

SAVINGS AND INVESTMENT PATTERN OF THE PROVINCIALISED LOWER PRIMARY (L.P.) SCHOOL TEACHERS OF TINSUKIA TOWN

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Abstract

Saving and Investment are correlated with each other, without savings there cannot be investment. In this paper, the researcher made an attempt to find out the risk taking ability of lower primary teachers working in Tinsukia town. The paper made an attempt to identify the saving habits and investment pattern of the teachers under study and the researcher tried to analyse the investment pattern of the teachers in respect of modern investment avenues. Both Primary as well as secondary data are used. Primary data has been collected through structured questionnaire using purposive sampling. Secondary data has been collected from various journals, books and websites.

Introduction

Savings is necessary for unpredictable future in order to meet the emergencies in life. Savings refers to the amount of money which is kept aside from the current income for future use. 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.,.Saving of money help people in the long run. There could be the uncertainties of future which resist people to save for future.

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 and grade. An investment decision is a trade-off between risk and returns. All investment choices are made at the point of time in occurrence with the personal investment ends and in contemplation of an uncertain future. Since investment in securities is reducible, investment ends are transient and investment environment is fluid, the releasable bases for reasoned expectations become more and vaguer as one conceives of the distant future¹

¹Academics' Research Center <http://www.arcjournals.org/./8.pdf> [accessed on 31st January, 2016. 08:48PM]

Meaning of Saving

Saving is closely related to physical investment, in that the former provides a source of funds for the latter. By not using income to buy consumer goods and services, it is possible for resources to instead be invested by being used to produce fixed capital, such as factories and machinery. Saving can therefore be vital to increase the amount of fixed capital available, which contributes to economic growth

However, increased saving does not always correspond to increased investment. If savings are stashed in or under a mattress, or otherwise not deposited into a financial intermediary such as a bank, there is no chance for those savings to be recycled as investment by business. This means that saving may increase without increasing investment, possibly causing a short-fall of demand rather than to economic growth. In the short term, if saving falls below investment, it can lead to a growth of aggregate demand and an economic boom. In the long term if saving falls below investment it eventually reduces investment and detracts from future growth. Future growth is made possible by foregoing present consumption to increase investment. However savings kept in a mattress amount to an loan to the government or central bank, who can recycle this loan.

PROFILE OF THE TINSUKIA TOWN

The district of Tinsukia is located in the top of North-East of Assam. It is well connected with Arunachal Pradesh and Nagaland, the two neighboring states. Its territorial boundary is again linked with two border districts Dibrugarh and Dhemaji. It has 3790 sq. km. land area having a total of 1168 villages and 13 towns with 7 model villages and 3 sub divisions, namely- Tinsukia, Marghaerita and Sadiya covered by 4 Revenue Circles with a total population of 13,16,948 as per 2011 census² and out of the total population Tinsukia town has a population of 1,25,216 which indicates only 9.5 p.c. of the total population of the district of Tinsukia³.

Tinsukia is a small town and municipal board in Tinsukia district which has been accepted as the business capital of Assam.. It is situated 480 kilometers (298 mi) north east of Guwahati and 84 Kilometers (52 mi) kilometers away from the border with Arunachal Pradesh. Tinsukia is an industrial and commercial center of Assam dealing in agricultural products such as tea, oranges, ginger, citrus fruits and paddy.

Statement of the Problem

The pay structure of the provincialised school teachers is always controversial that their pay structure is very low and also there is an irregularity of payment of salaries and areas from the Government of Assam. Through it has been improved in the past 15 years but the problem has not got eliminated. The pay commission which

² Statistical Hand Book, Assam; Directorate of economics and Statistics, Govt. of Assam, Guwahati, 2012, p-2

³Wikipedia<http://en.wikipedia.org/wiki/Tinsukia>, [accessed on 02/03/2016 at 8.40 PM]

was last held in 2006 has increased their pay and their next pay commission of the Government of Assam will effect from 1st January 2016, through the new pay commission meeting has not been held yet but it is expected to be held soon. Therefore the income in terms of salary of provincialised school teachers has to be studied and their investment avenues can be studied in a systematic way through this research. It is generally found that people tend to invest in traditional investment avenues which are very safe in term of return in nature but the return is low as compared to the modern investment avenues like mutual fund, unit linked, insurance policies, commodity market etc. The new pension scheme as notified by the government is also controversial in nature and the current pension system is scrapped by the government and hence the people started investing in the pension fund which is normal risky in nature and is not preferred by the maximum people. Also the private sector financial companies are coming up with attractive schemes and they are gaining trust day by day and even some people who were confine to traditional investment avenues has started investing in more risky modern investment avenues.

