NEST EGG (SAVINGS) AND VENTURE (INVESTMENT) PATTERN OF COLLEGE TEACHERS – A STUDY (PUDUCHERRY AND TAMILNADU STATE)

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ABSTRACT

The research study is based on the approach on the economic analysis and its usage on the whole. The study is based on the responses by the respondents about the savings and investments pattern among the college teachers both in Puducherry and Tamilnadu states. This study helps to analyse their income and savings among the college teachers. The research was conducted directly to 75 college teachers working in Government colleges, Aided colleges and Private colleges based on a structured questionnaire. Majority of the respondents feel the best avenue for investment is in deposits and it is helpful to manage the unpredictable future. They feel that with the uncertain future savings in different forms help the rest family members in peace.

Keywords: Investments, Rate of return, Savings, College teachers.

INTRODUCTION

Individuals engage themselves in such activities to earn money. The money they earn is normally spent on meeting daily needs like buying vegetables, groceries, clothes, giving school fees, paying telephone bills etc., Generally people keep aside a part of their earnings to meet the future needs because the future is uncertain in nature. The future needs are marriage of their wards, higher education, security after retirement, buying a house, etc., There are some people having the habit of saving a part of their earnings either to deposit in banks or in buying shares, property or gold. By doing this they are able to generate some extra earnings for themselves.

Savings refers to the amount of money which is kept aside from the current income for future use. People able to save money by keeping a part from their revenue every month and this is possible by cutting the unwanted expenditure, generating higher income and by doing the both. The need for savings is to meet future expenses, to meet unexpected contingencies or emergencies, to raise our standard of living, to generate future income, also helps the nation to improve the economic development etc.,

Investment means the expenditure today we sacrifice something for tomorrow's safety. The main aim of investment is to generate extra income and protect the future. The various avenues of venture are Government deposits, bonds, real estates, post office savings certificates, life insurance policies, mutual funds etc., The logic behind venture is to

generate additional return through investments but every investment do not give assured returns. Most investments are risky. Some of the factors which help us from making risky investments are ability to save, easy liquidity, tax relief, reasonable rate of return, etc.,

OBJECTIVES

This particular research study focuses on the pattern of relationship between the nest egg and venture among college teachers. The study primarily coupled with the objectives as,

- To analyse the nest egg and venture pattern of college teachers.

- To study the rate of return expected by income earners from the venture.

- To find the major forces that decides to go for venture.

The saving rate of any country is an important indicator of economic development since the domestic saving rate is directly related with the investment rate and the lending capacity of the banking system. Saving and investment are two key macro variables with micro foundations, which play a significant role in economic growth. Global emerging economies are experiencing record savings at a time when the developed world has been witnessing a decline in gross domestic saving rates, having a positive impact on the investment. Higher savings and investment rates eventually help in boosting GDP. This is the main reason How GDP is growing faster in the emerging world than in the developed world.

REVIEW OF LITERATURE

Investment is the sacrifice of certain present value for the uncertain future reward. It entails arriving at numerous decisions such as type, mix amount, timing grade etc., of investments and disinvestments.   Decision making has not only to be continuous but rational too. Keeping the savings idle may use savings to get return on it in the future, i.e., investment. Various investment avenues available for us are equity, Bonds, Insurance, and bank deposits etc,   there are various factors available which affects investors' portfolio such as annual income, government policy, natural calamities etc., to safeguard the amount we need to have proper investment that means reward. It is the commitment of resources which have be saved or put away from consumption.

STATEMENT OF THE PROBLEM

Why people save money? People earning is high or low or in some cases it is nil. But the Indian heritage and Indian culture forces them to go for savings. In the year 2007 US faced a heavy recession and on that time people lost their jobs they faced very big problem because of their not habitual practice of savings. It is the general habit of US people spending leisurely and entire income lavishly forced their life to vogue. But due to heavy depression we have not faced that much problem because always we have the habit of saving major portion of our income helped to save the lives even there is no job. This research study is an attempt to analyse the relationship between savings and investment pattern of the college teachers. After the recommendation of the sixth pay commission, all the college teachers getting handful salary and they are treated like software Engineers and it is becoming talk of the world particularly among youngsters to opt for college teaching profession because it gives them mental satisfaction and able to improve their academic knowledge.

Sampling Design

For the purpose of this research convenient sampling was used. For this research randomly 10 colleges was selected. It covers 3 governments, 4 private and 3 aided colleges. A structured questionnaire was prepared data collected and analysed.

