A Study of Saving and Investment Pattern of School Teachers with special reference to Ahmednagar City, Mahartshtra

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ABSTRACT

The research study was based on the micro economic approach of estimating the responses of the respondents i.e. school teachers towards the savings and investment pattern in the Ahmednagar city. The aim of the study was to determine the relationship between the savings and investments literacy among the school teachers. The study was done on the different government and private school teachers. The data were collected by distributing a structured questionnaire to 100 school teachers in different schools of Ahmednagar city. In spite of low income the teachers have been saving for future needs. The major impact on savings is due to the level of income of the school teachers. The research shows that the majority of the respondents is saving money as Bank deposits for the safety of an unpredictable future. The main avenues of investment are Bank deposits and the main purpose of investment is for children's education, marriage, and security after retirement.

Keywords: Annual income, Annual savings, Investment, School teachers, Rate of return.

Introduction

As the circulation of blood is necessary for the survival of the individual in the same way savings are also necessary for unpredictable future in order to meet the emergencies in life. Savings means sacrificing the current consumption in order to increase the living standard and fulfilling the daily requirements in future. The saving can be done in different ways by making bank deposits, increase in cash reserve. One of the best ways of saving is to create an automatic saving plan. Savings plays very important role in making of the household and the national economy. Savings provides the financial protection to the individual saver at the time of emergency. It is necessary to have saving plan because it will help in meeting financial goals like secure future, children's education, meeting the demands of the family etc.

In order to attract the individual for savings a part of their income, various efforts had been made by the government and various financial institutions like different saving plans with

attractive high rates of interest. Apart from the above initiative, there are various reasons for saving which could be as follows:

Emergencies in future:-The funds are necessary in order to meet the consequences in future like sudden accident, repairing of car, house construction, etc.

Secure future: - After retirement, savings are a source of funds with which the individuals could continue a decent and reasonable lifestyle when all the income streams stops.

Sudden death:-How can loved ones cope up with the financial problems that may result from the sudden death of any of the family members? Savings helps in coping up with these types of situation.

Specific purpose or goal / satisfaction: - This might be reason for savings like for e.g.:- for financing the child's education, for the down payment for a car or house or for a holiday.

Economic development: - Savings play a very important role in building up of the national economy. Through savings, the national income increases that lead to the development of the economy.

Investment: - Investment is an economic activity of employment of funds with the expectation of receiving a stream of benefits in the future. Investment is mainly done with the objective like wanting a home, creating a regular income after retirement, and possessing money for the child's education

Statement of the Problem

The people save the money in order to meet the financial requirement in future because the future is unpredictable. So savings are required in order to meet the financial requirements. There is a vast scope of savings and investment because of the presence of a large number of small industrialists, businessman, and government employees in Ahmednagar and the circulation of money is also high. This study has been done to analyze the savings and investment pattern of school teachers of Ahmednagar city, Maharatshtra.

Scope of the Study

The research study covers the school teachers working in government and private school in Ahmednagar city of Maharashtra on their different patterns of savings and investments. The study does not cover the school teachers of other talukas of Ahmednagar district.

Objectives of the Study

1. To evaluate the saving habits of school teachers in Ahmednagar City, Maharashtra.
2. To analyze the investment pattern of school teachers.
3. To analyze the expected rate of return of school teachers for their investment.
4. To offer suggestions based on findings.

Hypothesis framed for the Study

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

2 : There is no significant relationship between gender , marital status and annual savings with the expected rate of return of the respondents.

3 : There is no significant relationship between the yearly income of the respondents and the expected rate of return on investments.

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 school teachers of Ahmednagar city. The secondary data have been collected from books, journal, newspaper, periodicals, reports, internet and published and unpublished thesis.

Sampling Design

For the purpose of research 5 government and 15 private schools of Ahmednagar city were selected. Convenient sampling method was adopted.

Socio- Economic Status of the Respondents

The socio – economic status of the respondents influences the investment habits of the people. Therefore the researcher analyses the socio- economic status of the respondents.

Table 1 shows the economic status of the respondents. It is clear from Table 1 that of the 100 respondents, 35 % respondents were male 2 % belonged to the age below 25 years, 29 % in the age group of above 45 years, 37 % in the age group of 35-45 years and 32 % in the age group of 25-35 years. Those who were under graduate with and without B.Ed were 4 % and 7 %and postgraduate with and without B.Ed were 51 % and 20 %. Others were 18 percent . Nearly 70 % of the respondents were Post graduates. 5 % of the respondents were first grade teachers, 19 % with second grade, 42 % with third grade, 34 % were with other grade teachers. 10 % of teachers were single, 87 % were married, 1% divorced and 2 % of the respondents were widow. This was because the 98 percentage of the respondents were above 25 years of the age group. 8 % of the respondents had an annual income of less than Rs 1, 00,000. Respondents who were having

an annual income of Rs.1, 00,000-Rs.2, 00,000 and Rs.2, 00,000-Rs.3, 00,000 were 33 % and 45 % respectively. Respondents whose income was above Rs.3, 00,000 amounted 14 %. Majority of the respondents (45%) were having an annual income Rs2, 00,000- 3, 00,000.

