Analysis of saving and investment pattern of Self-Finance College Teachers in Ramanathapuram District of Tamilnadu

M.Manikandan*

Assistant Professor, Department of Economics, Caussanel College of Arts and Science, Muthupettai, Ramanathapuram District, India

*Corresponding Author E-Mail: manieco83@gmail.com

Abstract

The research study is based on the responses of the respondent's about the savings and investment pattern among the self- finance college teachers in Ramanathapuram District, Tamilnadu. The study was done on the different self-finance college teachers. The data was collected by distributing a structural questionnaire to 100 self-finance college teachers in different colleges of study area. In spite of low income, the teachers have been saving for the future needs. Majority of the respondents are savings money as bank deposits for the safety of the future. The main avenues of investment are bank deposit and the main purpose of investment is for children education, marriage, and safety after retirement.

Keywords: Annual income, Annual savings, Investment, Self-finance College Teachers

Introduction

What is Savings

Saving means sacrificing the current consumption in order to increase the living standard and fulfilling the daily requirements in future. As circulation of blood is necessary for survival of the individual in the same way savings are also necessary for unpredictable future in order to meet the emergencies in life.

What is Investment

As referred to earlier investment refers to acquisition of some assets. It also means the conversion of money into claims on money and use of funds for productive and income earning assets. In essence, it means the use of funds for productive purposes, for securing some objectives like income, appreciation of capital or capital gains, or for further production of goods and services with the objective of securing profits. Investment activity involves the use of funds or savings for further creation of assets or acquisition of existing assets.

Savings and Investment

Investors are savers but all savers cannot be good investors, as investment is a science and art. Savings are sometimes autonomous and sometimes induced by the incentives like fiscal concessions or income or capital appreciation. The number of investors was estimated at about 50 million out of population of more than one billion in India. In the nineties, savers came from all classes except in the case of the population who were below the poverty line. The growths of urbanisation and literacy have activated the cult of investment. More recently, since the nineties the investment activity has become more popular with the change in the government policies towards liberalisation and financial deregulation. The process of liberalisation and privatisation was accelerated by the government policy changes towards a market-oriented economy, through economic and financial reforms started in July 1991.

Savings and Investment Rates in Asia

The 11th five-year plan has projected a savings growth rate 34% and investment growth rate of 36%. Already the savings and investment rates in 2005-06 were placed at 32.4%and 33.8% respectively as per C.S.O. estimates. Foreign savings meet the gap between savings and investment, which is the same things as current account balance.

In many Asian countries, the general trend, in the present decade is to have current account surpluses, due to growing exports of services sector, as in the case of Japan, china and India counter-balanced by sharp increases in the current account deficits in the U.S.A., and E.U.

In Asia, the savings habit is far surpassing that of developed countries. Even so, the investment rate is higher due to growing investment in infrastructure, oil, gas and roads, etc. In the coming years. Even if the global oil demand may push upon the oil import bills, as in

the case of India, it has comfortable forex reserves covering financial 13- 14 months of imports, which will cushion up the inflationary trend, in the economy.

In Asia, the highest savings rate is in Singapore, followed by china, Malaysia and India, except in Singapore, where the investment rate is lower than savings rate, the others, Asian countries including India, show a higher investment rate than the saving rate

Objectives of the Study

1. To evaluate the saving habits of self-finance college teachers.
2. To analyze the investment pattern of the self-finance college teachers.
3. To study the socio-economic background of self-finance college teachers in Ramanathapuram district.
4. To offer suggestions based on findings.

Hypothesis

1. There is no significant relationship between the annual income and savings of the respondents.
2. There is no significant relationship between the investment pattern and age of the self-finance college teachers

Research Methodology

The research study is based on both primary and secondary data. Primary data has been collected by conducting a survey among 100 samples of self-finance college teacher of Ramanathapuram District. The secondary data have been collected from books, journal, newspaper, periodicals, reports, internets and published and unpublished thesis.

Scope of the Study

They study covers only the college teachers working in Self-finance Colleges of Ramanathapuram district.

Sampling Design

For the data analysis and interpretation, convenient sampling method is used and the sample size covers between the both male and female in self-finance college teachers in Ramanathapuram District

Analysis and Interpretation

Socio Economic Status of the Respondents

The socio economic status has a major influence on the investment pattern of the individuals. For this, purpose through the questionnaire the data being collected. Based on the data the analyses are,

Table: 1 Socio Economic Status of Respondents

Sl. No	Status	No. Of Respondents	Percentage
	Gender		
1	Male	35	35
2	Female	65	65
	Total	100	100
	Age		
1	20-30	33	33
2	30-40	45	45
3	40-50	17	17
4	Above 50	5	5
	Total	**100**	**100**
	Marital Status		
1	Married	63	63
2	Unmarried	37	37
	Total	**100**	**100**
	Qualification		
1	PG with M.Phil	78	78
2	Ph.d	13	13
3	NET/ SET	9	9
	Total	100	100
	Experience		
1	Less than 1 year	9	9
2	1 to 5 year	43	43
3	5 to 10 year	35	35
4	10 year above	13	13
	Total	100	100
	Annual Income		
1	Less than 1,00,000	26	26
2	1,00,000 – 1,50,000	41	41
3	1,50,000 -2,00,000	22	22
4	Above -2,00,000	11	11
	Total	100	100