HYPOTHESES OF THE STUDY

H01 – There is no significant relationship between the annual income and annual savings of the respondents.

H02 – There is no significant relationship between gender, marital status, annual savings and expected rate of return of the respondents

H03 – There is no significant relationship between the yearly income of the respondents and the expected rate of return on investments.

Socio Economic Status of the Respondents

The socio economic status has a very 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	NUMBER OF RESPONDENTS	PERCENTAGE
GENDER			
1	MALE	44	59
2	FEMALE	31	41
EXPERIENCE			
1	LESS THAN 1 YEAR	8	11
2	1 TO 5 YEARS	30	40
3	5 TO 10 YEARS	16	21
4	10 YEARS AND ABOVE	21	28
MARITAL STATUS			
1	MARRIED	52	70
2	UNMARRIED	23	30
QUALIFICATION			
1	PG WITH M.PHIL.	65	87
2	PHD	10	13
ANNUAL INCOME			
1	LESS THAN 3 LAKHS	20	27
2	3 TO 5 LAKHS	39	52
3	5 TO 8 LAKHS	15	20
4	ABOVE 8 LAKHS	1	1

Source: Primary Data

From the above table the socio economic status states that 59% of the respondents belong to Male and rest belongs to female.40% of the respondents having work experience of 1 to 5 years. 70% of the respondents got married. Being PG with M.Phil as the minimum qualification for becoming Assistant professor in Government colleges and from the analysis 87% respondents having basic qualification and particularly in Government Colleges people possess NET,SET, and CSIR as basic qualification. Therefore majority of the respondents having the basic qualification with themselves. 13% of the respondents possess higher qualification as Ph.D.

Category of college

There are 3 categories of college where the respondents were working.   The following table explains the category of college of the respondents

Table 2. Category of College

SL. NO	TYPES	NO. OF RESPONDENTS	PERCENTAGE
1	GOVERNMENT COLLEGE	25	33.33
2	PRIVATE	25	33.33
3	GOVERNMENT AIDED	25	33.33
	TOTAL	75	100

Annual Savings of the Respondents

Table 3. Classification of respondents on the basis of their Annual Savings

SL. NO	ANNUAL SAVINGS	NO. OF RESPONDENTS	PERCENTAGE
1	LESS THAN 1 LAKH	46	61.3
2	1-2 LAKHS	28	37.3
3	2-3 LAKHS	1	1.3
	TOTAL	75	100

Source: Primary Data

The savings annually relates to the respondents interest and willingness to save money. The above table explains the annual savings of the respondents. It is imperative that 61% of the respondents save less than 1 lakh for avoiding uncertainty.

Age and Annual Savings of the respondents

Table 4. Details of age and Annual Savings

SL. NO	AGE	ANNUAL SAVING			TOTAL
		LESS THAN 1 LAKH	1-2 LAKH	2-3 LAKH	
1	25-35 YEARS	15	5	0	20
2	35-45 YEARS	22	12	0	34
3	45 YEARS AND ABOVE	9	11	1	21
	TOTAL	46	28	1	75

Source: Primary Data

A cross tabulation has been used to analyse the age and annual savings of the respondents, from that it is found that around 61% save less than 1 lakh that to majority of them in the age group of 35 to 45 years and 1 respondent in the age group of 35 to 45 years save more than 2 lakh and less than 3 lakh.

Table 5. Relationship between annual income and annual savings

SL. NO	ANNUAL INCOME	ANNUAL SAVINGS			TOTAL
		LESS THAN 1 LAKH	1-2 LAKH	2-3 LAKH	
1	LESS THAN 3 LAKH	28	10	0	38
2	3-5 LAKH	10	12	0	22
3	5-8 LAKH	8	6	0	14
4	ABOVE 8 LAKHS	0	0	1	1
	TOTAL	46	28	1	75

Source: Primary Data

In order to analyze the relationship annual income and the annual savings chi square test has been applied. It is inferred that out the total respondents 20 having annual income of less than 3 lakh, 39 having 3-5 lakh and 15 respondents having annual income of 5-8 lakh as their annual earnings and a single respondent having annual income of more than 8 lakh.

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 HO1 – There is no significant relationship between annual income and annual savings of the respondents.

Result of the test

DEGREES OF FREEDOM	6
TABLE VALUE AT 5 PERCENT LEVEL	12.592
CALCULATED VALUE	82.5391

Since the calculated value is more than the table value so, it is concluded that there is a significant relationship between annual income and annual savings. Null Hypothesis is rejected.

