A STUDY ON INVESTMENT PATTERN OF COLLEGE TEACHERS IN BHOPAL CITY OF MADHYA PRADESH

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Abstract:

This research study has been undertaken to explore the impact of demographic factors on the investment pattern among the college teachers in Bhopal city, Madhya Pradesh. The study also aims to explore the investment objectives, the extent of investment awareness and risk return dynamics on the investment made by them. A survey is conducted in Bhopal City of Madhya Pradesh and data is collected from 385 teachers through structured questionnaire. Here researcher studied the different investment alternatives as well as factors influencing in selection of investment. The current research defines that teachers consider safety and healthy returns so the most preferred investment among teaching community is bank deposits.

Index Terms: Demographic factors, Investment pattern, Investment factors, risk- return dynamics

I INTRODUCTION:

Economic development of an economy depends upon the increase in savings and investment. Promotion, mobilization and channelization of savings, is the first in the process of achieving the desired objective. Growth in the economy implies increase in the per capita income, improvement in the standard of living, for this purpose, people are motivated and encouraged to save and invest in various investment avenues, that cater to their investment objective. Every economy requires mobilization of savings and its utilization into productive investments. Capital formation is a pre requisite for the development of a country. To achieve the expected growth, the savings in an economy must   put to productive use in order to increase the national income and also to increase the per capita income and improve their standard of living etc.

1.1 Investment

Investment is the use of savings for future creation of assets. It is the actively involving in parting away of funds from the current consumption with the hope of earning return in the future, "it means the use of funds for productive purposes for securing appreciation of income and assets"

. Investment is the employment of funds on assets with an aim of earning income or capital appreciation" (Pandian) some investment give only income e.g., bank deposits, post deposits. Some assets have capital appreciation e.g., gold, land and building, real estate's etc. some investments assure of amount invested e.g., Govt. bonds and securities. While some of the investment assure liquidity and transferability e.g., shares and securities etc. the return on investments differs from investment to investment, depending upon various aspects it also depends the objective of investment.
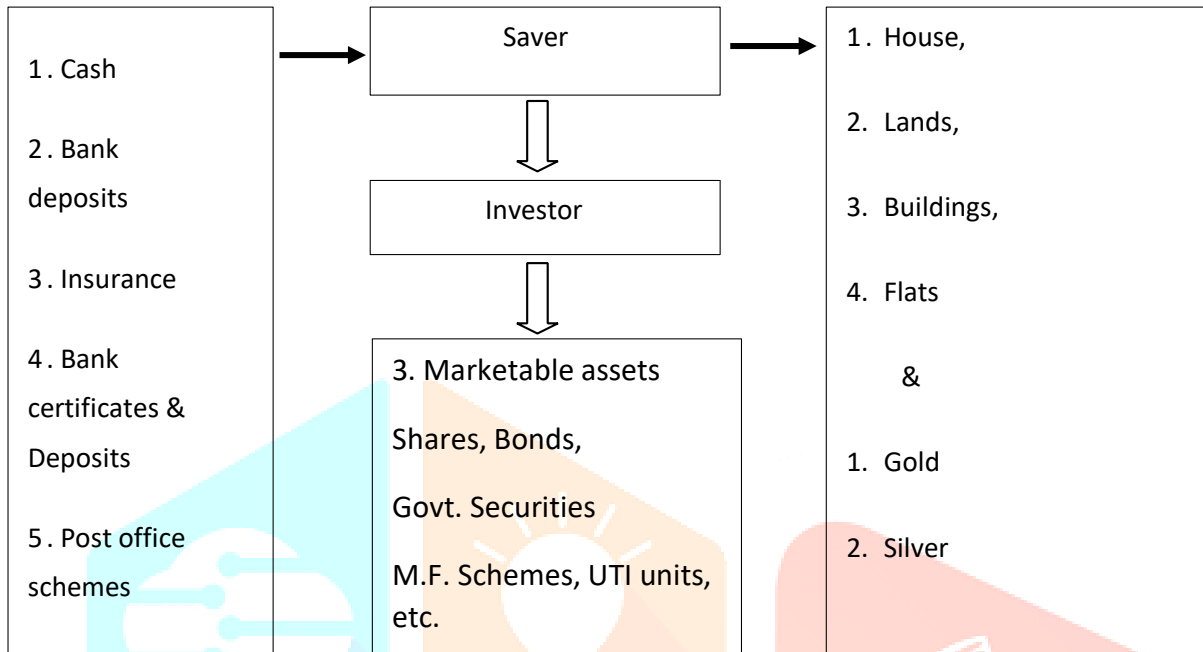
1.2 Classification of Investment avenues.

