

Investigating the Financial Practices of School Teachers in Kolkata (2023): Income, Savings, and Investment Patterns

Javed Aslam*

Assistant Professor, HOD, Department of Commerce, Bankim Sardar College, India

*Corresponding Author: Javed Aslam

Received: 30-11-2024

Revised: 14-12-2024

Accepted: 30-12-2024

ABSTRACT

Most individuals are adept at earning money and understand the importance of saving. However, only a small proportion possesses the knowledge to effectively invest their savings in suitable investment avenues. Teachers are educated members of our society, so this research study was conducted to understand the saving and investment behaviour of school teachers in Kolkata city. To extract information, a well-structured schedule and questionnaire were prepared, distributed, and administered among the selected sample respondents. It was found that there is a relationship between income, age, savings, and the expected rate of return of the respondents. This research infers that teachers exhibit a preference for traditional investment avenues, while modern investment options remain largely unutilized. It is inferred from this research that teachers prefer traditional investment avenues and the modern investment avenues are almost untouched. They normally prefer deposits, PPF, and insurance, with their main investment objectives being emergency needs, a secured future, and child education. It is suggested that various awareness programs should be conducted to educate them about different investment avenues.

Keywords: income, saving, investment, socio-economic factor, school teacher, investment avenue, rate of return

I. INTRODUCTION

The inclination to augment income is ubiquitous, while the hesitance to spend is similarly pervasive. Nevertheless, we must pay to satisfy our fundamental necessities and indulge in our luxuries. We balance our current spending with future savings because we cannot ignore future unpredictability while meeting our existing demands. Saving entails deferring current expenditure till later and putting aside a portion of your income. In pursuit of a more prosperous future, current circumstances are often compromised. The idea of saving is not new; it has existed since the first man set foot on the earth. In the past, the absence of investment opportunities led individuals to preserve coins and precious metals for future use. Due to advancements in technology and the emergence of contemporary financial systems, we now have a wide range of possibilities for efficiently investing our savings. If earning is a skill then saving is an art and investment is the backbone of any economy. An inspirational statement often attributed to Robert T. Kiyosaki suggests, 'If you do not know how to care for money, money will stay away from you' (source unverified).'

Income, saving, and investment are the three variable indicators that determine an economy's growth. Saving plays a central role in building the household as well as the national economy of a country. To save more we must distinguish between necessity and luxury, frugal and lavish. Saving can be increased by generating higher income and/or cutting unwanted expenditures. People typically store money to deal with unforeseen circumstances along the road. Additional advantages of savings include serving as an emergency fund, providing retirement benefits, supporting children's education and marriage, assisting with home ownership, helping with vacation expenses, assisting with the purchase of luxuries and new cars, and helping you achieve any personal objectives you may have. It also helps a family in case of the sudden death of an earning member. After retirement saving is a source of funds that gives you a secure future. Additionally, it might serve as a sinking fund for upcoming expenses.

Our future financial concerns won't be resolved by saving alone. We need attractive financial instruments to channel our savings to beat inflation by generating higher returns. Saving is of no value without investment since investment is based on "time preference for money" which states that "a rupee today is worth more than tomorrow." Time and risk are the two main components of investment. Our savings will continue to decline over time due to inflation if we do not make timely investments in appropriate financial instruments. To put it briefly, investing is defined as producing a higher rate of return than inflation. Investments safeguard against inflation and taxes, as idle savings are generally disfavoured by governments. The

reason the government takes so many steps to encourage saving is that as saving increases, so do investments, and as investments increase, so does national revenue, which eventually results in economic development. For instance, the money deposited in banks will be utilized to lend money to needy entrepreneurs so they can launch or grow their enterprises. Banks generate profit from positive spreads, which are returns on assets that exceed the cost of funds. Therefore, it is a win-win situation for all parties involved and contributes to the economic development of a country. The attitude, willingness, and perception of the individual or institution play a pivotal role in placing savings in different financial instruments like shares, debentures, bonds, insurance, pension funds, provident funds, mutual funds, NSC, deposit, land and building, gold and silver, bullions and precious metals, etc. Normally the objective of the investors is to hedge against inflation, to maximize return, and to minimize risk.

