

## Analysis of Investment pattern of college teachers in Kerala

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### Abstract

The ultimate objective of the investor is to derive a variety of investments that meet his preference for risk and expected return. The investor will select the portfolio which will maximize his utility. The temperament and psychology of the investor is the another important consideration in making an investment decision by the investors. College Teachers minimum qualification is Postgraduate and National Eligibility Test in India. So literacy level of the college teachers is very high and their job is permanent. This study is an attempt to study investment pattern of college teachers and influencing factor for investment.

**Keywords:** investment, influencing factor

### 1. Introduction

#### 1.1 Introduction of the Study

As per the report of IMF that Indian Gross Saving rate is decreasing to 31 percent from 37 percent during 2007-2008. Domestic saving must be improved otherwise foreign capital needed in Indian economy. The demographic characteristics are favoring in Indian economy to achieve a higher growth rate, i.e., lowering the dependency ratio and a raise in the working age population. In 1966, Gross Domestic Saving of India and World are 14 percent and 23 percent respectively. In 2015, Gross Domestic Saving of India was 29.8percent, where as the world Gross Domestic Saving in that year was 24 percent. This shows that India's economy is growing in positive manner.

Funding investment required for economic growth, the economy needs to generate sufficient saving or it should borrow abroad. Nevertheless, borrowing from abroad may not only have adverse effects on the balance of payments as these loans will have to be serviced in the future but it also carries a foreign exchange risk. So, sufficient domestic saving is necessary for economic growth because it also forms part of the most important issues in development economics, and for developing countries, are how to stimulate investment, and how to bring about an increase in the level of saving to fund increased investment. In fact, the crucial role of domestic savings mobilization to the sustenance and reinforcement of the saving-investment-growth chain in developing countries has preoccupied development economists for decades (Lewis, 1970).

#### 2. Significance of the study

Teachers play a very important and influential role in the life of every student. They are like beacons of light, guiding us in the formative years of our life. Teachers act as foundation for creating responsible citizens and good human beings. It is impossible to imagine our lives without teachers. They are the cornerstone of our future.

Teachers may not be an expert on finances and unable to assist their own financial situation to develop and grow over time. They may have limited financial knowledge that hinders them from making the most of their earnings to build

a secure nest egg for a comfortable retirement. Despite their high level of intelligence and an educated background it is not uncommon for teachers to lack the financial skills and knowledge they need to make the most of their situation whilst they are still working to ensure a worry free retirement.

#### 3. Review of Literature

Mr. K.E. Job (1995) in his article "A Study on Investment Planning with Special Reference to State Government Officers in Palakkad District" identifies the relationship between Income and Savings schemes of employees. This study also analysis the reasons for preferring a particular investment scheme and utilisation of tax concessions by the employees. The findings of the study are, a. The savings are made to get regular income in future. b. Profitability, liquidity, safety, tax concession and appreciation are the main reasons for Investments.

A survey was conducted by "Intelligent Investors" (A Fortnightly magazine) (1998) about the home instincts of investors. The survey was intended to disclose the average Indian's attitude to housing, living space and real estate. Forty Per cent of male category opted for 500-800 square feet spacious house to a family of four members, whereas 50 Per cent of female respondents needed a house of 801-1200 square feet. Sixty Per cent of Chennai based respondents preferred even smaller space (500-800. sq. feet) for a family of four members, 34 Per cent of male and 28 Percent of female respondents expressed their willingness to have a house of their own even before their marriage. But among the total respondents, 34 Per cent wanted their own house after having children. Fifty eight per cent of Calcutta based respondents and 48 Per cent of Chennai based respondents were willing to own a house atleast before their retirement.

#### 4. Objectives of the study

The research was undertaken with the following objectives

1. To study investment behaviour of permanent college teachers in Kerala.
2. To analyze the influencing factors for investment of the respondents.

**5. Research Hypotheses**

- H<sub>02</sub>: Safety, liquidity, high returns, social norms, marriage, tax benefit and capital appreciation are factors that do not influence investment

pattern of permanent college teachers in Kerala, Samples of 200 teachers were surveyed using structured questionnaire and the data were analyzed by using statistical tools like percentage, regression coefficient, ANOVA and SEM.

**6. Research Methodology**

The present study was conducted to analyze investment

**7. Results**

**7.1 Investment behaviour of the teachers**

**Table 1:** Type of financial asset owned

Type of financial asset owned	Frequency	Percent
Fixed Deposits	176	88.0
Bonds	8	4.0
Mutual Funds	24	12.0
Stocks/Shares	8	4.0
Pension Fund	4	2.0
PPF/ Provident Fund	200	100.0

(Source: Survey data)

According to the above table 100% of the respondents have PPF/Provident Fund and 88% respondents held fixed deposits. 12% of the respondents have mutual funds. Bonds and stocks/shares are held by 4% of the respondents each. And only 2% respondents are held pension funds.

