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SAVING & INVESTMENT HABITS OF THE STATE GOVERNMENT EMPLOYEES IN MUMBAI

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ABSTRACT

Investment is one of the unavoidable part of every one's life. Because it is impossible to grow money on trees, but money can be grow by earning wisely, investing it regularly wisely for longer period of time. Our savings can be converted into wealth by over period of time. The knowledge & behaviour of people is important factor for their decision making regarding savings & investments. In this research paper aim to study the habits of the state government employees for their money savings & investment.

KEYWORDS: Investments, Investment habits, financial Literacy, Salary earners.

INTRODUCTION :

In this world nobody can predict future requirement of



Hrishikesh J. Juikar

money, so it necessary & first most important activity to save & invest money as per ability. It is quite natural tendency of human being to keep aside certain fixed amount of money before spending for daily expenses. This habit is definitely helpful for them at the time emergency & during unseen risk. Regular investment by regular salary earners will avoid unnecessary stress at the time of spending for avoidable expenses in future. Investment is one of the unavoidable parts of every one's life. Because it is impossible to grow money on trees, but money can be grow by earning wisely, investing it regularly wisely for longer period of time. Our savings can be converted into wealth by over period of time. The growth of a national economy is directly depending on public savings & investments i.e capital supplied by them into economical activates. Without sufficient savings development of nation

can't be possible. In this research paper to study the habits of the state government employees for their money savings & investment. As a habit of investors is important for decision making process & it will affect on return on investments. This study identified the investment priority of investors for NSC, PPF, Bank Fixed Deposits, Insurance, Real Estate, Stock Market, Gold etc. This research paper aims to analyze investors priority age wise & salary wise for objective of saving & investment.

REVIEW OF LITERATURE:-

Sheela devi d. sundarasan (May 2014) Have highlighted the link between the role of education, Society & information provided by media for impact of financial literacy on personal money management.

Dr.Duygu Firat & Dr. Sibel Fettahogu (July 2011) Who has studied investor's profile of different demographic group for stock market & other financial market connecting to cultural factors

Ramprasath S. (Dec 2013) Has emphasized importance for 'safety' & investment in Bank Deposits & LIC Policies.

Dr. Dhiraj Jain, Ms. Ruhika Kothari (July 2012) Whose study highlights significance of various Post office investment deposits schemes & attitudes of investor's.

Felicia Ramona Birau (2012) Has presented analysis of capital market, behavioral finance.

OBJECTIVE:-

- 1) To analyze objective for saving & investment habits of the state government employees.
- 2) To Study priority for different investment products.
- 3) To understand planning for comfortable life after retirement.
- 4) To find out ability to manage their investments.

RESEARCH METHODOLOGY:-

Present research is descriptive in nature. The study is based on Primary data, which was collected through formal discussion with state Government employees. A Questionnaire was prepared and data have been collected from 42 respondent covering various salary groups, age group though convenient sampling technique.

HYPOTHESIS:-

H0- There is no Significant difference in the proportion of state government employees who prefer investments with risk.

H1- The proportion of state government employees who prefer investment with risk is less than that of who prefer investment with risk.

DATA ANALYSIS & FINDINGS:-

Data of respondent was collected on decided investment instruments i.e N.S.C, P.P.F, Insurance, bank deposits, Gold, Shares, Real Estate. Data is analyzed as per gender, income group, age of respondent.

Table 1. STATISTICS FOR SAMPLES

Sr. no	Particular	variables	frequency	percentage
1	Gender	Male	24	57
		Female	18	43
2	Age	20-30	6	14
		31-40	15	36
	Group (Years)	41-50	15	36
		51-60	6	14
3	Income	below 20,000	3	7
		20,001-30,000	3	7
	Group (In RS)	30,001-40,000	6	14
		40,001-50,000	12	29
		50,001-60,000	4	10
		60,001 above	14	33
Source –Primary data				

It is observed that majority of respondent i.e 57% were male represented for the research. Age group between 31-40 & 41-50 respondents were more in numbers i.e 15 each, 36% each category. All income group considered for study but it is found that 33% respondents from income group of 60,001 & above category, then after income group between Rs 40,001 – 50,000/- i.e 12 respondents 29%.

