

A study on saving and investment perceptions by salaried individuals at Chikmagalur and Shivamogga district

Dr. Vedananda Prabhu P G, Ganesh H N Pai

Assistant Professor of Commerce, Government First Grade College, Tarikere, Affiliated to Kuvempu University, Karnataka, India

Abstract

Saving and investment plans are the schemes planned to support the education of students who are financially backward and to ensure fund availability to pay fees in time. This helps to overcome the financial constraints of parents or self that may prevent the young generation to pursue education or higher education. This research analyses the effectiveness of the existing child investment schemes based on availability of funds for fees. Most of the Child Investment Schemes are based on mutual funds, deposits, insurance schemes, education loan etc.. But, the fund disbursement is made after the maturity period in multiple instalments. The objective of the research is to study investor perception towards child investment plans and to explore the impact of demographic variables on investment decision-making. The study also aims to identify the factors that influence investment decision-making for child investment plans. A sample of 447 investors was selected for the study, and data was collected using a structured questionnaire. The data was analysed using various statistical tools, including rank analysis, factor analysis, cross-tabulation, and discriminant analysis.

The results of the study indicate that investors consider various factors while making investment decisions for their children, including the reputation of the institution, investment returns, and the level of risk involved. The awareness development of the child investment is also not promoted effectively. The preference of Child Investment Plan to other schemes is low due to only two reasons: utility of the fund is low and the amount generated is low. It demands a restructuring of the scheme so that the amount spent for education will be directed to CIP and from that, the fees will be paid. The portfolio managers help to increase the value fund through market investment so that return will be maximum.

Keywords: Investment plans, salaried persons, saving, investment

Introduction

Saving and Investment pattern of Employed segment

Though there is no variation in assessment process, there is wide difference in choosing investment opportunities. The first difference is in risk aversion and the second is in the priority of women in saving. Women give priority of well-being and education of children and then to support husbands in managing family investments.

Theories of the study

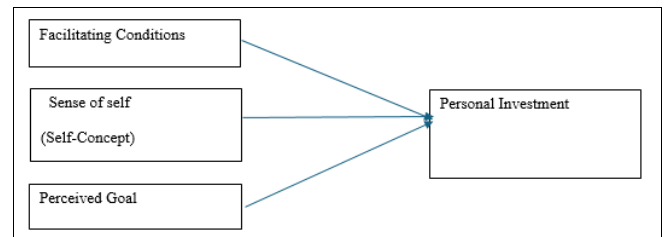
Personal investment theory (King, Yeung, & Cai, 2019) explained the three levels in personal investment. Personal investment means the investment in self to acquire more skills. It has three levels: (1) facilitating conditions, (2) sense of self, and (3) perceived goals.

Facilitating conditions explained how to select a course based on available resources and they refer to social contextual environment in which one survives and to make options from available choices and resources. Facilitating conditions include one's investors, teachers, peers school context and socio-cultural norms in one's environment.

The second component is sense of self (Who am I?). They are organized collections of perceptions, beliefs, and feelings about who one is. Sense of self is the positive academic self-concept is both a facilitator and an outcome of academic achievement.

Perceived goal include mastery (wanting to do well because of personal interest), performance (wanting to do well to outperform others), social (seeking to help others and enhance sense of belonging), and extrinsic (seeking social recognition and tangible rewards).

Components Personal Investment



Market-Private: Employability, Higher earnings, less unemployment, Labor market flexibility, Greater mobility

Market: Social: Higher productivity Higher net tax revenue
Less reliance on government financial support

Nonmarket: Private: Greater consumer efficiency Better own and family health Healthier children

Non- Market: Social: Lower crime rates, less spread of infectious diseases Greater contraception efficiency Better social cohesion Voter participation

Theory of Planned behaviour and Theory of reasoned behaviour

The theory of planned behaviour intention depends on three factors, Attitude, Subjective norm and behavioural intention. The attitude is a function of Emotional intelligence, cognitive skills and affective component. The child investment is a planned and reasoned activity that the investor looks for the career opportunities than a return from it. They expect the find growth that the net maturity amount will be at par with the requirement (Kumar R. R., 2014).

Investment plan is the financial planning of the investors to avoid the risk of losing opportunity for the child to pursue higher education.

Kano’s model

The Kano’s model explained the effect of satisfaction of investors in recommending a particular investment opportunity to others if he is satisfied with the return. This is important in confidence building in choosing right investment.

