



Pattern of Savings and Investment of Teachers – A Study of Warangal District

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ABSTRACT

Saving is a very important component which is responsible for combating or meeting any emergency accrued by the individuals or the households or any corporate agencies. Investment culture refers to the attitudes, perceptions, and willingness of the individuals and institutions in placing their savings in various financial assets. Investment in its broader sense is a sacrifice of current money or other resources for future a benefits. Numerous avenues of investment are available today. Investment culture among the people of a country is an essential prerequisite for capital formation and the faster growth of an economy.

Savings in India need to look into four aspects namely the determinants of savings, the composition of savings, the methods of measuring savings, and the pattern of saving. Teacher's professional advancement is decided by many factors. One of the main factors which strongly influence the efficiency of teacher is his quality of life. The attitude of teachers toward consumption, saving and investment would reflect their economic behaviour, which would influence quality of life and in turn influence their profession and the education system. Research in this aspect of important stakeholder in education system assumes significance in the field of educational reform. In this article an attempt is made to depict the pattern of savings and investments of teachers.

Keywords: Saving and Investment

INTRODUCTION

Saving is a very important component which is responsible for combating or meeting any emergency accrued by the individuals or the households or any corporate agencies. Saving is more of meant for meeting contingencies but sometimes it also acts as a form of investment. Investment in its broader sense is a sacrifice of current money or other resources for future a benefits. Numerous avenues of investment are available today. One can deposit money in a bank account or purchase a long-term government bond or invest in equity shares of a company or contribute to a provident fund account or buy a stock option or acquire shares of a company a plot of land or invest in some other form. The two key aspects of any investment are time and risk. The sacrifice takes place now and is certain. The benefit is expected in the future and tends to be uncertain. In some Income investments (like stock options) the risk element is the dominant attribute. In yet other investments (like equity shares) both time and risk is important. Almost every one owns a portfolio of investment. The portfolio is likely to comprise financial Assets (bank deposits, bonds, stocks, and so on) and real assets (car, house and so on). Savings in India need to look into four aspects namely the determinants of savings, the composition of savings, the methods of measuring savings, and the pattern of saving.

India is a developing country where, there has been a consistent increase in the national saving rate after the independence period, though with considerable fluctuations from year to year. In international



standpoint of view, India has a high saving rate compared to other developing countries. In the developed countries, the income is generated at a higher rate which encourages people to have more savings which opines to more investment leading to more capital formation. But in a country like India, the income standard is almost uncertain and leads to more consumption rather than saving.

A teacher enjoys the privileged position of „unleashing the human potential of students (learners) within the formal education system“ and thereby transforming the individuals, families, communities and society-at-large. The competency of the teacher is a major determinant of the quality of the education. The quality of one’s life is closely tied to the level or standard of living maintained by that person. The presence or absence of certain material items, such as home, cars, jewellery is commonly associated with standard of life. The ability to spend money for entertainment, health, education, variety in life, art, music and travel also contribute to the standard of life.

Savings can be known as the cash or physical products set aside for future use. People in rural and other low-income communities can save when they are guided and encouraged by the Government and financial institutions. The people in rural region, savings are made through traditional credit rotation groups, or purchase of domestic animals (goats, pigs, chickens or cows). Gradually, the traditional way of saving in rural region has been abolished; the people shifted their saving pattern to save in form of physical assets, like gold, land and durable goods and financial assets like shares, stocks, and bonds.

Review of literature:

R. Goymda & Y. Josephine (2005) provided an overview of para-teachers in India. It traced its origins of para-teacher schemes in the country and analyses the changing policy context where-in poorly paid and trained para-teachers on contract were increasingly being

recruited in place of regular teachers in government schools. Drawing upon available research studies, the authors drew attention to the detrimental implications that para-teacher programmes had for professionalization of teachers, the quality of schooling and equity concerns in education.

Archna v. Hegde, Deborah j. Cassidy (2009) interviewed twelve kindergarten teachers in their study, and a constant comparative method was used to analyze the interviews. This study included a focus on academics vs. play, the importance of worksheets, the importance of groups for socialization, and the difficulties of implementing a play-based curriculum.

Bhardwaj Rajesh, Raheja Rekh and Priyanka (2011), examine Analysis of Income and Savings Pattern of Government and Private Senior Secondary School Teachers. The study concluded that the major source of income of Government teachers is salary while tuition fee for private teachers. Mostly Government & Private teachers both used Bank Deposits and Life Insurance for investing their savings. Government school teachers received more perks in comparison to private teachers. The main objective of savings of Government teachers is an emergency and security while for private teachers is children education and purchase of consumer durable.

Dr. S. Mathivannan and Dr. M. Selvakumar (2011) studied on saving and investment pattern of school teaches – A study with reference to Sivakasi Taluk, Tamil Nadu. The study concludes that today, the teaching community has stated realizing the importance of money and money’s worth. They are initiated to prepare a budget for the proposed expenses and compare it with the actual expenses met by them, so that they are not influence by other tempting and fashionable expenses.