FINANCIAL MATURITY

Table 2. Income group wise analysis

Questions	SALARY GROUP											
	Below 20,000		20,001-30,000		30,001-40,000		40,001-50,000		50,001-60,000		60,001 & above	
	YES	NO	YES	NO	YES	NO	YES	NO	YES	NO	YES	NO
I am Maintaining adequate Monthly Budget	1	2	2	1	5	1	8	4	4	0	11	3
I am Maintaining adequate insurance coverage	3	0	1	2	5	1	7	5	3	1	12	2
I am Maintaining diversified investment portfolio regularly	0	3	0	3	4	2	4	8	2	2	5	9
I am Avoiding borrowing to balance my budget	2	1	2	1	5	1	8	4	3	1	11	3
I am Using multiple sources for financial information	2	1	1	2	4	2	4	8	2	2	7	7
I am confidence in financial decision making	2	1	3	0	5	1	7	7	4	0	12	2

Source:- Primary Data

From the table no 2 it is observed that from income group between Rs 60,001 & above majority respondents said 'yes' for various above questions i.e 11 respondents were maintain adequate monthly budget, 12 respondents were maintain adequate insurance coverage, 11 respondents were avoid borrowing, 12 respondents were confident in financial decision making., Out of 6 questions 4 answers of this Income group is 'yes'.

Table 3. Age Group wise analysis

Questions	AGE GROUP								TOTAL		%	
	20-30		31-40		41-50		51-60		YES	NO	YES	NO
	YES	NO	YES	NO	YES	NO	YES	NO	YES	NO	YES	NO
I am Maintaining adequate Monthly Budget	2	4	11	4	12	3	6	0	31	11	74	26
I am Maintaining adequate insurance coverage	5	1	8	7	13	2	5	1	31	11	74	26
I am Maintaining diversified investment portfolio regularly	2	4	5	10	5	10	3	3	15	27	36	64
I am Avoiding borrowing to balance my budget	4	2	11	4	12	3	4	2	31	11	74	26
I am Using multiple sources for financial information	4	2	7	8	6	9	3	3	20	22	48	52
I am confident in financial decision making	4	2	11	4	13	2	5	1	33	9	79	21

Source:- Primary Data

From the table no 3 it is observed that age group between 41- 50 majority respondents said yes for various above questions i.e 12 respondents were maintain adequate monthly budget, 13 respondents were maintain adequate insurance coverage,

5 respondents maintains diversified investment portfolio regularly, 13 respondents were confident in financial decision making. Out of 6 questions 5 answers of this age group is 'yes', Over all we can say that, More than 74% of state government employees are able to maintain adequate monthly budget. Whereas almost 64% of employees cannot maintain diversified investment portfolio regularly. Which shows financial maturity among the respondents.

RETIREMENT PLANNING

Table 4. Income Group wise ANALYSIS

Questions	SALARY GROUP											
	Below 20,000		20,001- 30,000		30,001- 40,000		40,001- 50,000		51,000- 60,000		60,001 & above	
	A	DA	A	DA	A	DA	A	DA	A	DA	A	DA
Have enough money to live comfortably during my retirement year	0	3	2	1	3	3	7	5	3	1	11	3
Have enough money to pay for basic expenses during retirement	1	2	2	1	4	2	7	5	3	1	11	3
Have enough money to pay for medical expenses in retirement year.	0	3	2	1	3	3	5	7	2	2	10	4
Have confidence that I am well prepared for retirement	1	2	2	1	3	3	7	5	3	1	13	1
Able to resolve during retirement	1	2	2	1	4	2	6	6	3	1	10	4
Know how to determine how much money I need to live comfortably during retirement year	2	1	2	1	5	1	8	4	2	2	10	4
Have enough money for activities i.e travel.	1	2	2	1	2	4	7	5	3	1	9	5

Source:- Primary Data

From the table no 4 it is observed that income group between Rs 60,001 & above majority of the respondents said they were agree for all above questions.

From the table no 5 it is observed that age group between 41-50 majority of the respondents agree with the questions. i.e 10 respondents were agree that they have enough money to live comfortably during retirement, 9 respondents were agree that they have enough money to pay for medical expenses in retirement year, 12 respondents were agree by saying that they are confident that they are well prepared for retirement, 9 respondent said that they have enough money for activities. Out of 7 questions for 6 questions majority of respondents were 'agreed'.