Table 6. Form of savings of the respondents

SL. NO	FORM OF SAVINGS	NO. OF RESPONDENTS	PERCENTAGE
1	FIXED DEPOSITS	35	46
2	BONDS	11	15
3	JEWELS	23	30
4	MUTUAL FUNDS	5	7
5	ANY OTHER FORMS	1	2
	TOTAL	75	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., fixed deposits (46%) because of its high returns followed by jewels. And rest of them through other forms like bonds, mutual funds etc,

Reason for Selecting a Particular Mode/Form of Saving

Table 7. Reason for selecting a particular mode of saving

SL NO.	REASONS	NO. OF RESPONDENTS	PERCENTAGE
1	SAFETY	31	41
2	TAX CONCESSION	28	38
3	CONVENIENCE	8	10.5
4	RETURNS	8	10.5
	TOTAL	75	100

Source: Primary Data

The above table clearly indicates that out of the respondents 41% believes to go for nest egg for safety followed by tax concession with 38%, convenience and returns with 10.5%. For every individual human life is full of contingencies and uncertain in nature. To safeguard the entire family in their absence they go with nest egg that to with proper form.

Purpose of Investment

Table 8. Purpose of investment

SL. NO	PURPOSE OF INVESTMENT	NO. OF RESPONDENTS	PERCENTAGE
1	CHILDREN EDUCATION AND MARRIAGE	31	41
2	TAX CONCESSION	24	32
3	SECURITY	16	21
4	RESALE PURPOSE (HOUSE, LAND, ETC.,)	2	3
5	CONTINGENCIES	2	3
	TOTAL	75	100

Source: Primary Data

From the analysis based on the data gathered from the respondents 41% of them go with children education and their wards' marriage as the prime consideration to go for savings, followed by tax concession, security. But only a small percentage of respondents opt for resale and contingencies also as a purpose of investment.

Investment Decision Maker

Table 9. Investment decision makers

SL. NO	DECISION MAKER	NO.OF RESPONDENTS	PERCENTAGE
1	SELF	26	35
2	HUSBAND/ WIFE/ FAMILY MEMBERS (IN LAWS)	43	57
3	FATHER	6	8
	TOTAL	75	100

Source: Primary Data

From the above table it is clear that the investment decision to be taken by the family members. It is analyzed that 57% of the respondents decide the investment style by consulting with the family members or at least an elder person in the family. For unmarried respondents only 8% the investment decision is taken by the father. Self decision making by the respondents is 35%.

Factors Influencing the Investors

The main factors that influence the investors to go for investment are, expected high rate of return, tax benefits, safety, convenience and liquidity. Besides they go for nest egg mainly to avoid any contingencies in the near future.

The sample respondents were asked to rank the factors according to their preference which influences the investment decision. The allocated weights are,

RANK	1	2	3	4	5
Type	Very High Influence	High Influence	Neutral	Low Influence	Least Influence
WEIGHTAGE	5	4	3	2	1

Based on the ranking the weighted average scores were calculated for each of the factors and on the basis of that overall ranks were given. Table 10 shows the ranking of the factors that influence the investment decision.

Table 10. Ranking of factors influencing investment decision

SL. NO	FACTORS INFLUENCE INVESTMENT DECISION	WEIGHTED AVERAGE	RANK
1	SAFETY	29.26	1
2	TAX CONCESSION	21.84	2
3	RETURNS	26.32	3
4	CONVENIENCE	17.11	4
5	LIQUIDITY	13.32	5

Source: Primary Data

From the above analysis it is evident based on weighted average score safety plays the prime and first role of having 29.26 as the highest percentage followed by tax concession, returns, convenience and liquidity. It is clear people go for nest egg primarily for safeguarding them from any eventuality.

Ranking of preference of respondents on the type of investment

The sample respondents were asked to rank the factors on the basis of the preference and type of investment they go for.

RANK	1	2	3	4	5
Type	Highly Preferred	Preferred	Neutral	Low Preferred	Least Preferred
WEIGHTAGE	5	4	3	2	1

The weighted average scores were calculated for each factor and on that basis the ranks were given. Five types of investments preferred by the sample respondents were fixed deposits and other government securities, Bonds, Gold or silver, mutual fund investment, real estate and buildings.