Dr. Dhiraj Jain and Parul Jain (2012) examine savings and investment pattern of school teachers -a study with reference to Udaipur District, Rajasthan. The

study concluded that in today's world money play vital role in one's life and that the importance of money has been started being recognized by the school teacher's community. They know the importance of money so they are initiated themselves to prepare the budget and lessen down their expenses to meet the future consequences. It has been evident from the study that most of the school teachers are saving their money for the purpose of their children's education, marriage and as security after retirement.

Dr. Ananthapadmanabha Achar (2012) studied on saving and Investment Behavior of Teachers - An empirical study. In the ultimate analysis individual characteristics of teachers such as age, gender, marital status, and lifestyle determined the savings and investment behaviour of teaching community in the study region. In a more or less similar manner, their family characteristics such as monthly family income, stage of family life cycle, and upbringing status emerged as determinants of their savings and investment behavior.

OBJECTIVES OF THE STUDY

- 1 To analyze and understand the savings and investment patterns of the teachers.
2. To identify and discuss the key determinants of savings and investment behaviour of teachers; and
3. To evaluate and raise major socio-economic implications of such behaviour based on the findings of the study.

METHODOLOGY OF THE STUDY

The present study is based on Primary and secondary data. Primary data is collected through structured questionnaire supplied to school teachers. Secondary data is collected through books, journals, periodicals, magazines and websites etc.

SAMPLE SIZE:

The sample size of this study is designed as 50 respondents. All the 50 respondents include Government

teachers working in Warangal District. The sample size is divided in to two categories of teachers' i.e., primary school teachers and high school teachers.

HYPOTHESIS:

H0: There is no effect of income ,age, size of the family, education, employment status on savings and investment of respondent.

LIMITATIONS OF THE STUDY:

- The study is limited to 50 respondents.
- The interpretation is based on the assumption that the respondents have given correct information.
- The study is confined to analyze the effect of only certain factors on investors' behaviour.
- The study also has the limitation of time, place and resources.

DETERMINANTS OF SAVING AND INVESTMENT BEHAVIOUR:

- 1) Age
- 2) Family structure
- 3) Gender
- 4) Monthly family income
- 5) Educational status
- 6) Occupational status
- 7) Family marital status
- 8) Life style
- 9) Area

TABLE-1 FEATURES OF INVESTMENT AVENUES

Investment Avenues	Risk	Return/ current yield	Capital appreciation	Liquidity marketability	Tax benefits
Equity shares	High	Low	High	High	High
Debentures	Low	High	Very low	Very low	Nil
Bank deposits	Low	Low	Nil	High	Moderate
Life insurance policies	Nil	Nil	Low	Low	Moderate
Real estates	Low	Low	High in Long term	Moderate	Changes according to rules
Gold and silver	Low	Nil	High in Long term	Moderate	Nil

TABLE -2: PRESENTS THE VARIOUS MOTIVES OF SAVINGS AND INVESTMENT OF TEACHERS:

SL.NO	PURPOSE/REASONS	PRIMARY SCHOOL TEACHERS N=20	HIGH SCHOOL TEACHERS N=30	TOTAL N=50
1	Assured returns	16(80)	27(90)	43(86)
2	Freedom from risk	15(75)	25(83.3)	40(80)
3	Tax benefits	17(85)	26(86.6)	43(86)
4	Risk coverage	14(70)	28(93.3)	42(84)
5	Compulsory savings	12(60)	26(86.6)	38(76)
6	Children's education	10(50)	16(53.3)	26(52)
7	Daughters marriage	6(30)	12(40)	18(36)

From the above Table-2 it is understood that most of teachers are investing their savings for the reason of assured returns and for Tax benefits Risk coverage takes the second position and next comes the freedom from risk. Primary teachers are interested to invest mostly in tax benefits and assured returns but high school teachers are interested mostly in risk coverage and compulsory savings.

TABLE NO: 3 – ANNUAL SAVINGS OF TEACHERS ACCORDING TO THEIR AGE

ANNUAL SAVINGS (Rs.)						
Sl.no.	Age (years)	Below 20,000	20,000-30,000	30,000-40,000	40,000and above	Total
1	Less than 35	3	2	3	-	8
2	35-40	6	3	2	2	13
3	40-45	4	3	2	2	11
4	45-50	3	3	2	2	10
5	Above 50	3	2	2	1	8
6	Total	19	13	11	7	50

Source: Primary data

From Table no: 3 it can be observed that the No. of respondents under the age group of 35-40 are more interested in savings when compared other age groups.

Here we can also high light the point that some of the investment avenues are better suitable to this age group and mostly people get the idea of saving their income in this age group. Next we can observe that 40-45 age group takes the second place and the third place is taken by 45-50 age group .The age groups of below 35 and above 50 takes same place as the respondents below 35 are not much interested in savings and above 50 are out of interest as many of them may have already saved their income and they are ready for retirement.