**7.2. Analysis of influencing factors for investment**

Next objective is to find the factor considered while making investment. As in the above case in this case also we use SEM to identify the factors considered while making investment. That is in this case we test the hypothesis

**Table 2:** Model fit Indices for CFA Restricted use of investment factor

	$\chi^2$	DF	P	Normed $\chi^2$	GFI	AGFI	NFI	TLI	CFI	RMR	RMSEA
Investment factor	26.534	10	.003	2.653	.968	.884	.954	.915	.970	.149	.091

All the attributes loaded significantly on the latent constructs. The value of the fit indices indicates a reasonable fit of the

measurement model with data. In short the measurement model confirms to the factor structure of the constructs.

**Table 3:** Regression coefficient

Path	Estimate	CR	P	Variance explained
Safety - Influencing factor	0.134	1.458	0.147	1.8
Liquidity - Influencing factor	1.095	16.730	<0.001	120
High returns - Influencing factor	0.612	7.703	<0.001	37.4
Children's education - Influencing factor	0.208	2.283	0.064	4.3
Social Norms - Influencing factor	0.169	1.846	0.067	2.8
Marriage - Influencing factor	0.286	1.182	0.082	8.2
Tax Benefit - Influencing factor	0.605	7.582	<0.001	36.7
Capital appreciation - Influencing factor	0.549	6.673	<0.001	30.1

(Source: Survey Data)

The results exhibited in Table 3 revealed that the capital appreciation had significant influence on influencing factor for investment as the standardized direct effect of this construct on influencing factor for investment was 0.549, which is more than 0.4 (also p value was not significant). So we reject the hypothesis H<sub>0</sub> and conclude that capital appreciation had significant influence on influencing factor

for investment.

So we can conclude that, the variables liquidity, high returns, tax benefit and capital appreciation have significant influence on influencing factor for investment. But the variables, safety, children's education, social norms and marriage have no significant influence on influencing factor for investment because their value is less than 0.4.

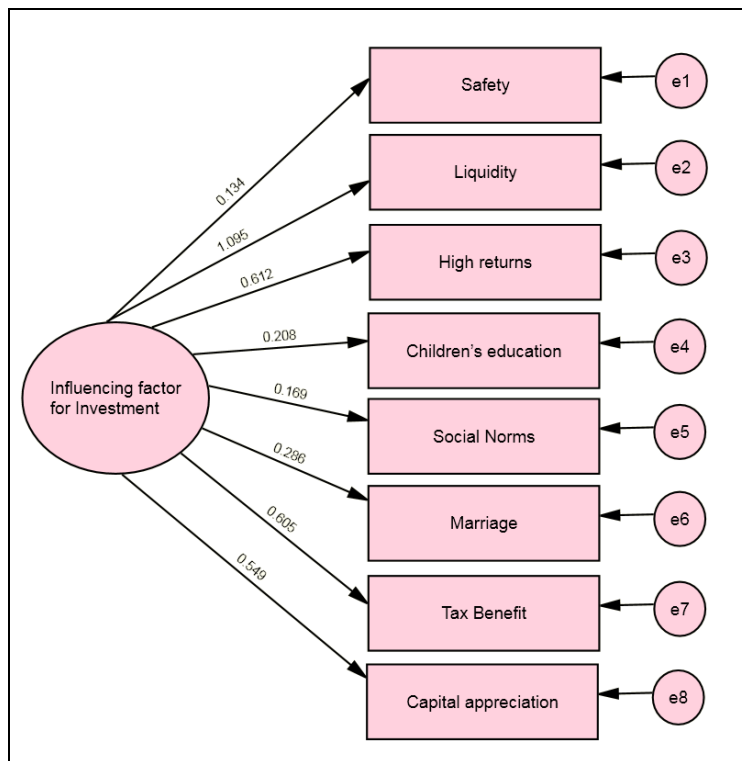


Fig 1: Showing influencing factors for investment

The graphics describes that, the variables liquidity, high returns, tax benefit and capital appreciation are influencing factors of investment because their values are more than 0.4. But the variables, safety, children’s education, social norms and marriage have no significance influence on influencing factors of investment.

**8. Conclusion**

Individual investor’s investments are backed by benefits and money. Individual investor still prefers to invest in financial products which give risk free returns. Financial investment means employment of funds in the form of assets with the objects of earning additional income or appreciation in the value of investment in future. The study shows that all the teachers have a provident Fund, but the rate of investment in bonds and company shares are less. The main influencing factors for investment are liquidity, high returns, capital appreciation and tax benefit.

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