Table 11. Ranking of Preference of Respondents on the type of investment

SL. NO	TYPE OF INVESTMENT	WEIGHTED AVERAGE	RANK
1	FIXED DEPOSITS AND GOVT. SECURITIES IN THE PRIMARY AND SECONDARY MARKET	31.26	1
2	GOLD / SILVER	25.22	2
3	LAND / BUILDING	18.46	3
4	BONDS	15.24	4
5	MUTUAL FUNDS	14.12	5

Source: Primary Data

From the above table it is proved that majority of the respondents go with the type of investment primarily on fixed deposits with highest weighted average of 31.26, followed by jewellery, land and building etc.,   Why because the respondents opt primarily for fixed deposits because it gives fixed portion of returns year by year. Moreover the chance of eroding or corruption of money not possible with fixed deposits.

Ideal Period of Investment

The period of investment decision is a very important decisive factor. The ideal period may change from person to person based on the perception of the investors. Somebody go for shorter period based on their investment requirement. Somebody go for longer period horizon for the future of their children and old age benefits.

Table 12. Opinion of the Respondents on the Period of Investment

S. NO	PERIOD	NO. OF RESPONDENTS	PERCENTAGE
1	LESS THAN ONE YEAR	8	10.7
2	1-3 YEARS	29	38.7
3	3-5 YEARS	12	16
4	5-8 YEARS	9	12
5	ABOVE 8 YEARS	17	22.7
	TOTAL	75	100

Source: Primary Data

The above table reveals that 39% of the respondents go for the ideal period of investment ranging between 1-3 years. 17% of the respondents feel to go for ideal period of investment as above 8 years. It clearly indicates that the period exceeding 8 years that type of respondents go for real estate investment i.e., investing in land and building and they go for resale purpose also.

Classification of Respondents on The Basis of Expected Rate of Return

Table 13. Classification on the basis of expected rate of return of respondents

SL.NO	EXPECTED RATE OF RETURN	NO. OF RESPONDENTS	PERCENTAGE
1	BELOW 5%	12	16
2	5 -10%	28	37.3
3	10-15%	20	26.7
4	15-20%	8	10.7
5	ABOVE 25%	7	9.3
	TOTAL	75	100

Source: Primary Data

The above analysis indicates that almost 38% of the respondents go for the expected rate of return ranging between 5 to 10%. Expecting between these percentages is moderate and they go for any mode or form of investment it is possible for them to get and only 9% of the respondents go for the expected rate of return more than 25%. It is clear people expect for 25% and above returns are long period investors, they wait for the time to reap higher returns.

Gender and Expected Rate of Return

Now-a-days raising money for the welfare of the family is very important. Today's nuclear family system forces both the male and female to go for job and to earn money for the betterment of family and their children future. A cross tabulation has been applied to find from the members in the family both male and female who expects higher return from the investment.

Table 14. Gender and Expected Rate of Return

SL. NO	GENDER	EXPECTED RATE OF RETURN OF RESPONDENTS					NO. OF INVES-TORS
		BELOW 5%	5-10%	10-15%	15-20%	ABOVE 25%	
1	MALE	5(11.36)	12(27.27)	14(31.81)	6(13.6)	7(15.9)	44
2	FEMALE	7(22.5)	16(51.61)	6(19.35)	2(6.45)	---	31
	TOTAL	12	28	20	8	7	75

Source: Primary Data

From the cross tabulation analysis 7 female respondents expect returns less than 5%, 16 female respondents expect returns of 5-10%. But to find the higher expectation of returns among the gender it is clear male respondent's expectations of returns are more than female respondents because they are the breadwinners of the family. To survive in the competitive world people need to earn money and to invest in safe and reap the returns to the highest alone help them to improve the standard of living.

Marital Status and Expected Rate of Return

The second cross tabulation has been applied to analyze the relationship between the marital status and the expected rate of return. This analysis helps to find is there any relationship between the marital status and their expectation of returns. Generally married people expect more than unmarried persons. Because for married people the commitments are high and they need to satisfy the wants of their family members. To check the following analysis proves,

Table 15. Marital Statuses and Expected Rate of Return

SL. NO	MARITAL STATUS	EXPECTED RATE OF RETURN OF RESPONDENTS					NO. OF INVEST-ORS
		BELOW 5%	5-10%	10-15%	15-20%	ABOVE 25%	
1	MARRIED	5(10.41)	15 (31.25)	15 (31.25)	6(12.5)	7(14.58)	48
2	UNMARRIED	5(21.7)	13 (56.52)	3 (13.04)	2(8.69)	------	23
3	DIVORCED	1(100)	---	---	---	---	1
4	WIDOW	1(33.33)	---	2(66.67)	---	---	3
	TOTAL	12	28	20	8	7	75

Source: Primary Data

The above cross tabulation analyses the relationship between marital status and the expected rate of return on the investments. It is evident that the married respondents have more responsibility and they always prefer higher returns. It is also proved that there is a direct relationship between marital status and expected rate of return.

