

# Saving and Investment Pattern of Teaching Professionals: With Reference to Mangalore University

Sudarshini<sup>1\*</sup>, N. Mallika<sup>2</sup>

<sup>1</sup>Lecturer, Department of Commerce, Mangalore University, Mangalore, India

<sup>2</sup>Assistant Professor, Department of Commerce, Poorna Prajna College, Udupi, India

**Abstract:** Saving money is wise, but investing it is profitable. This line explains the importance of saving & investment in our day-to-day activity. Both savings and investments are interrelated. One who saves money involves in investment activity with the hope of earning some benefits in the future. Today, quality of education is determined by a competent teacher. Teacher efficiency is determined by his/her quality of life. Saving and investment plays major role in teacher's quality of life and it determines their quality of life. Ultimately it effects their profession and education system. This research study is an attempt to analyse the saving and investment pattern of the college teachers of Mangalore University and briefly examine how the college teachers managing their Saving and investment.

**Keywords:** education, teacher, saving and investment pattern.

## 1. Introduction

Across the world, "Teaching" is undisputedly considered as the noblest of all professions. Teachers have always played the role of catalyst for social changes in our society. Mankind has always regarded teachers as a boon to the society because it's only a teacher who by making use of his/ her intelligence, patience, and wisdom attempts to not only polish the learner's intellect and aptitude but also takes steps to shape a multi-faceted personality. The competency of the teacher is a major determinant of the quality of the education. Teacher's professional advancement is determined by many factors. One of the main factors which strongly influence the efficiency of teacher is his quality of life. The quality of one's life is closely tied to the level or standard of living maintained by that person. Therefore, management of personal finance i.e., income, consumption saving and investment has a great impact on standard of living. So, attitude of teachers towards consumption, savings and investment would reflect their economic behaviour, which would influence quality of life and in turn influence their profession and the education system.

## 2. Objective of the Study

- To learn the savings and investment pattern of college teachers of Mangalore University.

- To identify the preferred investment avenue of college teachers of Mangalore University.

## 3. Methodology of the Study

The present study is based on Primary and secondary data. Primary data is collected through structured questionnaire supplied to lecturers of different affiliated colleges of Mangalore University. Secondary data is collected through books, journals, periodicals, magazines and websites etc.

*Sample size:* The sample size for the survey is 100. The respondent's range between people from different income levels, qualification and different age groups, and respondents include lecturers of different affiliated colleges of Mangalore University.

## 4. Review of Literature

G. Usha sree (2017), in her study "Pattern of Savings and Investment of Teachers – A Study of Warangal District" stated that there is a relationship between the determinants of saving and the pattern of savings and investment. It also stated that the school teachers are unaware of stock market activities therefore their preference of investment is less in case of stock market. Most of the teachers are giving first preference to Bank deposits, Gold and post office schemes. Least preference is given to shares. The paper reveals that the primary and high school teachers are choosing low risk and low return investment alternative as they are not interested to undertake high risk. They are going for saving in bank deposits with low risk and low return. It is found that the ability of saving and investment has increased and the awareness of the investment alternatives is also increased in public and if they can analyze about risk return portfolios then they can increase their savings. V. Dhayalan, C.R. Senthilnathan, P. Venkatesh, & M. Krishnamoorthy (2018), stated that now-a-days 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. Teachers avoid spending money on heavy luxurious life style and preferring the normal