Today's investor has a wide array of investment avenues and he can the one that suits his preferences. Following are the various assets classes that the investor can choose from.

For making proper investment, the investor has to make a study of the alternative avenues of investment. Investor has to tune the expectations to his preference of the risk and return for making a proper investment choice.

1.Financial assets   **Investment activity**   **2. Real assets**

1. Cash	Saver	1. House,
2. Bank deposits		2. Lands,
3. Insurance	Investor	3. Buildings,
4. Bank certificates & Deposits		4. Flats
5. Post office schemes	3. Marketable assets Shares, Bonds, Govt. Securities M.F. Schemes, UTI units, etc.	& 1. Gold 2. Silver

II.LITERATURE REVIEW

Ajinkya kumawat and Alka Parkar (2020) noted how age, income, and education are the major elements that influence an individual's investment decision.

Abhinandan, Aiman Alasbahi, Ebrahim, (2019) concluded that the investment behaviour of one class of people is different from another class of people, it may be in the form of risk perception level, awareness of various investment. Bank deposits are one of the most popular investment options for consumers of all income levels.

Ramanujam.V and Chitra Devi k (2012) studied the impact of economic variables on the attitude of investors towards investments. It shows that there is no significant association between the respondent's occupation and the frequency of making the investment. The study found no relationship between the respondent's annual savings and the investment purpose. It was also discovered that the investment patterns of the respondents type of government, public and private investors did not differ.

V.R. Palanivelu and K.Chandrakumar (2013) studied the investment preferences of salaried class in Namakkal Taluk, Tamil Nadu.It shows some variable such as age ,educational level,occupation,financial knowledge influences the investment avenues choice decision.

Somasundaram(1998) had conducted the studies to assess the savings and investment patterns of salaried people in Coimbatore district. He discovered that the most recognized ways of saving among investors were chit funds and bank deposits. At the same time, low -branded methods are UTI schemes and plantation schemes. Morever, he also concludes that his attitude of investors was extremely positive and showed their goal of saving for their future needs.

Dr. Ananthapadhmanabha Achar (2012) studied on saving and Investment behaviour of teachers -An empirical study. This study personal characteristics such as age, gender, marital status, and lifestyle determined the teachers savings and investment behaviour in the study region. And it also concludes that their family characteristics such as monthly revenue, family expenditure, family size and educational qualification have appeared as determinants of their savings and investment behaviour.

Dr.S. Mathivanan and Dr. M. Selvakumar (2011) studied on saving and investment pattern of school teachers – A study with reference to Shivkasi district, Tamil Nadu.The research shows that teaching community initiated to prepares a budget for the proposed expense and compare it with the actual expenses they have met so that the other tempting and fashionable expense do not influence them.

Bhardwaj Rajesh and Priyanka (2011) examine- analysis of Income and Savings pattern of Government and Private Senior Secondary School Teachers. Mostly government & Private Senior School Teachers using bank deposits and life insurance to invest their money. In contrast to private teachers, government school teachers get more benefits. The main goal of government teacher's savings is a emergency and security, while children 's education for private teacher.

Dr.M. Ramesh and N. Geetha (2011) in their article "A Study on people's Preferences in Investment Behaviour" have identified that the person dealing with the planning must know all the various investment choices and how these can be chosen for the purpose of attaining the overall objectives. This study examined on people's choice in investment avenues of kurumbalur. It is found that all age group people give more important investment in insurance, NSC, PPF and bank deposit.

III.STATEMENT OF THE PROBLEM

Teachers are well educated, who understand how to maximize their investment returns. It is not uncommon for teachers to know the trick of maximizing their money despite of their intelligence background. In this context, the present study reveals about the pattern of investment of teachers working in Private and Government colleges in Bhopal District.