The affective, normative and economic components are important as the emotional affection in investment motivate for investment as per the norms available to earn good return at the lower risk. The risk aversion by using alternate strategies based on opportunity cost. Stop loss strategies and hedging are two strategies. Habitual investment is the investment for low risk investments.

Personal Investment Theory

Personal Investment Theory (PIT) (King, Yeung, & CAI, 2020) explained the motivational factors why a person invest in him in his preferred domain. In education, individuals take loan and investment to get expertise in their domains and the answer is to gain the opportunities in their domain. The trajectory education is set for a continuous improvement from kindergarten to the post-graduation or even higher. Till schooling, the education is common as they learn basics for both advanced learning and basics of social living. From higher secondary onwards, the students choose own domains for development and explore more advancement in career. In Indian context, the investors invest on career development in contrast to the self investment.

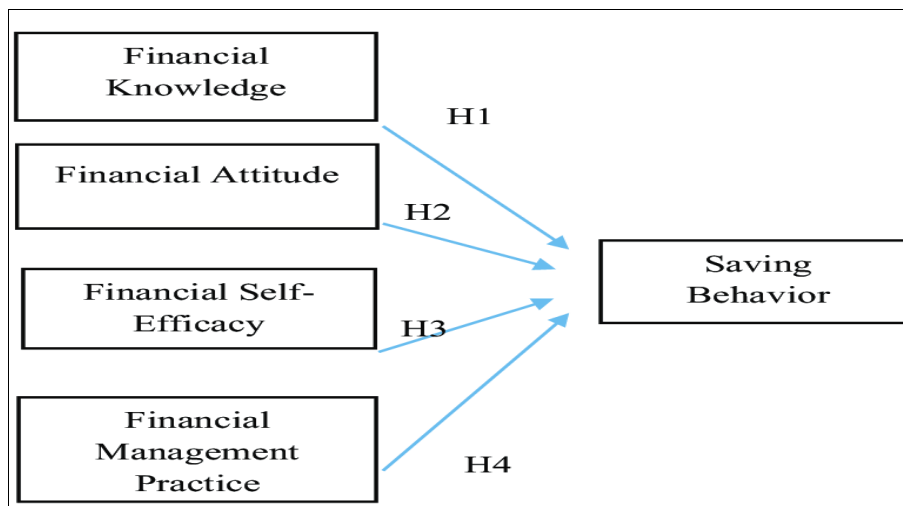
Overall improvement, personality development and employability of the students are the prime objectives in

investing on children. The prime patterns to inculcate among students is to engage, involve and be productive to realize personal goals, sense of purpose and abilities and strengths. Hence selection of institution, course, etc are important.

Behavioural aspect of Choice of Investment



The four feelings or cognitive factors that influence investments are, emotional response, self-deception, heuristics and framing. The source of money starts from ‘framing’ and investment is decided by the four factors: speculation, return, risk and gain or loss. Choice of child investment plans are basically to ensure fund for education at the right time. There are many options for raising fund for education. One method is through systematic investment plans like child investment plans. It assures fund after a certain period to ensure payments. Second method is using personal savings or proceeds and the third is educational loan. The systematic plans are preferred by employees from their monthly income that they can do saving, and get tax benefits as well. The risk and return aspect is on fund but on outcome of education saving Behaviour



The saving behaviour depends on financial knowledge, financial attitude, financial self-efficacy and financial management practice. The awareness on risk and return of the investment, duration, type of return are important in decision making.

Motivation of the Study

Women members are the second earning members at home and their contribution to home finance can be informal or formal. Women are engaged in home routine, small business, farming, growing domestic livestock that give

return, small jobs or formal trading or formal jobs. But, women are always bother more on family welfare, wellbeing of children like education or health of children. The first task is to ensure food for all at home and their wellbeing.

Scope of the study

Scope always defines the boundary and applicability of an individual, event, process or thing. Though the scope of the topic of research is limited but the findings could be generalized.

Following point highlight the scope of the research undertaken

1. This Study was not limited to any pattern of saving
2. Saving pattern and behavioural pattern.
3. The effect of Need hierarchy in life
4. The research is based on the response collected from 447 respondents.

Research Question

1. Does salaried Individual segment encourage saving and investment culture?

Research Objective

1. To understand the saving and investment perception amongst the salaried individual’s segment.

Review of Literature

(Gedmintiene & Visockaite, 2016) [15] Investment is an action of using funds available today for a future return. It helps to use the idle fund for a future use for a higher return. The investment can be in own business as an occupation or in financial institutions as deposits or investments. The preserved amount gives confidence for the future fund needs. A few house hold investments are, Savings in cash at home, Account or deposit in the bank, Accounts or deposits in credit unions, Life insurance, Investment in units of the pension fund, Investment in units of the investment fund, Debt securities, The Company’s shares, investments in real estate and local investments.