\*Corresponding author: sudarshinimayya@gmail.com

living standard. It is evident from the study that most of the teachers are saving their money for children's education, marriage and to fulfill other goals of life. P. Amarjothi and E. Velmurugan (2020), in their research paper "A Study on Savings and Investment Pattern of Assistant Professors of Self-finance Colleges in Theni District", stated that Savings and proper investment is important for every human life. Individual investor's investments are backed by benefits and money. They need safety and reliability for their investments. Self-finance Colleges assistant professors savings and invest their money in safer environment, need regular income from their investment made with lower risk. Further they revealed that most of the assistant professors are considered safety for selecting the mode of saving and Bank deposits was considered as the main option of the investment. Ananthapadmanabha Achar (2012), in his paper found that One of the main factors which strongly influence the efficiency of teacher is his quality of life. The quality of one's life is closely related to the level consumption, savings and investment. The attitude of teachers toward consumption, saving and investment would reflect their economic behaviour, which would influence quality of life and in turn influence their profession and the education system. Further it is found that individual characteristics of teachers such as age, gender, marital status, and lifestyle determined the savings and investment behaviour of teaching community and 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. Mini K Abraham and Janaki Lokesh (2019), in this research paper an attempt is made to analyse the savings and investment pattern of the college teachers and briefly examine how the college teachers managing their investment. The study revealed that the marital status and other factors influencing the investment behaviour of college teachers towards different investment avenues. The results highlight that certain factor like education level, awareness about the current financial system, age of investors etc., make significant impact while deciding the investment avenues.

### 5. Savings and Investment

The terms 'investing' and 'saving' are often used interchangeably. With individuals referring to their investments as their life savings, the fundamental difference between the two terms, and essentially the two concepts, has drastically diminished. However, one must understand that these are different concepts that work in tandem.

#### *What is 'Saving'?*

Saving is the act of setting aside money for a future need or expense, i.e., for unforeseen situations. Financial institutions offer several savings' options, the most common being savings account in a bank, or fixed deposits, etc.

#### *What is 'Investing'?*

Investing is the process of putting your money in financial products and investment avenues that offer the potential to generate income or aid in wealth creation. The most popular investment options in India include stocks, mutual funds, real estate, bonds, ETFs (exchange-traded funds), etc. It's important

to remember that risk and return go hand in hand when it comes to investing.

#### *Why is 'Saving' Important?*

There are several reasons why we should save our hard-earned money. Here are some of the top benefits of your savings:

1. *Emergency cushion:* Savings are a must regardless of the purpose for which they are ultimately used. Emergencies can come unannounced: loosing of job, or having medical emergency in the family, or plan to start own business. In these circumstances, there is a need of liquidity to fall back on. Thus, it is always advised to set aside at least 3 to 6 months of income for an emergency.
2. *Stepping stone to investing:* Saving is the difference between income and expenses. Out of the money saved, allocate a small portion to liquid assets such as bank fixed deposits or liquid funds and the rest to long-term wealth creation.

#### *Importance of Investing:*

Investments hold the key to one's future as they aid in realising dreams. Following is some of the top benefits of investing:

1. *Beat inflation:* Investing money helps to beat inflation over time. If we don't invest, chances are our purchasing power will decline as inflation tends to eat away the value of money over time. To insure ourself against this situation, it makes sense to invest our money in investment avenues that have the potential to yield inflation-beating returns.
2. *Realise financial goals:* Whether it's buying a house, a car, or saving up for marriage, or paying for child's higher education, or planning for retirement, investing can help to meet all such financial goals. Investing our money is one of the best ways to achieve our long-term goals.
3. *Earn higher returns* Investment avenues such as mutual funds or stocks have the potential to fetch higher returns than fixed deposits or savings account.

Table 1  
Saving vs. Investing

|                         | <b>Saving</b>                                                                                       | <b>Investing</b>                                                                                                                            |
|-------------------------|-----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Purpose</i>          | To meet short-term goals or unplanned expenses                                                      | Long-term wealth creation and capital appreciation                                                                                          |
| <i>Duration</i>         | Ideal for the short-term                                                                            | Investing for a longer duration usually yields positive returns                                                                             |
| <i>Access to cash</i>   | Savings accounts offer ready access to cash, but might limit the number of withdrawals you can make | Some investment options come with a lock-in period. However, there are a few options that offer high liquidity, such as liquid mutual funds |
| <i>Returns</i>          | Relatively lower returns                                                                            | Potential to earn high returns                                                                                                              |
| <i>Risk involved</i>    | Savings entail minimal risk                                                                         | Investments are subject to market risk                                                                                                      |
| <i>Typical products</i> | CDs (certificates of deposit), savings account, money-market instruments, etc.                      | Mutual funds, bonds, stocks, ETFs, etc.                                                                                                     |