“It is the culture of household savings that has been the bedrock of Indian economy” stated S. Gurumurthy, a chartered accountant, columnist, and political and economic analyst. Unlike America, India survived the “economic meltdown” or “the great recession,” which officially lasted from December 2007 to June 2009, because of its saving habits. In America, culturally bankrupt families also became financially bankrupt because the consumerist lifestyle led people to borrow more than they earned. In India, the practice of saving helped people survive despite losing their jobs during the Great Recession. India's Gross Domestic Savings (As percent of GDP at current market prices) indicated a declining trend, falling from 37.8% in 2007-08 to 36% in 2008-09. This adverse trend continued, with savings further falling to 34.6% in 2011-12, 32.1% in 2013-14, 31.1% in 2015-16, and 29.1% in 2020-21. This persistent decline in savings rates poses a significant challenge for the Indian economy. Saving must be improved otherwise foreign capital will be needed which has an adverse effect on Balance of Payments (BOP) and carries a foreign exchange risk. It's a good indicator for the Indian economy that the gross domestic saving is increasing from 29.1% in 2020-21 to 30.2% in 2022-23(1ST RE).

II. OBJECTIVE OF THE STUDY

The research was undertaken with the following objectives:

1. To evaluate the Income and saving habits of school teachers.
2. To analyze the determinants of investment motivation.
3. To analyze the investment behaviour and pattern.
4. To find out the association between different factors and investment patterns of the respondents.
5. To identify and examine the most preferred Investment Avenue.
6. To analyze the awareness level of different investment avenues.
7. To offer suggestions based on findings.

III. STATEMENT OF THE PROBLEM

Capital formation refers to the net capital accumulation during an accounting period of a particular country. It serves as a crucial determinant of economic growth. Nations require capital goods for the production of goods and services. An increase in the production of goods and services can significantly contribute to the growth of national income levels, fostering economic development. According to Keynes, the aggregate consumption expenditure of the economy depends on the national income; as national income increases, consumption expenditure also increases, i.e., $C = f(Y)$. Savings represent the portion of income that is not allocated for immediate consumption. It is the income left after consumption, symbolically $S = Y - C$. Now, if $C = C(Y)$, then $S = Y - C(Y) = S(Y)$. Thus, if consumption depends on real national income, saving will also depend on real national income.

Capital formation results in an increase in output and economic expansion. An expansion in production results in a corresponding rise in national income. As discussed earlier, saving is reliant on real national income; hence, capital accumulation necessitates both direct and indirect investment as well as current savings. In India, gross domestic savings (as a percentage of GDP at current market prices) is 30.2% in 2022-23 (1st RE), and the major portion of it comes from household savings, which are 18.4% (1st RE). Household savings, which form a major part of gross domestic savings, should be directed towards suitable investment opportunities since they are correlated with growth. For the development of the economy, the country's savings and investment need to increase.

The Indian household sector comprises different classes of people, and school teachers are one of them. Our society depends heavily on teachers, and their function is crucial and valuable. They serve as mentors and advisors to the younger members of society, who go on to become the next generation's outstanding leaders and investors. They have a fixed source of income and a mentality of saving to secure their future. This study is conducted to analyze the saving and investment patterns of school teachers as well as their degree of knowledge regarding different investment avenues.

IV. RESEARCH METHODOLOGY

The present study utilizes both primary and secondary data sources. The main source of primary data has been school teachers in Kolkata city. The research was carried out between March and April 2022. To extract information, a well-structured schedule and questionnaire were prepared, distributed, and administered among the selected sample respondents. The questionnaire covers the socio-economic profile of the respondents, their income, savings, and expenditure, objectives and frequency of investment, expected rate of return, level of awareness and preference for certain investment avenues over others, level of satisfaction with returns, and level of risk involved with different investment avenues. The data collection was conducted using the convenience sampling method. Utmost care was taken to include all categories of school teachers to ensure the sample fairly and adequately represented the population's characteristics. A final sample of 120 school teachers was taken for this study. After data collection, the completed schedules and questionnaires were properly edited. A final summarized table was prepared following the completed schedules and questionnaires. With the help of the summarized table, different small tables were prepared for analysis and interpretation. Secondary data was collected from books, journals, expert opinions, and government websites. All data collection, processing, and preparation of the summarized table, and small tables were done with utmost care. The survey data was analyzed using the Statistical Package for the Social Sciences (SPSS). Relevant statistical tools and techniques such as ANOVA, percentages, and tables were used for analyzing and interpreting the survey data.