Table 1 : Socio Economic Status of the Respondents

Sr. No.	Status	Number of respondents	Percentage
Gender			
1	Male	35	35
2	Female	65	65
	Total	100	100
Age			
1	<25 Years	2	2
2	25-35 Years	32	32
3	35-45 Years	37	37
4	>45 Years	29	29
	Total	100	100
Qualification			
1	UG with B.Ed	4	4
2	UG without B.Ed	7	7
3	PG with B.Ed	51	51
4	PG without B.Ed	20	20
5	Others	18	18
	Total	100	100
Marital Status			
1	Single	10	10
2	Married	87	87
3	Divorced	1	1
4	Widow	2	2
	Total	100	100
Annual Income			
1	< Rs. 1,00,000	8	8
2	Rs. 1,00,000 – Rs. 2,00,000	33	33
3	Rs. 2,00,000 – Rs. 3,00,000	45	45
4	>Rs. 3,00,000	14	14
	Total	100	100

Category of School

There are two categories of schools, in which the sample respondents were working. Table 2 shows the classification of the respondents on the basis of the category of school in which they were working.

Table 2 : Category of School

Sr. No.	Types	Number of Respondents	Percentage to total
1	Government	30	30
2	Private	70	70
	Total	100	100

It is clear from Table 2 that of the 100 respondents i.e., 30 % are from government schools and 70% from private schools. Majority of the sample teachers (70%) were working in the private schools.

Level of School

The sample respondents in the study area belong to primary, middle, high schools and higher secondary schools. Table 3 shows the classification of respondents on the basis of the level of school to which the respondents belong.

Table 3 : Level of School

Sr. No.	Level	Number of respondents	Percentage
1	Pre-Primary School	22	22
2	Primary School	29	29
3	Secondary School	21	21
4	Higher Secondary School	28	28
	Total	100	100

Table 3 shows 22 percent belonged to primary schools, 29 % were from middle school, 21 % from high schools and 28 % were from higher secondary schools. A majority of the respondents (49%) were working in the high schools and higher secondary schools.

Annual Saving of the Respondents

The savings normally depends upon the respondent's willingness to save money. Table 4 shows the classification of the respondents on the basis of their annual savings. 67 % of the respondents have annual saving less than Rs. 50,000 , 25 % save income between Rs. 50,000-1,00,000 and 8 % saved more than Rs. 1,00,000 per annum.

Table 4 : Classification of Respondents on the basis of their Annual Savings

Sr. No.	Average saving	Number of respondents	Percentage
1	< Rs. 50,000	67	67
2	Rs.50,000 – Rs. 1,00,000	25	25
3	>Rs. 1,00,000	8	8

Total	100	100	

Age and Yearly Saving

A cross tabulation was taken between the age and the annual savings of the respondents (Table 5)and it could be inferred that of the 100 sample of school teachers, 67% were having annual savings below Rs. 50,000, 25 % had annual savings between Rs. 50,000 – 1,00,000, and remaining 8 % saved more than Rs. 1,00,000. Among the teachers those who save less than Rs 50,000, 26 were between 25-35 years of age, 21 were between 35-45 years of age and 18 belonged to above 45 years of age.12 teachers who were having the savings of Rs.50,000-1,00,000 belong to 35-45 years of age. 4 teachers who were having the savings more than 1,00,000 belonged to 35-45 years of age.

Table 5 : Details of Age and Annual Saving of Respondents Relationship between Income and Saving

Sr.No.	Age	Annual Saving			Total
		< Rs. 50,000	Rs.50,000 – Rs. 1,00,000	>Rs. 1,00,000	
1	< 25 Years	2	0	0	2
2	25-35 Years	26	5	1	32
3	35-45 Years	21	12	4	37
4	>45 Years	18	8	3	29
	Total	67	25	8	100

In order to analyze the relationship between the income and savings, chi-square test has been applied. Table 6 shows the cross tabulation between the Annual Income and Savings. It could be inferred that of the total sample respondents, 8 had annual income below Rs1,00,000, 33 were having an annual income of Rs. 1,00,000 – 2,00,000, 45 respondents having the income of Rs. 2,00,000-3,00,000, and remaining 14 respondents had annual income more than Rs. 3,00,000.

