

Investment Pattern of College Faculty: A Study of Khmmam District

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Abstract

Investment means commitment of funds made in the expectation of some rate of return in future. It is the part the savings of persons, companies and business organisations of the country. A person's, future will be depending on their investment decision making strategy. Persons have to decide their investment strategy according to their financial position. There are two types of investments viz., financial and physical investments. Financial investment means purchases of claims on future money flows or financial assets which are capable of further production and income. Whereas physical investments are in consumer goods durables or non – durables, gold, silver, cars and antiques. These are satisfying the immediate consumer needs, for comfort, luxuries, social status etc. Some investments of physical nature are in real estate, land, buildings etc.

INTRODUCTION:

Investment means commitment of funds made in the expectation of some rate of return in future. It is the part the savings of persons, companies and business organisations of the country. A person's, future will be depending on their investment decision making strategy. Persons have to decide their investment strategy according to their financial position. There are two types of investments viz., financial and physical investments. Financial investment means purchases of claims on future money flows or financial assets which are capable of further production and income. Whereas physical investments are in consumer goods durables or non – durables, gold, silver, cars and antiques. These are satisfying the immediate consumer needs, for comfort, luxuries, social status etc. Some investments of physical nature are in real estate, land, buildings etc.

Risk, return and liquidity are the major factors influencing investment decisions of investors. Return of investment means yield plus capital appreciation. Every investor is interested to get high return for their investment. A good investor generally prefers liquidity of their investment. If a capital asset is easily sailable or marketable it is said to be liquidity. Variability of returns, liquidity and investment security are the major risk factors involved in an investment stratetegy.

REASONS:

There are many reasons by which people are induced to save and to make investment. Some of them are:

EARNING INCOME:

Some people live for today and have no future plans. They spend whatever they get, they have no saving

habit. Once they have saved some considerable amount of money, they can use it as an investment and can earn returns on it.

ACHIEVE A FEELING OF SELF – RELIANCE:

A habit of savings gives people the ability to enjoy independence and power to do things.

TO MEET FUTURE CONTINGENCIES:

Future life of every person is uncertain; anything may happen in future. Individuals save for several reasons including the desire to provide for unexpected contingencies such as illness or loss of job, the desire to acquire certain goods and services such as a car or a spend vacation and the opportunity to gain financial rewards.

SAVINGS ACT AS AN INDUCEMENT FOR INVESTMENT:

If a person has considerable savings, he/she will have a feeling that he/ she is able to meet some unexpected expenditure and to face moderate risk. This feeling induces him to make investment.

REVIEW OF LITERATURE:

To find out the research gap and to construct concept, a review of literature is conducted. Extensive research was conducted on the key word of “ Investment Pattern” to find relevant research papers. The literature review includes academic books, journals, internet access, magazines, etc. various studies have been conducted on investment pattern. The researcher collected all those researches and critically analysed it to find out the research gap. Depending on the various issues of investment. The important studies relevant to the present study are reviewed briefly as follows:

Suresh Chandra Bihari and Apoorv Raj (2013) study about the “Investment Behaviour of the Customers towards Mutual Funds and Other Products”. The study shows that commercial sources are more influencing customers to take decision. At the same time personal sources is also adding value to their decision making process. Magazines, News Papers, Film, Advertisement, Display, Demonstration, Exhibition and Colleagues play a vital role in searching meaningful information.

Srilatha and Lalitha (2015) carried out research on investment pattern of working women in twin cities of Hyderabad and Secunderabad. The study carried out with the objectives to identify investment pattern, investor’ awareness, investment perception and impact of risk and return on investment in association with age, income and occupation of women. The findings of the study disposed that working women discuss with their family member before taking investment decision. This study observed that provident fund and post office monthly investment scheme are the most popular and preferred investment avenues.

A study on College Teachers in Malappuram District, India, found that they prefer investing in Savings Accounts, Fixed Deposits Gold and Silver.

Investments Behaviour of College Teachers by Alok Monay (2022) study also noted that the College Teachers tend to avoid high – risk investments, prioritising safety over potential returns.

RESEARCH GAP:

Obtaining the conceptual knowledge in the research area, the relevant literature consists of textbooks, research studies, journals, and articles published in the past, both in India and abroad. From the above

literature, most of the studies indicate the factors influencing investments awareness of investments avenues, demographic factors influence on investments investor's risk tolerance. It is elicited that savings significantly affect the investments, resulting in investor satisfaction, which is identified as a research gap. There is no specific study undertaken on the savings and investment pattern of college faculty working in the jurisdiction of government degree colleges in erstwhile Khammam District. The present study investigates how the saving pattern affects the selection of investment avenues, the objectives behind the investment satisfaction level of the investment made and problems faced from their investment. In addition to this, it also tried to find out reasons for less significance of stock market investment avenues among the college faculty.