(Zhu, Yu, & Zhang, 2018) Money has a time value. If one don't invest our spare funds, it will lose its value. More importantly, one can receive interest based on the principal and prior interest. One should learn to balance income and risk as a greater number of financial products are introduced. The majority of individuals are advised to invest in Money Market Mutual Funds (MMF) or government bonds as they are secure and reliable after looking at five basic financial tools. Additionally, one can choose the stock market if they are experts in managing money and can tolerate having your capital fluctuation. Concerning real estate, houses are also where people live and shouldn't be used as a tool for making money. Otherwise, more money will enter this sector, which will hinder the growth of the real economy. Peer to Peer (P2P) finance is still in its infancy and at its early stages, thus before considering an investment, one should properly research any potential risks. People are advised not to invest in small P2P credit agencies because they may steal your money. It implies that before making an investment, one should also look at the history of the company.

(Wati & Sahid, 2022)A few investments are to ensure the well being of family members in future and investment on education of children fall in this category. Six main factors have emerged, namely out-of-pocket expenses, forgone earnings, returns on investment, educational design, educational process, quality of education, and competitiveness. Education cost (out of pocket expenses) include the cost of education. Deferment of payment of education costs; easy access to job search and career development. Rate of return from education is the life time income of the child derived from education. This depend on three factors: institution, course and academic process. The education planning include, the benefit from a specific course, future benefit, and cost of course. Educational

process include, the knowledge and skill acquired, capabilities developed for employment, personality traits, and emotional and intellectual quotients. Quality of educational process is the potential to get a job. The quality depends on the academic delivery and opportunities for the students to involve in knowledge and skill development. Competence is the skill developed to get a job.

Hypothesis

H₀: There is no significant earning pattern observed among working women to get income tax deductions

H₁: There is a significant earning pattern observed among working women to get income tax deductions

H₀: There is no significant criteria for choosing an investment avenue.

H₁: There is a significant criteria for choosing an investment avenue.

Research Design

Research design is an integrated strategy chosen for effective and efficient completion of the research objectives. The research design starts with the review of reports on higher education, courses available, fees and expenses and financing schemes.

Based on the information collected from the published reports of different research agencies, theoretical background is prepared and conceptual model is created. Based on the theoretical background and conceptual frame work of earlier researchers. A data collection tool is prepared and it is a questionnaire in this case.

Reliability and validity of the tool was determined in a pilot study. The reliability of the questions was tested using Cronbach alpha and paired t test.

Objective: To understand the saving and investment perception amongst the salaried women segment.

Hypothesis H₀₁: There is no significant perception on tax based saving among salaries assessee

The propensity to save is an attribute of all earners and it depends on many factors. These factors can be demographic variables or measurable environmental factors. The earning behaviour is a need driven, behaviour influenced and environment constrained. Hence, the investment behaviour of working women tax assessee has to be analysed.

Saving pattern depends on four aspects, annual income, age and education

Descriptive analysis of effect of annual income, age and education on Reasons for saving

Null Hypothesis: H₀: There is no significant effect of demographical factors on reasons for investment.

Table 1: Descriptive Analysis: Reasons For saving

	Mean	Std. Deviation
Awareness	2.82	1.237
Family wellbeing	2.70	.803
Technical Analysis	2.70	.802
Choosing Investment	2.68	.851
Fundamental Analysis	2.67	.865
Financial Stability	2.66	.853
Average saving	2.63	.851
Fund availability	2.51	1.278
Affordability	2.39	1.175
Training	2.35	1.339
Valid N (listwise)		

Awareness (2.82), Family wellbeing (2.70), Technical Analysis (2.70), Choosing Investment (2.68), Fundamental Analysis (2.67), Financial Stability (2.66), Average saving (2.63) have higher mean.

Table 2: Tests of Equality of Group Means

	Wilks' Lambda	F	df1	df2	Sig.
Affordability	.996	.670	3	548	.571
Awareness	.997	.594	3	548	.619
Average saving	.986	2.538	3	548	.050
Financial Stability	.995	.853	3	548	.465
Family wellbeing	.987	2.354	3	548	.071
Training	.999	.164	3	548	.921
Fundamental Analysis	.997	.504	3	548	.679
Technical Analysis	.995	.920	3	548	.431
Choosing Investment	.984	3.048	3	548	.028
Fund availability	.999	.250	3	548	.862

The results shows that choosing investment and average saving vary significantly with age while other results are not statistically significant. There is variation in choosing investment and average saving with age.