So that over all we can say that Majority of state government employees is Prepared & planned for their retirement life in advance. More than 62% of respondent were have enough money for comfortable life after retirement.

52% respondent have enough money for medical expenses in retirement year. 69% of respondent have confidence that they are well prepared for retirement.

Table 5. AGE GROUP WISE ANALYSIS

Questions	AGE GROUP								TOTAL		%	
	20-30		31-40		41-50		51-60					
	A	DA	A	DA	A	DA	A	DA	A	DA	A	DA
Have enough money to live comfortably during my retirement year	2	4	8	7	10	5	6	0	26	16	62	38
Have enough money to pay for basic expenses during retirement	2	4	10	5	11	4	5	1	28	14	67	33
Have enough money to pay for medical expenses in retirement year.	1	5	7	8	9	6	5	1	22	20	52	48
Have confidence that I am well prepared for retirement	2	4	9	6	12	3	6	0	29	13	69	31
Able to resolve during retirement	2	4	9	6	10	5	5	1	26	16	62	38
Know how to determine how much money, I need to live comfortably during retirement year	4	2	12	3	8	7	5	1	29	13	69	31
Have enough money for activities i.e travel.	2	4	9	6	9	6	4	2	24	18	57	43

Source:- Primary Data

OBJECTIVE FOR SAVING & INVESTMENTS.

Data was collected with help of likert Scale, to find out objective for saving & investment. analysis done as per age group wise & Income group wise. Where 1.Strongly Disagree 2. Disagree 3. Not Decided 4. Agree 5. Strongly Agree

Table 6. INCOME GROUP WISE ANALYSIS

FACTORS	SALARY GROUP																													
	Below 20,000					20,001-30,000					30,001-40,000					40,001-50,000					51,000-60,000					60,001 & above				
	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
Life safety	0	0	0	2	1	0	0	1	0	2	0	0	1	4	1	1	1	1	3	6	1	0	0	1	2	1	0	2	3	8
Life style	0	0	0	3	0	0	0	0	3	0	0	1	1	4	0	1	1	3	5	2	1	1	0	1	1	0	2	4	3	5
Regular returns	0	0	0	3	0	0	0	1	1	1	0	0	1	3	2	1	1	2	4	4	0	0	0	3	1	1	1	1	5	6
Tax planning	1	0	1	1	0	0	0	2	1	0	0	0	0	3	3	0	2	1	5	4	1	0	0	2	1	0	1	1	4	8
Comfortable Retirement	1	0	0	1	1	0	0	0	1	2	0	1	2	1	2	0	0	1	4	7	1	0	0	2	1	0	0	1	5	8
Capital gain	1	0	0	2	0	0	0	1	1	1	1	0	2	3	0	0	0	6	4	2	0	0	0	4	0	0	2	3	6	3
To buy a home	1	0	0	1	1	0	0	0	2	1	0	1	1	1	3	0	0	3	3	6	1	0	0	3	0	2	1	1	6	4
To Children's education	1	0	0	1	1	0	0	0	1	2	0	1	0	3	2	0	0	1	4	7	1	0	0	1	2	0	0	4	0	10
For period of unemployment	0	0	0	1	2	0	0	1	1	1	0	1	1	3	1	0	2	3	3	4	0	1	0	1	2	0	7	2	3	2
Caring for Parents	0	0	0	1	2	0	0	0	1	2	0	0	2	2	2	0	0	0	3	9	0	0	0	2	2	0	5	2	5	2

SOURCE:- Primary Data

TABLE No.7 AGE WISE (Source:- Primary Data)