V. ANALYSIS AND INTERPRETATION

5.1 Socio Economic Status

Socio-economic factors are among the most important determinants of the investment behaviour of respondents. Therefore, a summarized table (Table 1) was prepared based on the completed questionnaires of the respondents. Table 1 below presents the socio-economic status of the respondents. It is clear from Table 1 that 5% of the respondents are below 30 years of age, 35% are in the 30-40 age group, 30% are in the 41-50 age group, and 30% are over 50 years of age. Of the total respondents, 80% are married and 20% are unmarried. This distribution correlates with the fact that 95% of respondents are over 30 years of age, and only 5% are under 30 years old. The majority of the respondents, i.e., 70%, belong to medium-sized families consisting of 4 to 6 people; 15% belong to large-sized families consisting of 7 to 10 people; 10% belong to small-sized families consisting of 3 or fewer members; and only 5% belong to very large families with more than 10 members. Educational qualification is another important factor that determines the investment behaviour of the respondents: 35% have only an undergraduate qualification, 15% have only a postgraduate qualification, 35% have a postgraduate degree with a B.Ed., 10% have a postgraduate degree with a B.Ed. and other qualifications, and only 5% have a postgraduate degree with other qualifications. Of the total respondents, 5% have less than 1 year of teaching experience, 15% have 1-5 years, 10% have 6-10 years, 30% have 11-15 years, and 40% have more than 15 years of teaching experience. Among the respondents, 15% have an annual income of less than ₹2,40,000; 15% have an annual income between ₹2,40,000 and ₹3,60,000; 25% have an annual income between ₹3,61,000 and ₹4,80,000; 35% have an annual income between ₹4,81,000 and ₹6,00,000; and 10% have an annual income of more than ₹6,00,000. Around 85% of the respondents save less than ₹1,00,000 annually, 10% save between ₹1,00,000 and ₹2,00,000, and only 5% save between ₹2,00,000 and ₹3,00,000 annually.

Table 1: Socio Economic Status of the Respondents

Sl. No.	PERSONAL VARIABLES	NUMBER OF RESPONDENTS	PERCENTAGE
1	AGE		
I	<30 Years	6	5
II	30-40 Years	42	35
III	41-50 Years	36	30
IV	>50 Years	36	30
	TOTAL	120	100
2	MARITAL STATUS		
I	Married	96	80
II	Unmarried	24	20
II	Widow/widower	0	0
	TOTAL	120	100
3	FAMILY SIZE		
I	≤3 Person (Small size family)	12	10

II	4-6 Person (Medium size family)	84	70
III	7-10 Person (Large size family)	18	15
IV	>10 Person (Very large size family)	6	5
	TOTAL	120	100
4	QUALIFICATION		
I	UG	42	35
II	PG	18	15
III	UG with B.Ed.	0	0
IV	PG with B.Ed.	42	35
V	PG with B.Ed. with Other(s)	12	10
VI	PG WITH OTHER	6	5
	TOTAL	120	100
5	YEAR OF EXPERIENCE		
I	<1 Years	6	5
II	1-5 Years	18	15
III	6-10 Years	12	10
IV	11-15 Years	36	30
V	>15 Years	48	40
	TOTAL	120	100
6	ANNUAL INCOME		
I	<2,40,000	18	15
II	2,40,000 – 3,60,000	18	15
III	3,61,000 – 4,80,000	30	25
IV	4,81,000 – 6,00,000	42	35
V	>6,00,000	12	10
	TOTAL	120	100
7	ANNUAL SAVING		
I	<50,000	48	40
II	50,000 – 1,00,000	54	45
III	1,00,000 – 2,00,000	12	10
IV	2,00,000 – 3,00,000	6	5
V	3,00,000 – 4,00,000	0	0
VI	>4,00,000	0	0
	TOTAL	120	100

Source: Primary data

5.2 Objective and Expected Rate of Return

The objectives of investment and the expected rate of return vary according to a person's needs. Table 2 presents summarized data showing that 60% of the total respondents invest in various investment avenues for emergency needs and a secured future. Additionally, 45% of the respondents invest for child education, 40% for tax benefits, and only 35% invest for retirement. Among the 120 respondents, 25% expect a return of less than 5%, 35% expect a return of 6-10%, 25% expect a return of 11-15%, 10% expect a return of 16-20%, and only 5% expect a return of more than 25% from their investments.