Table 2  
Analysis of saving and investment pattern

| Variable                                   | Respondents | %  |
|--------------------------------------------|-------------|----|
| Gender                                     |             |    |
| Male                                       | 30          | 30 |
| Female                                     | 70          | 70 |
| Age                                        |             |    |
| 20-30                                      | 40          | 40 |
| 30-40                                      | 36          | 36 |
| 40-50                                      | 13          | 13 |
| 50-60                                      | 8           | 8  |
| 60 & above                                 | 3           | 3  |
| Marital Status                             |             |    |
| Married                                    | 67          | 67 |
| Single                                     | 33          | 33 |
| <b>Saving pattern:</b>                     |             |    |
| Frequency of saving                        |             |    |
| Daily                                      | 3           | 3  |
| Weekly                                     | 7           | 7  |
| Monthly                                    | 75          | 75 |
| Yearly                                     | 15          | 15 |
| Objectives of Saving                       |             |    |
| Child Education                            | 30          | 30 |
| Retirement                                 | 17          | 17 |
| Marriage of Children                       | 13          | 13 |
| Health care                                | 18          | 18 |
| Other                                      | 22          | 22 |
| Percentage of Saving in their total income |             |    |
| Less than 25%                              | 50          | 50 |
| More than 25%                              | 37          | 37 |
| More than 50%                              | 10          | 10 |
| More than 75%                              | 3           | 3  |
| Preference                                 |             |    |
| Bank deposits                              | 32          | 32 |
| Shares, Debentures                         | 5           | 5  |
| Property / Real Estate                     | 3           | 3  |
| Gold Scheme                                | 12          | 12 |
| Government Bonds                           | 3           | 3  |
| Post Office Schemes                        | 16          | 16 |
| Mutual Funds                               | 8           | 8  |
| Insurance                                  | 20          | 20 |
| other                                      | 1           | 1  |
| <b>Investment Pattern:</b>                 |             |    |
| Frequency of investment                    |             |    |
| Monthly                                    | 63          | 63 |
| Quarterly                                  | 7           | 7  |
| Once in 6 months                           | 10          | 10 |
| Once in a year                             | 20          | 20 |
| Purpose of investment                      |             |    |
| Income                                     | 18          | 18 |
| Tax saving                                 | 24          | 24 |
| Savings                                    | 50          | 50 |
| Liquidity                                  | 6           | 6  |
| Other                                      | 2           | 2  |
| Expected return on investment              |             |    |
| Up to 6%                                   | 8           | 8  |
| 6% -10 %                                   | 43          | 43 |
| 11% -15%                                   | 37          | 37 |
| 16% and above                              | 12          | 12 |
| Time period of investment                  |             |    |
| Short term                                 | 22          | 22 |
| Medium term                                | 58          | 58 |
| Long term                                  | 20          | 20 |

## 6. Analysis of Saving and Investment Pattern of Teaching Professionals

- The analysis is based on the study made on 100 teachers (out of which 30% is male and 70% female and 67% is married and rest are single, majority of the respondents lies between 20-30 age group) from 10 different colleges affiliated to Mangalore University.