IV. OBJECTIVES OF THE STUDY

1. To study the impact of family life cycle stage & Investment Awareness of college teachers.

2. To study the Risk Tolerance level of college teachers

3. To study the factors considered for Investment by college teachers

4. To suggest measures to enhance investment awareness.

V. RESEARCH METHODOLOGY

5.1. Research Design-

Descriptive research design method has been used wherein researcher describe the impact of demographic traits on investment pattern of college teachers. For the current study, Simple random sampling is chosen.

5.2Sample analysis

Following formula can be used to determine sample size (Nargundkar,2003)

$$n = p\,(1-p)\,(Z/e)^2$$
$$n = 0.50(1-0.50)\,(1.96/0.05)^2$$
$$n = 385$$

Where, n = sample size

Z= Z value from the standard normal distribution for the confidence level desired by the researcher. For this study, the researcher has assumed 95 percent confidence level. Then from the standard distribution tables, the Z value is 1.96.

P = Frequency of occurrence of something expressed as proportion (0.50)

e = Tolerance error.

Applying above formula, the sample size comes to 385, Hence, researcher has collected the primary data from 385 respondents.

5.3 Sample Size

The current study was conducted on the basis of the selected comprising 385 samples with a break up of 200 Private College and 185 working in government college in Bhopal City of Madhya Pradesh.

5.4 Sources of Data

For the research both primary and secondary data is collected. The primary data for the study is collected directly from target respondents through structured questionnaire. The secondary data is collected from articles, reports, internet and other publications.

5.5. Research Instrument

A well-structured questionnaire is used to collect data from the respondents. A questionnaire is consisting 22 questions are used for collecting data. Respondents can record their response by easily ticking their preference in the respective columns provided.

5.6 Tools of Analysis

The statistical package for social science (SPSS-XXI) was used to process the data. Relevant statistical tool and techniques such as tables, percentage, Chi-Square test were used for analysing and interpreting the collected data.
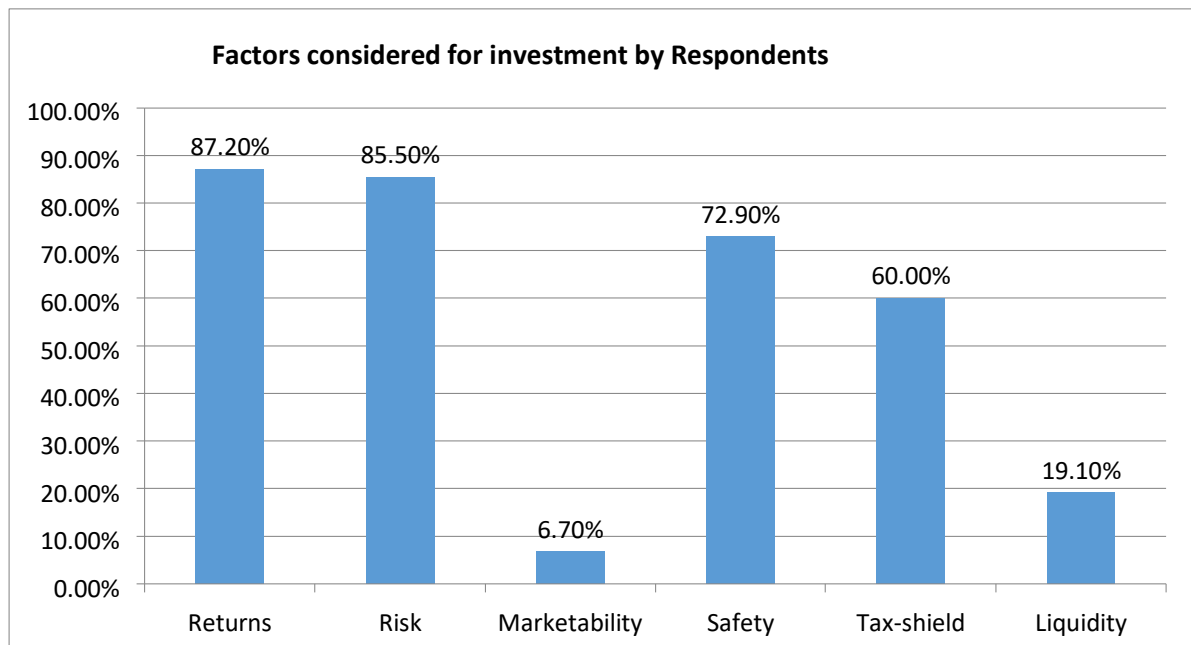
VI. RESULTS AND DISCUSSION