TABLE NO: 4 ANNUAL SAVINGS OF RESPONDENTS BASED ON THEIR INCOME

ANNUAL SAVINGS (Rs.)						
Sl.no.	Annual income	Below 20,000	20,000-30,000	30,000-40,000	40,000 and above	Total
1	Less than 2,40,000	3	2	1	1	07
2	2,40,000 –3,60,000	2	3	2	1	08
3	3,60,000 –5,40,000	2	2	3	1	08
4	5,40,000 –6,00,000	2	3	3	4	12
5	6,00,000 and above	2	3	4	6	15
6	Total	11	13	13	13	50

Source: Primary data

Interpretation Table No: 4 reveals that the respondents under the annual income group of Rs.6,00,000 and above are investing more amount and they are investing Rs,40,000 and above amount annually. Next to that the annual income group of Rs 5, 40,000 – 6, 00,000 is more interested in investment. The annual income group of Rs.3, 60,000 – 5, 40,000 is annually saving more amount in the annual saving group of Rs.30, 000 – Rs.40, 000.

Then the respondents with annual income of Rs2, 40,000 –3, 60,000 are saving about Rs. 20,000 -30,000 and the respondents are an amount of Rs.20, 000 and below.

TABLE NO: 5 ANNUAL SAVINGS OF RESPONDENTS BASED ON THEIR GENDER

Sl.no.	Gender	ANNUAL SAVINGS (Rs.)				Total
		Below 20,000	20,000-30,000	30,000-40,000	40,000 and above	
1	Male	5	10	8	7	30
2	Female	8	5	4	3	20
6	Total	14	15	12	10	50

Source: Primary data

From the above table no: 6 it is evident that male respondents are saving more amount than female respondents. And it is also evident that the savings of female respondents is more in the savings group of below 20,000. Here it is observed that female saving rate is less than male saving rate.

TABLE NO: 6 - PREFERENCE OF INVESTMENT BY RESPONDENTS

Mode of investment	Primary school Teachers	High school Teachers
Post office	4	4
Bank Deposits	6	8
LIC	3	4
Real estate	2	6
Gold	4	6
Shares	1	3
Total	20	30

Source: Primary data

The above Table no: 6 reveals that, both primary school teachers and high school teachers prefer bank deposits as they are secured investment alternatives. Next preference is given to real estate and gold by high school teachers but in case of primary school teachers next priority is given to post office schemes and gold also. LIC schemes are at third priority by both primary and high school teachers. The preference to shares is given last position by both categories of teachers.

HYPOTHESIS TESTING:

THE FOLLOWING TABLE NO:7 SHOWS THE PARAMETERS FOR HYPOTHESIS TESTING:

MONTHLY INCOME	NUMBER OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
Below 20,000	5	10
20,000 – 30,000	20	40
30,000 – 40,000	15	30
40,000 and above	10	20
TOTAL	50	100
AGE		
Below 30 years	8	16
30-40 years	23	46
40-50 years	13	26
Above 50 years	6	12
TOTAL	50	100
EDUCATION LEVEL		
Graduate	11	22
Post Graduate	14	28
Doctorate	25	50
TOTAL	50	100
SIZE OF FAMILY		
Small size	15	36
Medium size	25	40
Large size	10	24
TOTAL	50	100
EMPLOYMENT STATUS		
Part time	10	20
Contractual	15	30
Full time	25	50
TOTAL	50	100

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.

$$\text{Chi-square test } (\chi^2) = \sum \frac{(O - E)^2}{E}$$

O = Observed frequency,

E = Expected frequency,

Df = Degree of Freedom

Df= (r-1) (c-1)

R= row C= column

Null Hypothesis: There is no effect of income, age, size of the family, education, employment status on savings and investment of respondent.

By applying the chi-square test for the above parameters the following values are calculated:

TABLE NO: 8 Calculated values of Chi-square test

Particulars	Chi-square value	Table value	Degree of freedom	Ho/Reject/Accept
Income	10.00	7.81	3	Rejected
Age	13.84	7.81	3	Rejected
Education	6.51	5.99	2	Rejected
Size of Family	8.50	5.99	2	Rejected
Employment status	6.999	5.99	2	Rejected

The chi square values show that all the determinants influence the saving and investment behavior of teachers.

From the above table of calculated values of chi-square test, it is observed that in each of the determinant i.e, income, age, education, size of the family and employment status the table value is less than the calculated values, therefore it is evident that the H0 : There is no effect of income ,age, size of the family, education, employment status on savings and investment of respondent is rejected so, there is a relationship between the determinants of savings and investment and the investment pattern of respondents.

CONCLUSION:

The present research paper concludes that there is a relationship between the determinants of saving and the pattern of savings and investment. It also concludes that the school teachers are unaware of stock market activities therefore their preference of investment is less in case of stock market. Most of the teachers are giving first preference to Bank deposits, Gold and post office schemes. Least preference is given to shares.

This paper reveals that the primary and high school teachers are choosing low risk and low return investment alternative as they are not interested to undertake high risk. They are going for saving in bank deposits with low risk and low return.

It is also found that the ability of saving and investment has increased and the awareness of the investment alternatives is also increased in public and if they can analyze about risk return portfolios then they can increase their savings.

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