CHAPTER-I

Introduction and Research Design

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INTRODUCTION AND RESEARCH DESIGN

1.1 Introduction of study:

The savings and investment pattern plays vital role for the development of any country. India is not an exception to that. It means that the savings and investment of people of India are playing important role for India's development.

The financial awareness has in recent years gained the interest of various groups including governments, bankers, employers, employees, teachers etc. The importance of improving financial literacy, education, awareness has increased due to factors including the development of new financial products, the complexity of financial markets and the changes in economic, political and demographic factors.

Financial awareness has assumed greater importance in recent years because of complex financial markets and as there is information asymmetry between markets and common people, leading to the latter finding it is increasingly difficult to make informed choices.

The all the countries of the world developed and developing countries are focusing on programmes for financial awareness. In the context of financial inclusion, the process of creating awareness may involve addressing deep entrenched behavioral and psychological factors that could be the major barriers. In the countries like India with diverse economic and social profile, the financial awareness is particularly relevant for people who are resource-poor and who operate at the margin and are vulnerable to persistent downward financial pressures. So the need for financial awareness is even

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greater considering the low levels of general literacy and the large section of the population, which is still remaining out of the formal financial loop.

There are so many reasons for low investment in India, one important reason is lack of education and another is lack of awareness among the people of India. Therefore the researcher wanted to study the savings and investment pattern of highly educated and qualified teachers. For this purpose the researcher has selected the title "A Study of Savings and Investment Pattern of Teachers of Management Institutes in Kolhapur District, affiliated to Shivaji University, Kolhapur."

The present study aims at analyzing the awareness and preferences of investors for different investment avenues available to them and to analyze the factors influencing their pattern or preferences. More specifically, an attempt has been made to measure the level of awareness of management teachers about various investment avenues.

The objectives for making investments are many and differ from individual to individual. These may be either to get a regular, uniform, safe and continuous return in future with low or moderate risk or to enjoy the benefits of capital appreciation with attached risk. An individual's investment objectives also depend on various personal factors, such as age, income, sex, occupation, education etc.

1 .2 Statement of the problem:

India is one among the world's most efficient financial markets in terms of regulation, system and technology. It has one of the highest savings rate in the world, our gross household savings rate is 30.31% of the GDP in 2011, according to World Bank report published in 2012. It was highest in 2007 about more than 35% as against 23% in 2003-04.But net investments are low only 7.8% fiscal year,2011-12. It means that Indian people prefer to save but the savings are not properly invested which is the cause for concern. The most of the investments of the households are in bank

deposits, low-yielding instruments, government securities and non-financial assets. A majority of our households do not invest in modern financial markets. As per the RBI reports, only 1.4% of the household savings was invested in equity, mutual funds debentures in 2003-04. Though this went up to 4% in 2005-06 and it is around 5% in 2011-12. It is still very small. Unless the common people become wiser investors and are protected from wrong doings, wealth creation for the investor and the economy will remain a distant dream. We need to convert a country of savers into nation of investors.

The government of India has taken so many efforts to create awareness about benefits of savings and investment to the nation as well as individual himself but the results are not as per the expectations of the government. Therefore the researcher is interested to know the awareness of savings and investment in highly educated teachers of professional institutes.

The researcher has focused on the savings and investment pattern of teachers of Management institutes. Researcher is concerned with main issues such as - The major factors to be considered while planning for savings and investment. Knowing the sources of income and the portion of their income they save along with the avenues of their investment and awareness. These issues and other related aspects will become the basis of this research.

The above data reveals the problems faced by Indian people while Investment decisions. This study emphasis to find out the financial awareness of teachers of management institutes by asking basic questions about various investment avenues of investment and factors influencing the financial decisions, and to find out important information providers.

1.3 Title of the Research:

"A Study of Savings and Investment Pattern of Teachers of Management Institutes in Kolhapur District Affiliated to Shivaji University, Kolhapur,"

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1 .4 Significance of the study:

The traditional finance theory stands squarely on the notion of rational man. It means that individuals are capable of understanding vastly complex puzzles and conduct endless instantaneous optimizations. The classical economic literature descries human beings as rational entities, making right decisions in a situation of complete transparency. The perfect human beings always succeed in optimizing the intended benefit. On the other hand Herbert and Simon showed that human beings are not completely rational when it comes to decision making. It is often assumed that the investors take care of all available information before taking the investment decision. But there are enough evidences that this is not always the case.