Source: Primary Data

The above table the socio economic status that 35% of the respondents belong to male and rest belong to female. Table no.1 show that the majority of the respondent's age is between 30-40 years, 5% of the responded were in the age group of above 50 years, 17% of the respondents were in the age group of 40-50 years, and 33% of the respondents were in the age group of 20-30. 63% of the respondents were married and 37% of the respondents were unmarried. The majority of the teachers have completed PG with M.Phil. I.e. 78%. It also inferred from the above that table that 26% of the respondents of the sample self-finance college teachers have annual income of less than 1,00,000 rupees. Families, which were having annual income from 1,00,000-1,50,000 and 1,50,000- 2,00,000 amounted to 41% and 22% respectively. It can be seen that the respondents have annual income above 2,00,000 is 11%.

Annual Savings of the Respondents

The savings normally depends upon the respondent's willingness to save money. Table 2 shows the classification of the respondents based on their annual savings.

Table: 2 Classification of Respondents on the basis of their Annual Savings

Sl. no	Savings	Number of respondents
1	Less than 50,000	51
2	50,000- 1,00,000	40
3	Above 1,00,000	9
	Total	**100**

Source: Primary Data

The above table shows that 51 percent of the respondents do save less than Rs.50,000, 40 per cent of the respondents do save Rs. 50,000-1,00,000, 9 per cent of the respondents do save above 1,00,000

Relationship between Annual Income and Annual Savings

Table: 3 Relationships between Annual Income and Annual Savings

Sl.No	Annual Income	Annual Savings			Total
		< 50,000	50,000-1,00,000	> 1,00,000	
1	Less than 1,00,000	18	8	0	26
2	1,00,000-1,50,000	27	14	0	41
3	1,50,000-2,00,000	6	14	2	22
4	Above 2,00,000	0	4	7	11
	Total	51	40	9	100

Table 3 shows the cross tabulation between the annual income and savings. It could be inferred that of the total sample respondents, 26 had annual income below Rs 1,00,000, 41 were having a annual income of 1,00,000-1,50,000, 22 respondents having the income of Rs. 1,50,000-2,00,000, and remaining 11 respondents had annual income more than Rs.2,00,000.

In order to analyze the relationship between the income and savings, chi-square test has been applied

Chi-square test

Chi-square test is applied in statistics to test the goodness of fit to verify the distribution of observed data with assumed theoretical distribution. Therefore, it is a measure to study the divergence of actual and expected frequencies. It is commonly used to compare observed data with data we would expect to obtain according to a specific hypothesis framed earlier.

Null hypothesis: There is no significant relationship between the annual income and annual savings of the respondents.

Result of the chi-square test

Degree of freedom	6
Table value at 5 percent level	12.6
Calculate value	58.235

Calculated value is more than tabulated value therefore it is proved that there is significant relationship between annual income and annual savings. Null hypothesis is rejected.

Reason for Form of Saving

Table: 4 Reasons for Form of Savings

Sl. No	Reasons	Number of Respondents
1	High returns	23
2	More safety	42
3	Convenience	22
4	Tax benefits	13
Total		100

Source: Primary Data

It is clear from the table no 4 that for 42 per cent of the respondent's reason for selecting particular mode of savings was safety. Nearly half of the respondents considered safety for selecting the mode of savings. High returns, convenience and tax benefits was the reason for 23 percent, 22 per cent, and 13 percent.

Form of Savings of Respondents

Table: 5 Form of the Savings of the Respondents

Sl. No	Form of Saving	No. of Respondents	Percentage
1	Fixed Deposits	41	41
2	Bonds	16	16
3	Jewells	39	39
4	Mutual Funds	3	3
5	Any Others	1	1
Total		100	100

Source: Primary Data

The above table states that majority of the respondents believe and have high hope to save their money through an important and conservative form i.e., Bank deposit 41% because of its high returns followed by Jewells. Moreover, rest of them through other form like bonds, mutual funds etc.

Main Avenues of Investment

Table 6 shows the classification of respondents based on the main avenues of investment. Bank deposits, post office, real estate, gold/ silver, mutual funds, LIC government securities were the major investment avenues available to the investors.

Table: 6 Avenues of Investment

Sl. No	Particular	No .of Respondents	Percent
1	Bank deposits	33	33
2	Post office	9	9
3	Real estate	13	13
4	Gold / silver	28	28
5	Insurance	12	12
6	Government security	2	2
7	Mutual fund	3	3
	Total	100	100

Source: Primary Data

It is clear from table no 6 that 33 per cent of the investors preferred bank deposits. Those who preferred post office deposits, real estate and gold and silver amounted to 9 percent, 13 per cent and 28 per cent respectively. Insurance, government securities and mutual funds were preferred by 12 per cent, 2 percent, and 3 per cent of the respondents respectively.