OBJECTIVES OF THE STUDY:

The present study has the following objectives:

- To analyse the saving habits of college faculty of erstwhile Khammam District in specific and in Telangana state in general.
- To identify and discuss the key determinants of savings and investment behaviour of college faculty of erstwhile Khammam District in specific and in Telangana state in general.
- To analyse the investment pattern of college faculty of erstwhile Khammam District in specific and in Telangana state in general.
- To evaluate and raise major socio – economic implications of investment behaviour based on the findings of the study.

HYPOTHESES:

- Individual characteristics of the college faculty such as age, gender, marital status and life style determine their decisions to save and investment.
- There is no significant relationship between income and annual savings of college faculty.

DATABASE METHODOLOGY:

The present study is descriptive and analytical in nature. Both primary and secondary data have been collected and used for the preparation of present paper. Primary data is collected from the 80 college faculty from various colleges of erstwhile Khammam District under Kakatiya University, Warangal, through questionnaire and structured interview schedule. The secondary data have been collected from books journals and research reports.

SIZE OF THE SAMPLE:

The population of the study is the college faculty of erstwhile Khammam District under Kakatiya University, Warangal, Telangana State. In order to ensure large size of sample 80 college faculty have been selected for the purpose. Simple random sampling method has been employed for the selection of sample respondents.

RESULTS AND DISCUSSION:

In order to fulfil the objectives stated above, certain variables are identified and analysed. The variables analysed are as follows:

1. Demographic Information about the College Faculty:

- Age Group
 - Gender
 - Marital Status
 - Education
 - Monthly Income
2. Annual Savings
 3. Main Ways of Investments.
 4. Objectives of Investments.
 5. Frequency of Investments.
 6. Investment Decision Maker.

1. DEMOGRAPHIC INFORMATION ABOUT SAMPLE RESPONDENTS:

The Demographic Information about Sample Respondents presented in the Table – 1

TABLE – 1
DEMOGRAPHIC INFORMATION ABOUT SAMPLE RESPONDENT

Sl. No.	Demographic Variable	Categories	Number of College Faculty	Percentage
01	Gender	Male	42	52.50
		Female	38	47.50
		Total	80	100.00
02	Age	Up to 30 years	11	13.75
		30 – 40	40	50.00
		40 – 50	13	16.25
		Above 50	16	20.00
		Total	80	100.00
03	Marital Status	Married	72	90.00
		Un Married	08	10.00
		Total	80	100.00
04	Education Qualifications	PG	42	52.50
		M.Phil	10	12.50
		Ph.d	28	35.00
		Total	80	100.00
05	Monthly Income	Up to ₹ 50,000	05	06.25
		₹ 50,000 - ₹ 70,000	14	17.50
		₹ 70,000 - ₹ 90,000	20	25.00
		₹ 90,000 - ₹ 1,10,000	11	13.75
		Above ₹ 1,10,000	30	37.50
		Total	80	100.00

Source : Compiled from Questionnaire Data

From the Table – 1 it is reveal that the sample respondents 52.50 percent are belongs to male category and remaining 47.50% are female category. The majority of the respondents (50.00%) are in the age

group between 30 – 40 years, 20% of the respondents were in the age group of above 50 years. 16.25% and 13.75% of the sample respondents were in the age group of 40 – 50 years and up to 30 years respectively. The majority completed PG (52.50%), 35% of college faculty completed Ph.D, only 12.50% of the respondents have completed M.Phil. 72%of the respondents were married and remaining 08% of the respondents were unmarried. It is also inferred from the above table that 06.25% of the respondents have monthly income less than ₹ 50,000/-, 17.50% have monthly income between ₹ 50,000 - ₹ 70,000, 25% and 13.75% have monthly income between ₹ 70,000 - ₹ 90,000 and ₹ 90,000 - ₹ 1,10,000 respectively and 37.50% have monthly income of Above ₹ 1, 10,000.