6.1. **Factors considered for Investment by the Respondents**

Table1: Factors considered for Investment by the Respondents

Factors	Total No. of Respondents	Percentage of Respondents	Ranking
Returns	336	87.2%	1
Risk	331	85.5%	2
Marketability	26	6.7%	6
Safety	282	72.9%	3
Tax –shield	233	60.2%	4
Liquidity	74	19.1%	5

(Source: Primary data)

Factors considered for investment by Respondents

Graph 1. Factors considered for Investment by the Respondent

Analysis and Interpretation

The factors considered for investment by respondents were quite different from each other. On analysing the data, the maximum respondents have factored on returns (87.2%). About 85.5% of the respondents have focused on safety,72.9% on tax-shield.60.2% on risk and 51.2% on wealth creation. Only19.1% of the respondents have focused on liquidity, while a mere 6.7% of them factored on marketability.
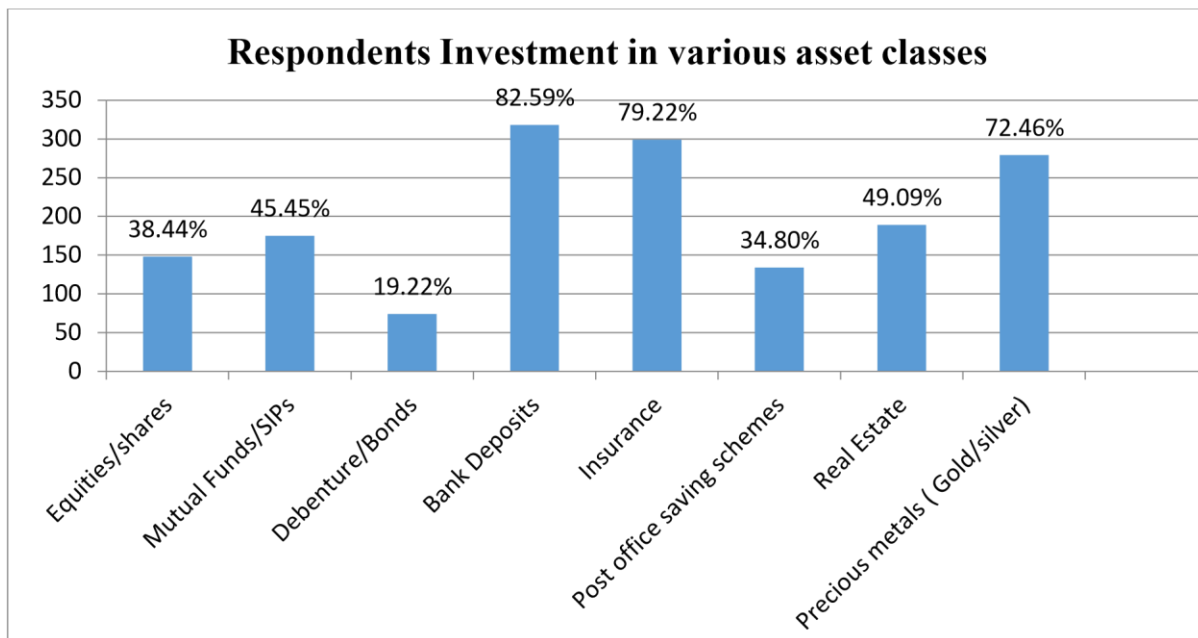
Based on ranking of the factors considered for investment, returns were the most important factor that teachers focused on, followed by safety, tax-shield, risk, wealth creation, liquidity and marketability.

6.2.Respondent's investment in various asset classes:

Table 2: Respondent's investment in various asset classes

Investment Avenues	Total No. of Respondents	Percentage of Respondents
Equities/stocks/shares	148	38.44%
Mutual Funds/SIPs	175	45.45%
Debentures/bonds	74	19.22%
Bank Deposits (Fixed/Recurring/Savings	318	82.59%
Insurance	305	79.22%
Post office Saving Schemes e.g., NSS, KVP etc.	134	34.80%
Real estate	189	49.09%
Precious metals (Gold/silver)	279	72.46%

(Source: Primary data)

Respondents Investment in various asset classes

Graph bars with values: Equities/shares 38.44%, Mutual Funds/SIPs 45.45%, Debenture/Bonds 19.22%, Bank Deposits 82.59%, Insurance 79.22%, Post office saving schemes 34.80%, Real Estate 49.09%, Precious metals (Gold/silver) 72.46%

Graph 2: Respondents investment in various asset classes

Analysis & Interpretation

From above table, it is clear that top three investment avenues are Bank deposits, insurance, Gold /Silver, followed by Mutual funds, Real Estate, Equity, Post – office deposits and Bonds.