Therefore this research is an attempted to study the savings and investment pattern of provincialized lower primary school teachers.

Review of Literature

Achar (2012)⁴ studied on —Saving and Investment Behaviour 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 behaviour.

Jain and others(2012)⁵ 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.

⁴Achar, Dr. Ananthapadmanabha (2012) —*Saving and Investment Behaviour Of Teachers - An empirical study*, International Journal of Physical and Social Sciences, August 2012, pp 263-286

⁵Jain, Dr. Dhiraj and Jain, Parul (2012) *Savings and Investment Pattern of School Teachers -a study with reference to Udaipur District, Rajasthan*, International Journal Of Research In Commerce, Economics & Management, Volume no. 2 (2012), Issue no. 6 (JUNE 2012) pp.84-89

Virani (2012)⁶ propounded in her study that 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 majority of the respondents are 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 education, marriage, and security after retirement.

Bhardwaj and others (2011)⁷, propounded in their study that saving and investment pattern of salaried class school teachers of govt. and private schools has depended upon income and they both get salary but the scale of the salaries are different and saving patterns that's why is so different. Govt. teachers prefer to invest the money for emergency purposes and private teacher's emphasis on children marriage and education.

Research Gap:-

From the above review of literature the following research gap has been detected by the researcher:

1. The investment behaviour of the people of Tinsukia town was never been conducted.
2. The extent of savings by the provincialised lower primary school teachers of Assam was never been undertaken as felt by the researcher while doing the review of literature.
3. Since the lower primary school teachers are not and financial expert (assumed) therefore their investment nature from their income is full of curiosity and this research will reach this curiosity.

Objectives of the study:-

General objective:-

To analyse the savings and investment pattern of the teachers of provincialised L.P. schools of Tinsukia town.

Special objective:-

The study has been carried out the following objectives:-

- i) To identify the saving habits of the teachers under study.
- ii) To identify the investment patter of the teachers under study
- iii) To analyse the investment pattern of the teachers in respect of modern investment avenues.

⁶Virani,V.(2012). *Saving and Investment pattern of school teachers-A study With special reference to Rajkot City,Gujrat*. Abhinav National Refereed journal of research in Commerce and Management. 2(4) :pp2277-1166.

⁷Bhardwaj, R and Raheja, R.,(2011). *Analysis of Income and Savings Pattern of Government And Private Senior Secondary School Teachers*. Asia Pacific Journal of Research in Business Management, 9(2):pp 44-56

Research Query:-

This study will be carried out with the following research queries kept in mind by the researcher:-

- i) How far the school teachers willing to take risk by investing in modern portfolios.
- ii) How for the school teachers are satisfied with the resent National Pension Scheme structure introduced by the Government of India.

Methodology of the study:-

The methodology adopted in totality that is, population of the study, the sample size, sampling technique adopted as the statistical tools used to the study are as given below:-

1) Population: -According to the statistics of Govt. of Assam, there are 25 numbers of Provincialised Lower Primary School in Tinsukia town with 117 numbers of teachers upto 31st March, 2016 which constitute the population of the study.

2) Sample:- Sample has been collected from the population cited above in the following manner:-

i) Sample Size: - A sample size of 50 numbers of L.P. School teachers have been selected to carry out the study.

ii) Simply Method: - Purposive sampling has been adopted to carry out the present study.

3) Primary data: - The primary data has been collected using questionnaires given to the people included in the sample can also using some unstructured oral interviews.

4) Secondary data: - Secondary data has been collected from various books, journals, websites and some other dissertation projects from the library of Tinsukia Commerce College.

5) Data analysis method: - After collecting data has been compiled in the form of table and then it has been analysed using bar diagrams very oftenly and sometimes pie charts too.

Significance of the study:-

The significance of the study are as follows:-

- i) This study will helped to analyse the investment pattern of the provincialised L.P. school teachers.
- ii) This study will help to detect the perception of provincialised L.P. school teachers toward private sector.
- iii) This study will help to detect the perception of provincialised L.P. school teachers toward modern investment avenues.
- iv) This study will analyse the risk bearing capacity of the teachers.

Scope of the study:-

The scopes of the study are as follows:-

- i) The next pay commission is scheduled in the year 2017. So this study will help to make a comparative study of savings and investment behaviour of provincialised teachers.
- ii) This study will also help the government to detect the responses regarding NPS.
- iii) This study will help to formulate new pay scale.