Table 6 : Opinion of Respondents on Annual Income and Annual Saving

Sr.No.	Annual Income	Annual Saving			Total
		< Rs. 50,000	Rs.50,000 – Rs. 1,00,000	>Rs. 1,00,000	
1	< Rs.1,00,000	7	1	0	8
2	Rs.1,00,000-Rs.2,00,000	30	2	1	33

3	Rs.2,00,000-Rs.3,00,000	30	13	2	45
4	>Rs.3,00,000	0	9	5	14
	Total	67	25	8	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.

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

O= Observed frequency , E= Expected frequency , Df=Degree of Freedom

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

r= row

c= column

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

Table 7:Result of the Chi-Square Test

Degree of Freedom	6
Table Value at 5 percent level	12.592
Calculated Value	42.659

Since the calculated value 42.659 is more than table value at 5 percent level of significance, we reject the null hypothesis it is concluded that there is a significant relationship between income and savings.

Mode of Savings of the Respondents

Table 8 : Mode of Savings

Sr. No.	Saving Mode	Number of Respondents	Percentage
1	Cash in Hand	13	13
2	Post Office	14	14
3	Bank Deposits	63	63
4	Others	10	10
	Total	100	100

As it shown in the table 7 that 63 % of the respondents were saving their money in banks. 13 % were saving as cash, 14 % were saving money in post office schemes and remaining 10 % were saving their money through other modes.

Reasons for Selecting a Particular Mode of Savings

To know about the reasons for selecting a particular mode of savings, it is seen in Table 8 that for 59 % of the respondents, the reason for selecting a particular mode was "Safety" followed 26 % for high rate of interest. Good customer service, proximity, tax concession were reasons for 2 %, 0 %, 13 % of the respondents. Nearly 60 % considered "Safety" for selecting a particular mode of savings.

Table 9 : Opinion of Respondents for Selecting the Particular Mode

Sr. No.	Reasons	Number of Respondents	Percentage
1	High Interset	26	26
2	Safety	59	59
3	Good Customer service	2	2
4	Proximity	0	0
5	Tax concession	13	13
	Total	100	100

Purpose of Investment

Table 10 : Classification Of Respondents On The Basis Of The Purpose Of Investment

Sr. No.	Purpose	Number of Respondents	Percentage
1	Children Education	50	34
2	Children Marriage	28	19
3	Tax concession	15	10
4	Security after retirement	27	18
5	Resale purpose	1	1
6	Others	26	18
	Total	147	100

It is clear from the Table 9 for 34 % of the respondents; the purpose of investment was their children's education. Children marriage, tax concession, security after retirement, were the purpose of investment amounted to 19 %, 10 %, 18 %, and only 1 % invested their money for resale purpose and 18 %invested for other purpose. Mainly the main purpose of the investment of the respondents was for their children's education followed by their marriage.

Ranking of Preference of Respondents on the type of Investment

The sample respondents were asked to rank the factors on the basis of their preference on the type of their investment.

Table 11: Ranking of Preference of Respondents on the type of Investment

Sr. No.	Type of Investment	Weighted Average	Rank
1	Government Securities	15.6	4
2	Insurance	15.13	5
3	Gold/ Silver	24.33	2
4	Bank Deposits	30.26	1
5	Land/ Building	21.4	3

Table 10 shows the ranking preference on the type of investment by using weighted average score method. Among five preference of the investment alternatives, first rank went to the bank deposits with 30.26 score followed by the gold/silver, land/ building, government securities, and Insurance. Among the various investment alternative the first preference went to the investment in bank deposits.

Ranking of the Preference of Respondents on Fixed Income Investment

The investments can be classified into two types i.e fixed return on investment and variable return on investment. The fixed rate of return on investment is government securities, bank deposits, preference, loans and bonds.

Table 12 : Ranking of Fixed Return Investment Scheme

Sr. No.	Investment	Weighted Average	Rank
1	Government Securities	16.93	4
2	Bank Deposits	30.86	1
3	Preference Shares	17.6	3
4	Loans and Bonds	18.8	2

It can be inferred from the Table 11 that first rank goes to bank deposits, followed by loans and bonds, preference shares and government securities. Among the choices of fixed return investment schemes, the most preferred choice was bank deposits.

Ranking of Preference of Respondents on the Variable Income Investment

The variable return investment schemes were equity shares, mutual funds, land and building, gold/silver. The respondents were asked to rank their choice on variable income investment schemes.

Table 13 : Ranking of Variable Return Investment Schemes

Sr. No.	Investment	Weighted Average	Rank
1	Equity Shares	14.53	4
2	Mutual Funds	18.73	3
3	Land and Building	23.93	2
4	Gold/ Silver	27.46	1

It can be inferred from the Table 12 that first rank goes to the gold and silver followed by land and building, mutual funds, equity shares. Among the choices of variable income of investment the most preferred was gold/silver.