A. Hypothesis Testing

H_0 : There is no significance relationship between Stages & Investment Awareness level.

H_1: There is a significance relationship between Stages & Investment Awareness **level.**

Table 3:Cross tabulation between Respondent's stage in family life cycle & Investment Awareness.

Respondent's stage in family life cycle	Investment awareness		Total
	No	Yes	
Young single	55	12	67
Young married without children	47	20	67
Young married with children	54	41	95
Middle age married with children	43	58	101
Middle age married without dependent children	17	16	33
Older married	8	14	22
Total	224	161	385
Percentage (%)	58.1 %	41.9%	100%

(Source: primary data)

Chi-Square Tests

	Value	df	Asymptotic Significance (2sided)
Pearson Chi-Square	34.773	5	.000
Likelihood Ratio	36.446	5	.000
N of Valid Cases	385		

Analysis and Interpretation

The test was performed at 5% level of significance. The output of Chi-square test is as presented in above Table . The Pearson Chi-Square significance value is 0.000 with degree of freedom 5. Therefore, null hypothesis is rejected and alternate hypothesis is accepted. Hence, it is found that there is a significant association between Stages of respondents and their Investment Awareness level.

In other words, these two variables are significantly associated with each other. From above table, it can be seen that the value of Cramer's V is significant with 0.000 and the degree of association between these two variables is 62.1 %.

B. Hypothesis Testing

H_0 : There is no significance relationship between Risk Tolerance level & Investment Awareness level of college teachers.

H_1: There is a significance relationship between Risk Tolerance level &

Investment Awareness level of college teachers.

Table no. 4: Risk Tolerance level & Investment Awareness

Risk tolerance level	Investment Awareness		Total
	No	Yes	
lowest risk	16	8	24
moderate	49	20	69
high	72	68	140
highest	87	65	152
Total	224	161	385

Source: Primary Data

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	8.060	3	.045
Likelihood Ratio	8.248	3	.041
Linear-by-Linear Association	2.695	1	.101
Cramer's V	.145		.045
N of Valid Cases	385		

Source: SPSS

Analysis and Interpretation

The test was performed at 5% level of significance. The output of Chi-square test is as presented in above table. The Pearson Chi-Square significance value is 0.045 with degree of freedom 3. Therefore, null hypothesis is accepted and alternate hypothesis is rejected. Hence, it is found that there is no significant association between Risk tolerance level of respondents and their Investment Awareness level. In other words, these two variables are not significantly associated with each other. From above table, it can be seen that the value of Cramer's V is significant with 0.000 and the degree of association between these two variables is 14.5 %.

VII. FINDINGS AND RECOMMENDATIONS

- Most of the teachers prefer to invest in savings bank, gold, provident fund and insurance. It shows that the knowledge of teachers on various innovative and new generations investment avenues is very low. They should therefore update their awareness of new investments in financial and physical assets.

- There is a significant association between Stages of respondents and their Investment Awareness level.

- There is no significant association between Risk tolerance level of respondents and their Investment Awareness level.

- Most of teachers aren't aware of tax benefits related to various investment opportunities. So, investor should consider tax shield benefits relating to the investment opportunities while choosing the investment option that can help in reducing their tax burden.

- Most of the teachers suggest special schemes for children's education and marriage to increase their investment. So, investment firms should set up special investment schemes to popularize savings and investment among teaching community.

VIII. CONCLUSION

Teachers plan for the future by making investment decisions. The selection of savings and investment option and their anticipated returns and risk are more associated. This research study helps in evaluating investment pattern of teaching community on various investment alternatives, like investment in post office saving schemes, Bank deposits, investment in physical assets and financial assets. Hence, the study has attempted to understand the investment pattern of teachers of private and government colleges. It also highlights the factors influencing investment decisions of teachers and their level of awareness towards different investment avenues.

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