Periodicity of the study:-

This study has been carried out for academic purpose from 1st January, 2016 to 31st March, 2016.

Limitation of the study:-

The limitations of the study are as follows:-

- i) The study is only limited to Tinsukia town.
- ii) The study is limited to a very few number of respondents as compared to the total population of provincialised L.P. school teachers Assam so it may not depict the exact picture of the reality.
- iii) Since the study is based on the financial information which is normally kept confidential by the people so the responses from the respondent may not be accurate in some cases and it is there for the major limitation of the study.

FINDING OF THE STUDY

The findings of the study are as follows:-

1. In the study it is revealed that 17 respondents are male and 33 are female. While in terms of percentage, 34 p.c. are male and 66 p.c. are female.
2. In the study it is observed that 52 p.c. of the respondents belongs to the age group of 25-40 years followed by the age group of 41-60 (32 p.c.) years and only 16 p.c. belongs to the age group of below 25.
3. It has been seen that 6 respondents are below 20000, 18 respondents are between Rs.20000-30000, 16 respondents are between Rs.30000-40000 and 10 respondents are above 40000. While in terms of percentage, 12 p.c. are below 20000, 36 p.c. are between Rs.20000-30000 and 32 p.c. are between Rs.30000-40000 and 20 p.c. are above 40000.
4. It is observed from the study 30 respondents i.e. 60 p.c. have income from house property and rest of the 20 respondents i.e. 40p.c. have no income from house property.

5. It has been evident that 10 respondents falls in below 2000 i.e. 33 p.c., 12 respondents are between Rs. 2000- 5000 i.e. 40 p.c. and 8 respondents are above 5000 i.e. 27 p.c., have an income from house property.
6. It is revealed that 6 respondents i.e. 12 p.c. are monthly income below Rs. 20000, 16 respondents i.e. 32 p.c. are monthly income between Rs. 20000-30000, while 18 respondents i.e. 36 p.c. are monthly income between Rs. 30000-40000 and the remaining 10 respondents i.e. 20 p.c. are monthly income above Rs. 40000.
7. It has been observed that 14 respondents i.e. 28 p.c. are household expenditure per month for Rs.5000-10000, 12 respondents i.e. 24 p.c. are less than Rs.5000, 10 respondents i.e. 20 p.c. for Rs.10000-20000, 8 respondents i.e. 16 p.c. are between Rs.20000-30000 and only 6 respondents i.e. 12 p.c. are household expenditure per month for above Rs.30000.
8. It has been states that out of 50 respondents, 10 respondents i.e. 20 p.c. are monthly saving less than Rs. 2000, 18 respondents i.e. 36 p.c. are between Rs. 2000-5000, while 14 respondents i.e.28 p.c. are between Rs. 5000-10000 and rest 8 respondents i.e.16 p.c. are monthly savings above Rs. 10000.
9. It has been found that 12 respondents i.e. 24 p.c. are invest less than 2000, 16 respondents i.e. 32 p.c. invest in between 2000-5000, 12 respondents 24 p.c. are invest between 5000-10000 and 10 respondents i.e. 20 p.c. are invest above 10000.
10. It has been implies that 10 respondents i.e. 20 p.c. are invest life insurance, 4 respondents i.e. 8 p.c. are invest NSC, 6 respondents i.e. 12 p.c. are invest in recurring deposits, 14 respondents i.e. 28 p.c. are invest in fixed deposits, and rest of 16 respondents i.e. 32 p.c. are savings.
11. In the study it has been observed that 30 respondents i.e. 60 p.c. are preferred public sector for invest and rest of 20 respondents i.e. 40 p.c. respondents preferred private sector for invest.
12. It has been revealed that 15 respondents i.e. 30 p.c. are preferred equity share market, 20 respondents i.e. 40 p.c. are preferred mutual fund and 15 respondents i.e. 30 p.c. are preferred commodity market.
13. It is found that 32 respondents i.e. 64 p.c. stays in own house and 18 respondents i.e. 36 p.c. stays in rented house.
14. In the study it has been implies that 8 respondents i.e. 44 p.c. are spend below Rs.2000 as house rent, 7 respondents i.e. 39 p.c. are between Rs.2000-5000 as house rent and remaining 3 respondents i.e. 17 p.c. are spend above Rs.5000 as house rent.
15. It has been observed that 15 respondents i.e. 30 p.c. are invest in life insurance, 12 respondents i.e. 24 p.c. are invest in recurring deposit, 8 respondents i.e. 16 p.c. are invest in mutual fund and remaining 15 respondents i.e. 30 p.c. are invest in fixed deposit for tax saving schemes.
16. It has been seen that 32 respondents i.e. 64 p.c. have their own house while 18 respondents i.e. 36 p.c. are have not their own house/plot.