2. FREQUENCY OF INVESTMENT AND INVESTMENT DECISION MAKER:

The frequency of investment and investment decision maker results of sample respondents were presented in the Table – 2

TABLE – 2
FREQUENCY OF INVESTMENT AND INVESTMENT DECISION MAKER

Sl. No.	Variable	Categories	No. of College Faculty	Percentage
01	Frequency of Investment	Monthly	14	17.50
		Quarterly	17	21.25
		Half – Yearly	12	15.00
		Yearly	35	43.75
		Others	02	2.50
		Total	80	100.00
02	Investment Decision	Self	48	60.00
		Family Members	29	36.25
		Friends	03	03.75
		Total	80	100.00

Source: Compiled from Questionnaire Data

Most of the college faculty (60%) take investment decisions for their own interest; they are self decision makers. 36.25 of the sample respondents take investment decisions for the influence of the family and only 3.75% of them take decision on the basis of friends. According to the statistics 43.75% of the college faculty invest their income on yearly basis and 21.25% of the respondents made investment on quarterly basis. 17.50% and 15% of the sample respondents made investment on monthly and half – yearly basis etc.

3. PEARSON CHI – SQUARE TESTS FOR MEASURING ASSOCIATION BETWEEN MONTHLY INCOME AND SAVINGS:

The Pearson Chi – Square Tests for measuring the association between monthly income and savings presented in the Table – 3

TABLE – 3
PEARSON CHI – SQUARE TEST FOR MEASURING ASSOCIATION BETWEEN MONTHLY INCOME AND SAVINGS

Sl. No.	Monthly Income	Number of College Faculty	Percentage
01	Up to ₹ 50,000	05	06.25
02	₹ 50,000 - ₹ 70,000	14	17.50
03	₹ 70,000 - ₹ 90,000	20	25.00
04	₹ 90,000 - ₹ 1,10,000	11	13.75
05	Above ₹ 1,10,000	30	37.50
Total		80	100.00
Pearson Chi – Square value		28.90	
P – Value (P<0.05)		0.00002	
Result		Significant	

Source: Compiled from Questionnaire Data

As per the Chi-Square Test, CVTS is (Computed Variable Test Statistics) 28.90 and P –Value is 0.00002 (P<0.05). Therefore, the null hypothesis is rejected i.e. there is a relationship between monthly income and savings. That is income of the college faculty and their savings dependent.

4. PEARSON CHI – SQUARE TESTS FOR MEASURING ASSOCIATION BETWEEN MONTHLY INCOME AND THE EXPECTED RATE OF RETURN OF THE COLLEGE FACULTY:

The Pearson Chi – Square Tests for measuring the association between monthly income and the expected rate of return of the college faculty is presented in the Table – 4

TABLE – 4
THE EXPECTED RATE OF RETURN OF THE COLLEGE FACULTY

Sl. No.	Expected Rate of Return	Number of College Faculty	Percentage
01	Below 5%	04	5.00
02	5 – 10%	20	25.00
03	10 – 15%	40	50.00
04	Above 15%	16	20.00
Total		80	100.00
Pearson Chi – Square value		33.60	
P – Value (P<0.05)		0.00002	
Result		Significant	

Source: Compiled from Questionnaire Data

The Table -4 shows that most of the respondents (i.e. 50%) expect rate of return at 10 -15%, 25% and 20% of respondents were expect 5 – 10% and above 15% rate of return on their investment respectively. Only 5% of respondents confined with below 5% rate of return on their investment.

Further, it is analysed with the help of Chi - Square Test reveals that the Computed Variable Test Statistics (CVTS) is 33.60 and P – Value is 0.00002 ($P < 0.05$). Therefore, the null hypothesis is rejected. It means there is a significant relationship between income and expected rate of return of the sample respondents.

5. PEARSON CHI – SQUARE TESTS FOR MEASURING THE RELATIONSHIP BETWEEN AGE OF THE RESPONDENT AND SAVINGS:

The Pearson Chi – Square Tests for measuring the relationship between age of the respondents and the savings is presented in the Table – 5.

**TABLE – 5
THE SAVINGS OF THE COLLEGE FACULTY**

Sl.No.	Savings of the College Faculty	Number of College Faculty	Percentage
01	Up to ₹1,50,000	5	6.25
02	₹ 1,50,000 - ₹ 2,00,000	21	26.25
03	₹ 2,00,000 - ₹ 2,50,000	40	50.00
04	Above ₹ 2,50,000	14	17.50
Total		80	100.00
Pearson Chi – Square value		33.10	
P – Value ($P < 0.05$)		0.00002	
Result		Significant	

Source: Compiled from Questionnaire Data

The Table – 5 shows 50% of the college faculty have annual savings between ₹2,00,000 – ₹ 2,50,000. 26.25% and 17.50% of college faculty have annual savings between ₹ 1,50,000 - ₹ 2,00,000 and above ₹ 2,50,000 respectively. Only 6.25% have savings up to ₹1,50,000.