Annual Savings and Expected Rate of Return

Every individual in the world need money to strive and also every individual are expected to earn and save money to safeguard his life. The cross tabulation is very helpful to find out the annual savings and the impact of annual savings with the expected rate of return.

Table 16. Annual Savings and Expected rate of return

SL. NO	ANNUAL SAVINGS	EXPECTED RATE OF RETURN OF RESPONDENTS					NO. OF INVEST-ORS
		BELOW 5%	5-10%	10-15%	15-20%	ABOVE 25%	
1	LESS THAN 1 LAKH	3(6.5)	18 (39.1)	14 (30.4)	7(15.2)	4(8.6)	46
2	1-2 LAKHS	9(32.14)	10 (35.71)	6(21.4)	1(3.5)	2(7.1)	28
3	2-3 LAKHS	--	--	--	--	1(100)	1
	TOTAL	12	28	20	8	7	75

Source: Primary Data

From the above analysis it is clear that 40% of the respondents expect annual savings with less than one lakh expect rate of return of 5 to 10%. 31% of the respondents expect annual rate of return between 10 to 15%.

Students T- Test

It 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. The t value has been calculated by using,

$$t = \frac{\overline{x_1} - \overline{x_2}}{\sqrt{\frac{(n_1 - 1)s_1^2 + (n_2 - 1)s_2^2}{n_1 + n_2 - 2}\left[\frac{n_1 + n_2}{n_1 n_2}\right]}}$$

Type equation here. For this purpose the following hypothesis has been framed.

Null Hypothesis HO2 = The relationship between the gender, marital status and annual savings with expected rate of return of the respondents is not significant.

PARTICULARS	TABLE VALUE @5%	CALCULATED VALUE	RESULT
GENDER AND RATE OF RETURN	1.960	-8.2514	NOT SIGNIFICANT
MARITAL STATUS AND RATE OF RETURN	1.960	-6.254	NOT SIGNIFICANT
ANNUAL SAVINGS AND RATE OF RETURN	1.960	3.2540	SIGNIFICANT

From the above analysis it is clear that there is no significant relationship between gender, marital status and rate of return. But there exists a significant relationship between annual savings and rate of return. It clearly states that the investor always expects certain proportionate returns for their investments.

Annual Income and Expected Rate of Return of Respondents

All the individuals are running behind money is to safeguard their future and also to avoid uncertainties. Everybody wants to earn higher percentage of returns from their investments. For this an analysis is to be done,

Table 17. Annual savings and expected rate of return

SL. NO	ANNUAL INCOME	EXPECTED RATE OF RETURN OF RESPONDENTS					NO. OF INVESTORS
		BELOW 5%	5-10%	10-15%	15-20%	ABOVE 25%	
1	LESS THAN 3 LAKHS	4	12	3	1	0	20
2	3-5 LAKHS	4	10	12	6	7	39
3	5-8 LAKHS	4	6	5	0	0	15
4	ABOVE 8 LAKHS	0	0	0	1	0	1
		12	28	20	8	7	75

Null Hypothesis HO3: There is no significant relationship between the yearly income of the respondents and the expected rate of return.

ANOVA for Expected rate of return

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	148.150	3	49.383	3.472	.041
Within Groups	227.600	16	14.225		
Total	375.750	19			

The ANOVA result shows that the significance value is 0.041 which is less than the level of significance which is 0.05. Hence Null Hypothesis is rejected. It proves that there is significant relationship between annual income and expected rate of return on investments.

CONCLUSION

From the research it is evident that money is expected for everybody. It plays a vital role for surviving and also it is essential to face the today's competition. Day by day the prices of essential commodities got improved. To improve the standard of living and progress the life style saving is very important. They know the importance of money and initiated themselves to prepare the budget and lesson down the expenses to meet the future consequences. It is also proved that all the working people save the money for their wards' education, marriage, security and also for house construction purposes. It is also suggested instead of saving money for these purposes alone help them to safeguard now. But for the long living with peace, they can concentrate much on retirement funds and pension funds.

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