Table 2: Objective and expected rate of return

1	OBJECTIVE OF INVESTMENT	NUMBER OF RESPONDENTS	PERCENTAGE
I	Emergency need	72	60
II	High return	24	20
III	Habit	6	5
IV	Child marriage	18	15
V	Tax benefit	48	40
VI	Child education	54	45
VII	Secured future	72	60
VIII	Retirement	42	35
IX	Asset creation	18	15
X	compulsory saving	12	10
XI	Assured return	6	5
XII	Risk coverage	6	5
2	EXPECTED RATE OF RETURN		
I	<5%	30	25
II	6 - 10%	42	35
III	11 - 15%	30	25
IV	16 - 20%	12	10
V	20 - 25%	0	0
VI	>25%	6	5
	TOTAL	120	100

Source: Primary data

5.3 Age and Annual Savings of Respondents

Age is not merely a numerical value; it serves as an indicator of experience. It plays a pivotal role in investment decision-making. Generally, the greater the experience, the more prudent the investment decisions are made by individuals. An analysis examining the relationship between age and annual savings is presented in Table 3 below.

Table 3: Age and Annual Savings of Respondents

Sl. No	Age	Annual savings						Total
		<50,000	50,000 - 1,00,000	1,00,000 - 2,00,000	2,00,000 - 3,00,000	3,00,000 - 4,00,000	>4,00,000	
1	<30 Years	-	-	-	6 (100%)	-	-	6 (5%)
2	30-40 Years	24 (57.14%)	12 (28.57%)	6 (14.28%)	-	-	-	42 (35%)
3	41-50 Years	12 (33.33%)	24 (66.67%)	-	-	-	-	36 (30%)
4	>50 Years	12 (33.33%)	18 (50%)	6 (16.66%)	-	-	-	36 (30%)
	Total	48 (40%)	54 (45%)	12 (10%)	6 (5%)	0	0	120 (100%)

Source: Primary data

Table 3 provides a clear depiction of the age-based distribution of savings among the respondents. It is observed that 5% of the respondents are less than 30 years old, with all individuals in this group saving between 2 to 3 lakhs per annum. Among the respondents, 35% fall within the age group of 30 to 40 years. Of these, 57.14% save less than fifty thousand, 28.57% save between fifty thousand to one lakh, and 14.28% save between one to two lakhs per annum. Furthermore, 30% of the respondents belong to the age category of 41 to 50 years. Within this group, 33.33% save less than fifty thousand, while 66.67% save between fifty thousand to one lakh per annum. Finally, 30% of the respondents are over 50 years old. Within this

cohort, 33.33% save less than fifty thousand, 50% save between fifty thousand to one lakh, and 16.66% save between one to two lakhs per annum.

Table 3 above illustrates the relationship between age and annual savings. An analysis was conducted using an F-test in SPSS to examine these two variables, with the results provided below in Table 4.

Null hypothesis: There is no significant correlation between age and annual savings.

Table 4: ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	69.200	15	4.613	47.979	.000
Within Groups	10.000	104	.096		
Total	79.200	119			

Given the high F-value and the very low p-value, the null hypothesis (Ho) is rejected at a high confidence level (99.999%). This result confirms that there is a significant relationship between age and annual savings among school teachers. Therefore, the age of the respondents significantly influences their annual savings behaviour.

This detailed analysis provides robust evidence supporting the hypothesis that age plays a crucial role in determining the savings patterns of school teachers.