FACTORS	AGE GROUPS																													
	21-30					31-40					41-50					51-60					TOTAL					%				
	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
Life safety	1	0	0	3	2	0	1	2	6	6	2	0	2	2	9	0	0	1	2	3	3	1	5	13	20	7	2	12	31	48
Life style	1	0	1	3	1	0	2	3	9	1	1	3	4	3	4	0	0	0	4	2	2	5	8	19	8	5	12	19	45	19
Regular returns	0	1	0	4	1	1	0	4	8	2	1	1	1	5	7	0	0	0	2	4	2	2	5	19	14	5	5	12	45	33
Tax planning	1	0	2	2	1	0	2	2	5	6	1	1	1	6	6	0	0	0	3	3	2	3	5	16	16	5	7	12	38	38
Comfortable Retirement	1	0	1	2	2	0	0	2	4	9	1	1	1	6	6	0	0	0	2	4	2	1	4	14	21	5	2	10	33	50
Capital gain	1	0	3	2	0	1	0	3	9	2	0	1	3	8	3	0	1	3	1	1	2	2	12	20	6	5	5	29	48	14
To buy a home	1	0	1	2	2	0	1	2	5	7	3	1	1	7	3	0	0	1	2	3	4	2	5	16	15	10	5	12	38	36
To Children's education	1	0	0	2	3	0	1	0	5	9	1	0	4	3	7	0	0	1	0	5	2	1	5	10	24	5	2	12	24	57
For period of unemployment	0	0	1	2	3	0	2	4	4	5	0	6	1	4	4	0	3	1	2	0	0	11	7	12	12	0	26	17	29	29
Caring for Parents	0	0	0	1	5	0	0	2	4	9	0	4	2	6	3	0	1	0	3	2	0	5	4	14	19	0	12	10	33	45

From table no. 6 & 7 it observed that Maximum state government employees prefers to investing for children's education which shows 57% followed by comfortable retirement life which shows 50% of total data.

Priority for Investment

Table no 8

	Rank	Priority					Total	%					
		1	2	3	4	5		1	2	3	4	5	
Investment Instruments													
NSC	2	18	2	4	6	12	42	43	5	10	14	29	100
PPF	1	26	3	0	3	10	42	62	7	0	7	24	100
BANK FIXED DEPOSITS	3	15	7	8	1	11	42	36	17	19	2	26	100
POST OFFICE SCHEMES (other)	3	15	5	7	2	13	42	36	12	17	5	31	100
GOVERNMENT BONDS		8	4	13	6	11	42	19	10	31	14	26	100
INSURANCE	4	13	6	6	8	9	42	31	14	14	19	21	100
MUTUAL FUND		3	4	9	11	15	42	7	10	21	26	36	100
EQUITY SHARE MARKET		5	3	5	11	18	42	12	7	12	26	43	100
COMMODITY MARKET		3	3	4	5	27	42	7	7	10	12	64	100
ULIP		2	0	6	7	27	42	5	0	14	17	64	100
DEBENTURE		3	2	6	3	28	42	7	5	14	7	67	100
BONDS		2	4	6	4	26	42	5	10	14	10	62	100
REAL ESTATE	5	11	10	7	3	11	42	26	24	17	7	26	100
GOLD	5	11	8	3	6	14	42	26	19	7	14	33	100
SILVER		2	8	6	10	16	42	5	19	14	24	38	100
COMPANY DEPOSITS		2	2	6	3	29	42	5	5	14	7	69	100
NEW PENSION SCHEME		6	4	5	5	22	42	14	10	12	12	52	100
FOREX MARKET		3	1	5	2	31	42	7	2	12	5	74	100
CHIT FUNDS		3	0	2	3	34	42	7	-	5	7	81	100

Source :- Primary Data

Data was collected with the help of likert scale. 1. High Priority 2. Medium Priority 3. Neutral 4. Low Priority 5. Not a Priority

From the above table no 8 it is observed that P.P.F is most preferred rank 1st investment priority which shows 62%. Followed by N.S.C rank 2nd Priority 43 %, then Bank Deposits & Post office schemes (other) Rank 3rd Priority 36%.

Less Preferred investment instruments by state government employees are Chit Funds, forex market, commodity market, Debenture, Bonds, equity shares.

H0- There is no Significant difference in the proportion of state government employees who prefer investments with risk.

H1- The proportion of state government employees who prefer investment with risk is less than that of who prefer investment with risk.

Using statistical T test researcher decided to reject H0 in favor of H1.

It shows that state government employees gives priority for risk free investments.

CONCLUSION:-

The state government employees habit is to invest in risk free investments they preferred investments like P.P.F, N.S.C, Bank Deposits, Post Office Schemes etc. which gives less amount of returns but regular income. Even though they are permanent employees & getting fixed amount of salary still their habit is to play safe in case of investment in financial products.

The investment options which are not popular among the state government employees are equity shares, Forex market, debentures, bonds. So It necessary to create & develop awareness among them for investment in such type of investment options by accepting calculated risk for getting high amount of return.

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