The economic development of any country depends upon development of industrial sector, service sector and agricultural sector, and optimum utilization of all the factors of production i.e. land, labor, capital and organization. Amongst all these factors of production the most important is capital. Capital is the scarcest resource available to most of the countries of the world. India is also not an exception to this. Hence there is need to effectively utilize capital.

The rapid economic development depends upon three important factors

1. Savings

2. Investment

3. Availability of financial institutions.

It is observed that in India the habit of saving is good now a days but, low investments means low capital formation and low capital formation shows low industrial growth and low economic growth. There are so many factors responsible for low investments in India. They are-

1. Low income:

The income of most of the people in India is low. The low income leads to low investment. Low investment means low capital formation and low

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industrial and economic growth. The per capital income of people of India is very low as compared to other developed countries like USA, UK, Switzerland, Japan, France etc.

2. Lack of education:

The important factor which is responsible low investments is lack of education. Education is having its direct effect on employment. Lack of education leads to lower employment opportunities. This in turn leads to low income, ultimately low investment.

3. Non availability of sufficient financial institutions:

In India investments are low because non availability of sufficient financial institutions. The development of efficient financial institutions leads to more savings and investments but unfortunately financial institutions are not available. Even today there are so many villages where there are no banking facilities available.

4. More expenditure on consumption:

In our country more expenditure is made on consumption. The people of India will spend more on consumption. Expenditure on day to day requirement is more, due to which major portion of the income is spent on consumption; automatically very less or no money will remain for savings and investment.

5. More expenditure on religious functions:

Another important reason for low investment is more expenditure on religious purposes. Most of the Indians spend their entire income on religious functions. Some people borrow money in the form of loan to meet the religious expenditure.

6. Lack of future planning:

Most of the Indian people are not bothered about future. If people think for future, obviously they will think of savings. Future planning leads to save some portion of income for future which is not found in India.

7. Lack of awareness:

Lack of awareness is another important factor affecting on low investments. People in India are not aware about the benefits of savings and investment. If people are aware they can save and invest for their future contingencies.

The financial awareness has in recent years gained the interest of various groups including governments, bankers, employers, employees, teachers etc. The importance of improving financial literacy, education, awareness has increased due to factors including the development of new financial products, the complexity of financial markets and the changes in economic, political and demographic factors. Financial awareness has assumed greater importance in recent years because of complex financial markets and as there is information asymmetry between markets and common people, leading to the latter finding it is increasingly difficult to make informed choices.

Considering the importance of these issues of savings and investment, the researcher has decided to study the savings and investment pattern of qualified professionals / teachers of Management Institutes in Kolhapur Districts, affiliated to Shivaji University, Kolhapur. The savings and investment pattern of these professionals will guide the society; people in the society may try to follow the same pattern for their own savings and investment. The study is also helpful to the researcher to create sound body of knowledge. This study aims to know the awareness, preference and investment pattern of the investors for different avenues of investment, and analyze the factors influencing their investment pattern. Therefore the

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researcher is interested to study the only professional's postgraduates the teachers of MBA institutes, to known that whether they risk loving or not, their preference, awareness, factors influencing selection of investment avenue.

1 .5 Objectives of the study:

Research work is concerned with the prime objective of identifying the savings, investment, awareness and the factors to be considered at the time of investment by the management teachers. Following objectives are kept in mind for conducting the study.

The following are the various objectives of the study-

1. To study the savings and investment of teachers of management institutes.

2. To study the various sources of income of teachers in Management institutes.

3. To study the level of awareness about various investment avenues.

4. To study investment pattern and find out their interest and priorities in different avenues of investment.

5. To study the major factors influencing savings and investment of these teachers.

6. To make them aware about best investment avenues

7. To create professional attitude amongst them in investing their income.

1 .6 Hypothesis of the study:

A hypothesis is a tentative assumption of the proposed problem, which could be tested for validity in the study. After the initial study of the subject and review of the literature, the researcher has come across following hypothesis-

1. Most of teachers of management institutes are not aware about different investment avenues available to them.

2. Investment avenues adopted by them have not resulted into sufficient and regular return to them. It means their earlier investments are not profitable.