5.4 Marital Status and Expected Rate of Return

Marital status plays an important role in making investment decisions. It affects both the investment decision and the expected rate of return. The analysis between marital status and the expected rate of return is presented in Table 5 below.

Table 5: Marital Status and Expected Rate of Return of Respondents

Sl. No.	Marital Status	Expected rate of return					Total	
		<5%	6 - 10%	11 - 15%	16 - 20%	20 - 25%		>25%
1	Married	24 (25%)	30 (31.25%)	30 (31.25%)	6 (6.25%)	-	6 (6.25%)	96 (80%)
2	Unmarried	6 (25%)	12 (50%)	-	6 (25%)	-	-	24 (20%)
	Total	30 (25%)	42 (35%)	30 (25%)	12 (10%)	-	6 (5%)	120 (100%)

Source: Primary data

It is clear from Table 5 that 31.25% of the total married respondents expect a return of 6-10%, and the same percentage of respondents also expects a return of 11-15%. Additionally, 25% expect a return of less than 5%, and only 12.5% of married respondents expect a return of more than 16%. Among the unmarried respondents, 50% expect a return of 6-10%, 25% expect a return of less than 5%, and the same percentage of unmarried respondents expect a return of 16-20%.

5.5 Investment behaviour

Table 6 presents the investment behaviour of respondents in terms of investment frequency, decision-making processes, sources of information, investment periods, and the nature of investments. Among the respondents, 50% invest every month, 25% invest quarterly, and 40% invest annually. Notably, all respondents make their own investment decisions, although a minority (25%) also receive guidance from family members, friends, relatives, colleagues, opinion leaders, and financial advisors.

Regarding sources of information, 50% of respondents obtain investment information from television and YouTube, while 45% rely on journals and magazines. Additionally, 25% receive information from agents, advisories, and colleagues. In terms of investment periods, 20% of respondents invest for less than five years, 35% for more than five years, and 50% for more than ten years, with 20% investing based on convenience. Finally, 40% of respondents prefer investing in liquid assets, whereas 55% favour a diversified portfolio comprising both liquid and non-liquid assets.

Table 6: Investment behaviour

1	FREQUENCY OF INVESTMENT	NUMBER OF RESPONDENTS	PERCENTAGE
I	Daily	0	0
II	Monthly	60	50
III	Quarterly	30	25
IV	Half yearly	6	5
V	Yearly	48	40
VI	One time	0	0
2	INVESTMENT DECISION MAKER		
I	Self	120	100
II	Family members	6	5
III	Friends and relatives	12	10
IV	Colleagues	6	5
V	Opinion leaders	0	0
VI	Financial advisor	6	5
3	SOURCE OF INVESTMENT INFORMATION		
I	T.V & YouTube	60	50
II	Journals and magazines	54	45
III	Org. Report	6	5
IV	Agents & advisory	30	25
V	Family members	18	15
VI	Colleagues	30	25
4	TIME HORIZON		
I	Very Short-term(less than one year)	12	10
II	Short-term (more than one year)	12	10
III	Medium-term (more than 5 years)	42	35
IV	Long-term (more than 10 years)	60	50
V	As per convenience	24	20
5	NATURE OF INVESTMENT PREFERRED		
I	Liquid saving investment	48	40
II	Non-liquid saving investment	6	5
III	Both	66	55
	TOTAL	120	100

Source: Primary data

5.6 Satisfaction Levels and Improvement Suggestions

Table 7 presents the satisfaction levels and suggestions for the improvement of various investment avenues according to the needs of school teachers in Kolkata. The data indicates that 65% of respondents consider the current investment schemes to be adequate, while 35% do not. Furthermore, 70% of the respondents express satisfaction with the available investment avenues, whereas 30% are dissatisfied. A significant 80% of respondents desire special schemes tailored to their specific needs. Additionally, 75% of the respondents believe that high retirement benefits are a crucial factor in enhancing investment, with 40% and 35%, respectively, indicating that additional incentives and tax concessions would also encourage investment. Finally, 65% of respondents advocate for informative and educational advertisements, workshops, and seminars to raise awareness, while 40% support the implementation of training programs.