Further, it is analysed with help of Chi – Square Test, the Chi – Square Test reveals that the CVTS is 33.10 and P – Value is 0.00002 ($P < 0.05$). Therefore, the null hypothesis is rejected. It proves that there is a significant relationship between age of the sample respondents and annual savings.

6. THE MAIN CHANNELS OF INVESTMENT OPTED BY THE COLLEGE FACULTY:

The main channels of investment opted by the college faculty is presented in the Table – 6.

**TABLE – 6
THE MAIN CHANNELS OF INVESTMENT OPTED BY THE COLLEGE FACULTY**

Sl. No.	Channels of Investment	No. of College Faculty	Percentage
01	Mutual Fund	07	8.75
02	LIC	18	22.50
03	Gold	10	12.50
04	Real Estate	03	3.75
05	Bank Deposits	15	18.75

07	Equity	07	8.75
08	GPF	18	22.50
09	Others	02	2.50%
Total		80	100.00

Source: Compiled from Questionnaire Data

The Table – 6 reveals that the majority of the respondents GPF and LIC as the main investment channels. 18.75% of respondents consider Bank Deposits, 12.50% of respondents interested in Gold and 8.75% of the respondents invested in Mutual Funds and Share Market. Only 3.75% of the college faculty are Real Estate Investors.

7. OBJECTIVES OF THE INVESTMENT OF THE COLLEGE FACULTY:

The objective of the investment of the college faculty is presented in the Table – 7.

**TABLE – 7
THE OBJECTIVESB OF THE INVESTMENTOF THE COLLEGE FACULTY**

Sl. No.	Objectives of the Investment	No. of College Faculty	Percentage
01	High Return	05	6.25
02	Tax Benefits	24	30.00
03	Emergency Need	32	40.00
04	Children’s Education	12	15.00
05	Children’s Marriage	07	8.75
Total		80	100.00

Source: Compiled from Questionnaire Data

The Table – 7 clearly shows that 40% of the respondents invest their savings for meeting the future emergencies, 30% of respondents invest their earnings for enjoying tax benefits, 15% of respondents invest their earnings for their met children’s education needs and 8.75% of respondents invest their earnings for met their children’s marriage and 6.25% respondents expected high returns.

CONCLUSION AND SUGGESTIONS:

CONCLUSIONS:

- Savings means income not spend or deferred consumption, saving money will help one and their family to achieve more stable life than someone who has no savings.
- Investment is a part of the savings of individuals; every individuals has to make their investment according to their financial position.
- Most of the college faculty (i.e. 40%) are in the age group of 30 -40 years, the statistics shows that younger age group are more interested in savings and investment than other groups.
- The study shows that majority of the respondents have monthly income above ₹ 1, 10,000.
- As per the Chi – Square Test CVTS is 28.90 and P – Value is 0.00002 (P<0.05). income level of the respondents influence their savings habits.
- Test Statistics of frequency of investment shows that majority of the respondents invest their income on yearly basis.

- Majority of the college faculty take investment decision for their own interest, they are self decision makers and some of the respondents take investment decision for the influence of family and friends.
- Majority of college faculty investing their money for meeting future emergency needs and next 30% of them are investing their income for getting tax benefits.
- The GPF is considered as the main channel of investment and some of them have LIC, Gold etc. only small numbers of college faculty interested in share market investments.
- Age, income etc have influence the savings habits of college faculty.
- Creating a saving and investment habit gives us options in the future, it gives us flexibility throughout the life investors.

SUGGESTIONS:

Some suggestions for strengthening the investment pattern of college faculty are as follows:

- Organise regular Financial Planning workshops for college faculty to educate them on investment options, risk management and retirement planning.
- Develop financial literacy programs to improve the financial knowledge and skills of the college faculty.
- One – on –one counselling sessions with financial advisors to help college faculty create personalised investment plans.
- Encourage college faculty to diversify their investment portfolio by investing in a mix of low - risk and high - risk assets.
- Educate college faculty on tax – efficient investments, such as tax – saving Mutual Funds and National Savings Certificate.
- Encourage college faculty to invest in retirement plans, such as the National Pension System (NPS) and the Employee’s Provident Fund (EPF).
- Establish Investment Clubs or groups to facilitate peer – to – peer learning and discussion on investment strategies.
- Encourage college faculty to assess their risk tolerance and adjust their investment portfolio.
- Educate college faculty on the importance of insurance coverage, such as Life Insurance and Health Insurance, to mitigate financial risk.
- Encourage college faculty to maintain an emergency fund to cover unexpected expenses.

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