1 .7 Scope of the study:

To achieve objectives mentioned above, the scope of the study is given below.

1 .7.1 Geographical Scope:

The present study is confined to the teachers of management (MBA) institutes in Kolhapur district, which are affiliated to Shivaji University, Kolhapur. The geographical scope is restricted to Kolhapur district only.

1 .7.2 Conceptual Scope:

The study focuses only on savings and Investment pattern of teachers of management (MBA) institutes in Kolhapur District ,the institutes which are affiliated to Shivaji University Kolhapur, only are considered. The conceptual scope is restricted to savings and investment only

1 .7.3 Analytical Scope:

The data collected will be analyzed with the help of statistical tools like-classification, tabulation, Pie charts, graphs and diagrams. Percentage, tables, weighted average score etc.

1 .8 Limitations of the study:

The following are the limitations of the study

1. The study is limited to savings and investment pattern only,

2 The study is also restricted to teachers of Management institutes in Kolhapur District, affiliated to Shivaji University only.

3 The study depends only on data collected from permanent and temporary teachers affiliated to Shivaji University, Kolhapur.

4. The study is covering some important investment avenues only.

5. The study is not taking into consideration the autonomous institutes and deemed universities in Kolhapur district.

1 .9 The Research Methodology

1 .9.1 Data Required:

The data required for the study like income of the MBA teachers, savings, investment, factors considered at the time of investment, awareness about various avenues, and investment in various avenues etc. are collected from the management teachers.

1 .9.2 Collection of data:

1.9.2.1 Primary Data:

Collection of primary data-Primary data is the first hand information which is collected through observation, personal discussion, interviews and through questionnaires from the sample.

1.9.2.2. Secondary Data:

Collection of secondary data-The secondary data is collected through different books, journals, publications and information available from websites of different management institutes and university websites, etc.

1.9.3 Instruments:

A questionnaire is prepared based upon the savings and investment pattern of management teachers and personally administered by the researcher to

solicit information from the sample. A questionnaire is used to collect all relevant information.

1.9.4 Type of research:

The type of research is descriptive. Descriptive research are those studies which are concerned with describing the characteristics of particular individuals or group, the researcher knows what he wants to study, methods of measurement are definite, collects accurate information.

1 .9.5 Sampling design:

For present study, researcher used convenient sampling method. There are total 26 management institutes affiliated to Shivaji University, Kolhapur for the academic year 2011-12. Out of these, 10 institutes from Kolhapur district are selected. These institutes are located in both urban as well as rural areas. At present total 81 teachers are working in these institutes at different positions like Directors, Professors, Associate Professors and Assistant Professor. Two Directors, zero Professors, three Associate Professors and seventy six Assistant Professors are working in these institutes. There are forty four permanent and thirty seven temporary teachers working in these institutes. Convenient sampling is used.

1.9.6 Sample size:

Sample size includes 50% of Directors, 0% Professors, 66% of Associate Professors and Assistant Professors. The respondents are selected from each institute minimum 50% teachers will be selected on convenient basis. The total 53 samples were collected which includes one Director, zero Professors, two Associate Professors and 50 Assistant Professors out of two

Directors, zero Professors, three Associate Professors and seventy six Assistant Professors. Since the sample population is small therefore the researcher is selected more number of samples for the study.

1 .9.7 Methods of data analysis:

The researcher will analyze the collected information with the help of classification, tabulation, Pie charts, graphs and diagrams, percentage, weighted score etc.

1.10 Conclusion:

The researcher is collected the required information by preparing questionnaire, observation discussion with respondents, books, journals, websites, etc. The descriptive research and convenient sampling design is used. Fifty three respondents were chosen out of eighty one. Thirty five permanent and eighteen temporary teachers are chosen. The collected information in the form of primary data and secondary is analyzed with the help of tables, graphs, percentage, weighted average score etc.