Relationship between Age and Investment Pattern

In order to analyse the relationship between age and investment, chi-square has been applied.

Table: 7 Relationship between Age and investment

Sl. No	Age	Investment							Total
		Bank Deposits	Post Office	Real Estate	Gold / Silver	Insurance	Government Security	Mutual Fund	
1	20-30	10	1	6	8	7	0	1	33
2	30-40	18	5	3	13	3	1	2	45
3	40-50	3	3	2	6	2	1	0	17
4	Above-50	2	0	2	1	0	0	0	5
	Total	33	9	13	28	12	2	3	100

To study the relationship between the age and investment of the respondents, the chi-square test has been applied

Null hypothesis: There is no significant relationship between the age and investment of the respondents.

Result of the chi-square test

Degree of freedom	18
Table value at 5 percent level	28.9
Calculate value	20.18

Since the calculated value of chi-square 20.18 is less than the table value at 5% level of significance, there is no significant relationship between the age and investment.

Findings

➢ Out of the respondents, 65% are female members.
➢ Majority of the respondent's age is between 30 – 40 years
➢ The majority of the teachers have completed PG with M.Phil

- 63% of the respondents were married and 37% of the respondent were unmarried
- It can be seen that the greater part of the respondents 41% have annual income 1,00,000-1,50,000.
- It can be seen that the majority of the respondents 39% do save Rs. 25,000- 50,000 annually.
- Nearly half of the respondents considered safety for selecting the mode of savings.
- According to the sample respondents, bank deposit was considered as the main avenue of the investment followed by gold.

Suggestions

- There are many new investment avenues have entered the market. The awareness needs to be created among the self- finance college teachers.
- The investors have to identify the market situation and price fluctuations in the precious metals.
- The self-finance college teachers should go for expert advice before investing and it can also invest in long term securities
- Most of the self- finance college teachers prefer Jewells and bank F.D as the investment option, there is lack of awareness about other avenues like bonds and mutual funds etc. Therefore, if they want to invest in them they should regularly read newspapers, journals and articles related to stock market.
- To enhance the saving habits, the saving mode attractive people by providing many offers and new attractive schemes.

Conclusion

The study is mainly conducted to indentify the savings and investment methods adopted by the self-finance college teachers of Ramanathapuram District. Today the teaching community has started realizing the importance of money and money's worth. If they avoid spending money on heavy luxurious life style and preferring the normal living standard. It is evident from the study undertaken that most of the teachers are considered safety for selecting the mode of saving and bank deposit was considered as the main avenue of the investment followed by gold and silver. If the above suggestions are adopted, there may be a bright change to increase the savings and investment habits of self-finance college teachers in Ramanathapuram district.

References

Ananthapadhmanabha Achar 2012 Saving and Investment Behaviour of Teachers-An Empirical Study. International J. Physical & Social Sciences, August: 263-286

Arti Fattepuria, Sukeshni Telgote, Hemali Choudhary 2015 Saving and Investment Pattern of Private School Teachers-A Study With Reference To Wardha City, Maharashtra. International J. Advance Res. in Computer Science & Management Studies. 3: 73-78

Avadhani VA 2009 Investment Management, Himalaya Publishing House Pvt LTD, Bombay

Dhiraj Jain and Parul Jain 2012 Saving and Investment Pattern of School Teachers-A Study With Reference to Udaipur District, Rajasthan. International J. Research & Commerce, Economics & Management. 2: 119-128

Harchvardhan.N Bhavsar 2013 A Study of Saving and Investment Pattern of School Teachers with Special Reference to Ahmednager City Maharashtra. J. Management & Res.

Jeyakumari and Soundaravalli 2015 A Study on Saving and Investment Pattern of College Teachers With Reference to Thanjavur City Corporation

Manasi Kulkarni, Rawal. C 2016 Investment Patterns of College Teachers with Respect to Navi- Mumbai City. International Res. J. Multidisciplinary Studies, Vol 2

Shivakumar and Babitha Thimmaiah. N 2015 Savings and Investment Behaviour of School Teachers-A Study with Reference to Mysore City, Karnataka. International J. Management Research & Business Strategy. 4: 25-34

Srividthya.N and Visalakshi 2013 Nest Egg (Savings) and Venture (Investment) Pattern of College Teacher-A Study Puducherry and Tamilnadu State. International J. Res. in Management & Technology, Vol.2

Umamaheswari.D and Suganthi.K 2015 Investment Pattern and Savings of Teachers at Sirkali Town in Tamilnadu. International J. Managerial Studies & Res. 3: 72-75

Varsha Virani Saving and Investment Pattern of School Teachers-A Study with Reference to Rajkot City, Gujarat. J. Research in Commerce & Management. 2: 13-27