of students with respect to HR and Finance specialisation. Though the saving habits of both the HR and Finance specialisation students are below the average level but the mean values indicate that the Finance students have comparatively more saving habits than HR students in Mutual funds and future commodity derivatives.

5.4 H0 there is no significance difference among the age group with respect to saving in various financial schemes

Table 4: Age and Saving habits of students

Statement on saving	Age (in years)	Mean	Standard Deviation	F value	Significant value
Saving in Bank Deposit	Less than 20	2.33	.577	.897	.410
	20-25	2.36	.973		
	25-30	1.86	.690		
Saving in NBFC	Less than 20	2.33	2.30	.601	.550
	20-25	1.91	.632		
	25-30	2.00	.577		
Saving in post office	Less than 20	2.00	.000	.399	.672
	20-25	1.87	.464		
	25-30	2.00	.000		
Saving in securities	Less than 20	2.33	.577	.715	.491
	20-25	1.81	.767		
	25-30	1.71	1.113		
Saving in Derivatives	Less than 20	1.00	.000	.457	.634
	20-25	1.21	.407		
	25-30	1.14	.378		
Saving in mutual funds	Less than 20	1.33	.577	1.470	.234
	20-25	1.31	.563		
	25-30	1.71	1.11		
Saving in commodity derivatives	Less than 20	1.00	.000	.411	.664
	20-25	1.07	.250		
	25-30	1.14	.378		
Saving in insurance	Less than 20	1.33	.577	.552	.577
	20-25	1.58	.824		
	25-30	1.20	.488		
Saving in physical gold	Less than 20	1.00	.000	.428	.653
	20-25	1.22	.453		
	25-30	1.29	.488		
Saving in chit fund	Less than 20	1.33	.577	.022	.978
	20-25	1.34	.692		
	25-30	1.29	.488		
Saving in real estate	Less than 20	1.00	.000	.530	.590
	20-25	1.12	.378		
	25-30	1.00	.000		

Source: Primary Data

Duncan Multiple range test was conducted to test if there is any significance difference among the age groups with

respect to saving habits in various financial schemes. The p values are non-significant for the saving habits of students in various financial schemes. This indicates that there no significant difference in saving habits of students in various financial schemes with respect to the age group. The means values of various saving schemes indicate that the students have very poor saving habits irrespective of whatever age group they belong to.

5.5 H0: There is no significance difference among family types with respect to the saving habits in various financial schemes

Table 5: Family Type and Saving habits of students

Statement on saving	Family type	Mean	Standard Deviation	F value	Significant value
Saving in Bank Deposit	Joint family	2.80	1.215	8.076	.064
	Nuclear family	2.24	.808		
	Others	1.33	.516		
Saving in NBFC	Joint family	2.10	.548	3.362	.030*
	Nuclear family	1.91	.716		
	Others	1.33	.516		
Saving in post office	Joint family	1.97	.414	2.809	.122
	Nuclear family	1.87	.443		
	Others	1.50	.548		
Saving in securities	Joint family	1.97	.765	3.612	.369
	Nuclear family	1.73	.736		
	Others	2.50	1.225		
Saving in Derivatives	Joint family	1.13	.346	2.136	.790
	Nuclear family	1.20	.402		
	Others	1.50	.548		
Saving in mutual funds	Joint family	1.20	.407	1.005	.049*
	Nuclear family	1.38	.655		
	Others	1.33	.516		
Saving in commodity derivatives	Joint family	1.07	.254	.236	.790
	Nuclear family	1.07	.263		
	Others	1.00	.000		
Saving in insurance	Joint family	1.57	.858	3.081	.049*
	Nuclear family	1.51	.742		
	Others	2.33	1.211		
Saving in physical gold	Joint family	1.20	.407	.652	.523
	Nuclear family	1.23	.472		
	Others	1.00	.000		
Saving in chit fund	Joint family	1.63	.928	5.846	.004**
	Nuclear family	1.22	.530		
	Others	1.80	.837		
Saving in real estate	Joint family	1.10	.305	.366	.694
	Nuclear family	1.13	.393		
	Others	1.00	.000		

*indicates significance at .05 and **indicates significance at .01

Source: Primary Data

Duncan Multiple range test was conducted to test if there is any significance difference among the type of family with respect to saving habits in various financial schemes. The p value is significant at 5% level of significance for factors 'saving in NBFC', 'saving in mutual funds', 'saving in Insurance' and 1% level of significance for factor 'saving in chit fund'. This indicates that there is a significant difference in the saving habits of the students belonging to 'joint family', 'nuclear family' or 'other type of family (Single parent/ No parent)' for saving habits in NBFC, mutual funds and Insurance at 5% level of significance. Also, there is a significant difference in the saving habits of the students belonging to 'joint family', 'nuclear family' or 'other type of

family (Single parent/ No parent)' for saving habits in chit funds at 1% level of significance.

The means values of various saving schemes indicate that the students have very poor saving habits. But the saving habits are comparatively high for 'joint family' for NBFC and mutual funds and for 'other type of family (single parent/ no parent)' for chit funds and insurance. For the families with no parent or single parent, the financial insecurity is high and the savings are more in insurance to secure the life of their children.

6. Findings and Interpretations

The study on students of Masters of Business Administration with Human resource or Finance specialisation in Visakhapatnam city revealed that the students don't have the habit of saving above the average level in various financial options. But there is minimal savings in the Banks, securities and post office. The poor savings habits can be seen among all age groups and gender and also irrespective of any family type or any specialization whether Human Resources or Finance.

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Author Profile



Dr. Chamoli Anjana was awarded Doctorate in Management in February 2020. She has received degree in MBA and MHRM in 1997 and 2008 respectively. She has achieved a gold medal in PGDFM from IGNOU in 2010. She has qualified UGC NET and AP SET in 2011 and 2017 respectively. She was a member of Board of studies for BBA course offered by Andhra University from 2017-2020. She is a member of Editorial Board of International journal of Research in Education and Psychology and has also reviewed articles in Asian Research journal of Arts and Social Sciences.