- The above table shows that 3% of the respondents save their income daily, 7% of the respondents have the habit of weekly saving, 75% of the respondents will save monthly, and 15% of the respondents will save once in a year from their annual income. So, here majority of the respondents have the habit of monthly saving.
- The above table shows that 30% of the respondents save their income for the purpose of child education, 17% of the respondents save money for the to lead their retirement life, 13% of the respondents save their income with the objective of children marriage, 18% of the respondents save their money for the health care purpose, and remaining 22% of the respondents save their money for other purposes such as emergency, their marriage, etc. In this most of the respondents save their money for their child's education.
- 50% of the respondents save less than 25% in their total income, 37% of the respondents save more than 25% in their total income, 10% of the respondents save more than 50% in their total income, and only 3% of the respondents save more than 75% in their total income. Here, majority of the respondents save less than 25% in their total income.
- The above table shows that 32% of the respondents invest their savings in bank deposits, 5% of the respondents invest their savings in shares/debentures, the respondents invest their savings in government bonds and property/ real estate are 3% each, 16% of the respondents invest their savings in post office investment, 8% of the respondents invest their savings in mutual funds, 20% of the respondents invest their savings in insurance, and remaining 1% of the respondents save their investment in other investment avenues. From the analysis it is inferred that most of the respondents invest their money in bank deposits since it is less risky.
- The above table shows 63% of the respondents invest their money monthly, 7% of the respondents invest their income quarterly, 10% of the respondents invest once in 6 months and remaining 20% of the respondents invest once in a year. Most of the respondents invest monthly from their savings.
- 18% of the respondents invest their savings for the purpose of earning income, 24% of the respondents invest for saving tax, 50% of the respondents invest in order to save money for the future, 6% of the respondents invest for the liquidity purpose, and remaining 2% of the respondents invest their savings for some other purposes. Majority of the respondents invest for the purpose of saving their part of income.
- The above table shows that 8% of the respondents expect up to 6% return from their investment, 43% of the respondents expect 6% to 10% return from their investment, 37% respondents expect 11% to 15% return from their investment, where as 12% of the respondents expect the return of 16% and above from their investment. Majority of the respondents expect 6% to 10% return from their investment.
- The above table shows that 22% of the respondents prefer short term investments to invest their savings, 58% of the respondents prefer medium term investments, and 20% of

the respondents prefer long term investments. Most of the respondents prefer medium term investments.

### 7. Conclusion

It is evidenced from the study that the majority of the respondents i.e., lecturers prefer to invest in bank deposits, insurance, post office savings etc., rather than investing in shares or debentures. Here respondents are choosing low risk and low return investment alternative as they are not interested to undertake high risk. They are going for saving in bank deposits with low risk and low return. So, there is necessity to create awareness among teachers about investment alternatives and this will help them to analyze about risk return portfolios then they can increase their return. Further, majority of the respondents are married, the main purpose behind their savings is to safe guard their children education and future. Most of the lecturers have the habit of saving a part of their monthly income and investing them with the expectation of moderate rate of return. So, investment plans with reference to these objectives are able to attract majority of the investors. From this study, it is clear that saving money is incredibly important. It gives peace

of mind, expands options for decisions that have a major effect on teacher's quality of life. Therefore, a Combination of hard work, smart savings and investment decisions is an equation to become a wealthy and successful person in a life.

### References

- [1] Usha sree, G. (2017), "Pattern of Savings and Investment of Teachers – A Study of Warangal District", *International Journal of Research in Management Studies*, vol. 2, no. 7, pp. 24-30, July 2017.
- [2] Dhayalan, V., Senthilnathan, C.R, Venkatesh, P., & Krishnamoorthy, M. "Saving Habit and Investment Preference of Government School Teachers in Vellore District", *International Journal of Mechanical and Production Engineering Research and Development*, vol. 8, no. 3, pp. 922-926, December,2018.
- [3] Amarjothi, P., & Velmurugan, E. "A Study on Savings and Investment Pattern of Assistant Professors of Self-Finance Colleges in Theni District", *International journal of creative research thoughts*, vol. 8, no. 2, pp. 295-312, February 2020.
- [4] Achar, A. "Saving and Investment Behaviour of Teachers - An empirical study", *International Journal of Physical and Social Sciences*, vol. 2, no. 8, pp. 263-286, August 2012.
- [5] Abraham, M.K., & Lokesh, J, "A Study on Saving and Investment Pattern of College Teachers Bangalore", *Journal of Emerging Technologies and Innovative Research*, vol. 6, no. 6, pp. 1139-1144, June 2019.