17. In the study it is revealed that 10 respondents i.e. 31 p.c. have 1 house, 8 respondents i.e. 25 p.c. have 2 houses, 8 respondents i.e. 25 p.c. have 3 houses, 4 respondents i.e. 13 p.c. have 4 houses and only 2 respondents i.e. 6 p.c. have more than 4 houses.

18. It is observed that 38 respondents i.e. 76 p.c. have bank loan and rest of the 12 respondents i.e. 24 p.c. have not any kind of bank loan.

19. It is found that 12 respondents i.e. 32 p.c. have less than 3000 as monthly bank instalment, 14 respondents i.e. 37 p.c. have 3000-5000 as monthly bank instalment, 8 respondents i.e. 21 p.c. have 5000-10000 bank instalment and remaining 4 respondents i.e. 10 p.c. have above 10000 as monthly instalment.

20. It has been seen that 28 respondents i.e. 56 p.c. are have their own car and rest of the 22 respondents i.e. 44 p.c. have not their own car.

21. It has been observed that 20 respondents i.e. 71 p.c. have new/first hand car and rest of the 8 respondents i.e. 29 p.c. have old/second hand car.

22. It is found that 14 respondents i.e. 50 p.c. are Rs.200000-500000, 8 respondents i.e. 29 p.c. are above 500000 and remaining 6 respondents i.e. 21 p.c. are below 200000.

23. It has been revealed that 14 respondents i.e. 28 p.c. are safety is the main factor for investment avenues, 8 respondents i.e. 16 p.c. are liquidity, 16 respondents i.e. 32 p.c. are return is the main factor for investment avenues and rest of the 12 respondents i.e. 24 p.c. are high risk.

24. It is observed from the study 10 respondents i.e. 20 p.c. can take zero risk as on investment on the basis of rate of return, 15 respondents i.e. 30 p.c. can take low risk, 17 respondents i.e. 34 p.c. take average/medium risk and rest of the 8 respondents i.e. 16 p.c. respondents take high risk.

25. It has been seen that 25 respondents i.e. 50 p.c. like the resent NPS scheme and 25 respondents i.e. 50 p.c. dislike the resent NPS scheme.

26. It has been states that 10 respondents i.e. 20 p.c. are invest in below Rs.1000 pension funds (per month on an average), 18 respondents i.e. 36 p.c. are invest between Rs.1000-3000 in pension funds, 14 respondents i.e. 28 p.c. are invest between Rs.3000-5000 in pension funds and rest of the 8 respondents i.e. 16 p.c. are invest above Rs.5000 in pension funds.

SUGGESTION OF THE STUDY

The suggestions of the study are as follows:-

1. There should be an investor's education scheme for the people of Tinsukia.
2. The new pay commission which is due on 1st January 2016 which is yet pending should be finalised at the earliest.

3. The financial institutions should bring up more attractive pension scheme.
4. The government should provide low cost medical insurance scheme for the provincialised school teachers.
5. The tax slab should be increased or the income of the people has also increased.
6. Some initiatives should be taken by private financial institutions to educate the people about the individual portfolio construction so that the normal people get attracted in investing more and more.
7. The investors have to identify the market situation and price fluctuations in the precious metals.
8. Most of the teachers prefer Bank F.D and Govt. Securities as the investment option, there is lack of awareness about other avenues like equity, and mutual fund etc. so if they want to invest in them they should regularly read newspapers, journals and articles related to stock market.
9. To enhance the saving habits, the saving mode must attract people by providing many offers and new attractive schemes.

Conclusion

From this research study it is concluded that in today's world money plays a vital role in one's life and that the importance of money has been started being recognized by the school teachers 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 as bank deposits for the purpose of their children's education, marriage and as security after retirement.

Today, the living standard of the people increasing day by day so teacher community has started realizing the importance of savings and proper investment of their savings. It is evident from the study undertaken that most of the teachers are considered Safety for selecting the mode of savings and Bank Deposit was considered as the main avenue of the investment followed by Insurance.

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. 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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