Table 7: Satisfaction level and improvement suggestions

1	INVESTMENT SCHEMES ARE ADEQUATE?	NUMBER OF RESPONDENTS	PERCENTAGE
I	More than adequate	0	0
II	Sufficient	78	65
III	Not sufficient	42	35
	TOTAL	120	100
2	SATISFIED WITH SCHEMES?		
I	Yes	84	70
II	No	36	30
	TOTAL	120	100
3	WANT SPECIAL SCHEMES		
I	Yes	96	80
II	No	24	20
	TOTAL	40	100
4	PROVISION REQUIRED TO BOOST INVESTMENT		
I	Extra incentives	48	40
II	High retirement benefits	90	75
III	Additional bonus	24	20
IV	Tax concession	42	35
V	High rate of interest	6	5
5	RECOMMENDATION TO CREATE AWARENESS		
I	Training programmes	48	40
II	Advertisements	78	65
III	Workshops & seminars	78	65
IV	Investors' meets	24	20
V	Social welfare programmers	24	20

Source: Primary data

VI. SUMMARY OF FINDINGS

1. Among the total respondents, 80% are married, and 70% reside in medium-sized families consisting of 4-6 members (Table 1).
2. 65% of the respondents hold a postgraduate degree, with or without a B.Ed. and other qualifications (Table 1).
3. 70% of the respondents have over 11 years of teaching experience (Table 1).
4. 70% of the respondents earn an annual salary exceeding ₹3,60,000, yet 85% save less than ₹1,00,000 annually (Table 1).
5. The primary investment objectives for the majority of respondents include emergency needs, securing the future, child education, tax benefits, and retirement planning (Table 2).
6. 85% of the respondents anticipate a return of less than 15% on their investments (Table 2).
7. Specifically, 50% of the respondents receive investment information from television and YouTube, 50% from journals, magazines, and organizational reports, and 65% rely on agents, advisories, family members, and colleagues (Table 6).
8. 50% of the respondents invest for a period exceeding 10 years, and 55% prefer a diversified investment portfolio comprising both liquid and non-liquid assets. (Table 6).
9. Among the respondents, 70% expressed satisfaction with the current investment schemes. However, 80% indicated a desire for specialized schemes tailored to meet their specific needs. (Table 7).
10. A significant majority of the respondents, specifically 75%, believe that high retirement benefits would positively influence and boost their investment decisions. (Table 7).
11. A significant proportion of respondents, 65%, advocate for the organization of informative and educational advertisements, workshops, and seminars to raise awareness about investment avenues within the teaching community. Additionally, 40% of the respondents believe that training programs should be conducted to further this objective. (Table 7).

VII. CONCLUSION

This research study was conducted to understand the investment behaviour of school teachers in Kolkata. While everyone understands the importance of money, very few recognize the significance of saving and investment. Despite being educated, the teacher community is aware of the importance of saving due to future uncertainties but lacks knowledge and awareness when it comes to investment. They still prefer traditional investment avenues, and modern investment avenues remain largely unexplored. It is recommended that various awareness programs be conducted to educate them about different investment avenues. This study will also aid investment firms in offering various investment avenues and schemes that meet the needs of the teacher community.

REFERENCES

1. *Culture of household savings has saved Indian economy.* (2010, February 1). Retrieved from: <http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/lsquoCulture-of-household-savings-has-saved-Indian-economyrsquo/article15976107.ece>.
2. Martin Mühleisen. (2006). Improving India`s saving performance. *International Monetary Fund (IMF) Research Paper Series*, 97. doi:10.5089/9781451842005.001.
3. K.V. Ramanathan, & Dr. K.S. Meenakshisundaram. (2015). A study of the investment pattern of bank employees. *Proceedings of International Conference on Management Finance Economics*, 156-162. ISBN: 9788193137307.
4. Deepak Sood, & Dr. Navdeep Kaur. (2015). A study of saving and investment pattern of salaried class people with special reference to Chandigarh (INDIA). *International Journal of Research in Engineering, IT & Social Sciences*, 5(2), 1-15.
5. <https://www.indiabudget.gov.in/economicssurvey/doc/stat/tab19.pdf>.
6. Field, A. P. (2009). *Discovering statistics using SPSS*. (3rd ed.). SAGE Publications.