Gender and Expected Rate of Return

The economic participation of women—their presence in the workforce in quantitative terms—is important not only for lowering the disproportionate levels of poverty among women, but also as an important step toward raising household income. Now a days women are no more behind men in earning and constructing their own investment portfolios. And generally seen that a woman expects more return than men for that the comparison on the gender with the expected rate of return.

Table 14: Gender and Expected Rate of Return of Respondents

Sr. No.	Gender	Expected Rate of Return of Respondents				No. of Investors
		Below 5%	6-10%	11-15%	Above 15%	
1	Male	3(8.75)	15(42.85)	11(31.42)	6(17.14)	35
2	Female	12(18.46)	29(44.61)	20(30.76)	4(6.15)	65
	Total	15	44	31	10	100

It can be seen in Table 13 that 42.85 % of the male sample investors and 44.61 % of the female sample investors expected 6-10 % of the return on their investments, 31.42 % of the male and 30.76 % of the female expected 11- 15 % of the return on the investment 17.14 % of male and 6.15 % of female expected the rate of return above 15 %, and 8.75 % of male and 18.46 % of female investors expected below five percent rate of return on their investment.

Marital Status and Expected Rate of Return

Marital Status also plays very important role because of this the behavior of spending money differs and the expected rate of return by the investors also differs. The analysis has been done as shown in Table 14

Table 15 : Marital Status and Expected Rate of Return of Respondents

Sr. No.	Marital Status	Expected Rate of Return of Respondents				No. of Investors
		Below 5%	6-10%	11-15%	Above 15%	
1	Single	4(40)	3(30)	2(20)	1(10)	10
2	Married	10(11.49)	40(45.97)	28(32.18)	9(10.34)	87
3	Divorced	0	1(100)	0	0	1
4	Widow	1(50)	0	1(50)	0	2
	Total	15	44	31	10	100

As it is clear from Table14 that 45.97 percent of the married sample investors, 30 % of the single, 100 % of the divorced sample investors expected to have 6-10 % of return on their investments.10 % of the singles and 10.34 % of the married sample investors expected their return more than 15 %.

Annual Savings and Expected Rate of Return

Savings are very important for the every income earner. And with the saving the investors always wants a good return. So to see the impact of annual savings with the expected rate of return the analysis have been made which is presented in Table 15.

Table 16 : Annual Saving and Expected Rate of Return of Respondents

Sr. No.	Annual Saving	Expected Rate of Return of Respondents				No. Of
		Below 5%	6-10%	11-15%	Above 15%	Investors
1	< Rs. 50,000	9	34	18	6	67
2	Rs.50,000 – Rs. 1,00,000	4	8	10	3	25
3	>Rs. 1,00,000	2	2	3	1	8
	Total	15	44	31	10	100

It is clear from the Table 15 that 50.74 % of the investors with less than 50,000 annual savings range expected to have 6-10 % on their investment. 37.5 % of the investors with more than 1, 00,000 annual savings expected to have 11-15 % return on their investment.

Student's T-Test

The student T-Test has been applied to find out whether there is any significant relationship between the gender, marital status and annual savings of the sample of the investors and the expected rate of return on their investments.

For this purpose the following hypothesis has been framed.

Null Hypothesis: The relationship between the gender, marital status, and annual savings with expected rate of return of the respondents is not significant.

Table 17 : Table value and Calculated Value

Particulars	Table Value@5%	Calculated Value	Result
Gender and Rate of Return	1.960	-6.718	Not significant
Marital status and Rate of Return	1.960	-4.344	Not significant
Annual Savings and Rate of Return	1.960	2.849	Significant

There is no significant relationship between the gender, marital status of the respondents and expected rate of return on their investments but significant relationship between the annual savings and the expected rate of return of the respondents.

Findings

1. Majority of the respondents were female, were in the age group of 25-45,were post graduate with B.Ed, were married and managing their family expenditure only with their income.

2. Majority of the respondents were having their annual income of 2, 00,000-3, 00,000 and more than three fourth of the respondents were managing their family expenditure by consulting their spouses.

3. More than three fourth of the respondent's savings were below Rs.5, 00, 00.

4. Majority of the investors were regular investors. Bank deposits are considered as the main avenues of investment .and nearly two third of the respondents invested their money to meet out their children education.

5. There is significant relationship between income and saving.

6. There is no significant relationship between gender, marital status but significant relationship between the annual savings of the sample investors and their expected rate of return.

7. There is no significant relationship between the annual income of the respondents and the expected rate of return on their investment.

Conclusion

Today the teaching community has started 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 influenced by other tempting and fashionable expenses. It is evident from the study undertaken that most of the teachers are saving their money for the purpose of their children's education, marriage and other welfare expenses.

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