Affordability stands for the balance of earning and spending. Saving and investment will be possible only if earning is more than spending. Awareness of the investor mainly include the risk and return. Average saving is the amount that a person save an amount. Financial stability is the consistency in income and good for family wellbeing. Training is the process of equipping the investors in using modern investments applications. Fundamental analysis and technical analysis are used to understand the industry and companies. Choosing investment depends on both personal and market conditions. Fund availability is the prime requisite for investment.

Table 3: Classification Function Coefficients

	Age			
	18-28 years	28-38 years	38-48years	48-58 years
Affordability	1.538	1.487	1.594	1.559
Awareness	2.053	2.030	2.051	2.321
Average saving	2.868	2.817	3.229	3.520
Financial Stability	2.306	2.744	2.008	2.679
Family wellbeing	2.117	2.247	2.093	2.387
Training	-.289	-.215	-.304	-.218
Fundamental Analysis	.448	.472	.037	.030
Technical Analysis	.879	.395	1.236	.787
Choosing Investment	1.272	1.034	1.570	1.108
Fund availability	.515	.426	.520	.271
(Constant)	-19.590	-18.879	-20.522	-21.700

Fisher's linear discriminant functions

A discriminant analysis is used to analyse the effect on factors that influence the investment decisions. The Box M is statistically significant.

The factors that influence invest decisions include, Affordability, Awareness, Average saving, Financial

Stability, Family wellbeing and Choosing Investment and they are varying with age.

There is a significant effect of age on investment decisions.

Effect of Education on Reasons for Saving

Table 4: Tests of Equality of Group Means

	Wilks' Lambda	F	df1	df2	Sig.
Affordability	.972	5.172	3	548	.002
Awareness	.967	6.244	3	548	.000
Average saving	.988	2.272	3	548	.079
Financial Stability	.988	2.222	3	548	.085
Family wellbeing	.990	1.868	3	548	.134
Training	.982	3.318	3	548	.020
Fundamental Analysis	.977	4.366	3	548	.005
Technical Analysis	.998	.372	3	548	.773
Choosing Investment	.976	4.487	3	548	.004
Fund availability	.987	2.447	3	548	.063

Affordability, Awareness, Training, Fundamental Analysis and Choosing Investment have variation with education.

The BOXM is statistically significant

Table 5: Wilks' Lambda

Test of Function(s)	Wilks' Lambda	Chi-square	df	Sig.
1 through 3	.804	118.713	30	.000
2 through 3	.896	59.820	18	.000
3	.958	23.510	8	.003

Wilk's Lambda are high and the chi square are significant.

Table 6: Standardized Canonical Discriminant Function Coefficients

	Function		
	1	2	3
Affordability	.241	.462	.208
Awareness	-.772	-.326	.302
Average saving	.060	.002	.712
Financial Stability	.093	-1.039	-.160
Family wellbeing	-.614	.657	-.124
Training	.493	-.165	.307
Fundamental Analysis	.194	.379	-1.166
Technical Analysis	-.171	.695	.434
Choosing Investment	.717	-.870	.516
Fund availability	.206	.286	-.026

The standardized Canonical Discriminant function. The coefficients are significant. The structure matrix gives the correlation with the variables.

Table 7: Classification Function Coefficients

	Education			
	Schooling	Graduation	Professional	Vocational
Affordability	1.797	1.545	1.418	1.642
Awareness	1.813	1.765	2.267	2.034
Average saving	3.226	2.769	2.934	2.606
Financial Stability	2.095	2.697	2.690	1.773
Family wellbeing	2.078	1.803	2.193	2.999
Training	-.040	-.103	-.277	-.509
Fundamental Analysis	.058	.628	.096	.944
Technical Analysis	1.056	.402	.599	1.108
Choosing Investment	1.428	1.543	1.233	.072
Fund availability	.602	.528	.396	.564
(Constant)	-20.801	-19.365	-19.483	-18.886

Fisher's linear discriminant functions

The discriminant model is used to analyse the data and Box M is statistically significant. Affordability, Awareness, Average saving, Financial Stability, Family wellbeing and choosing investment are important investment behaviours that varies with education.

Table 8: Effect of Annual Income

Tests of Equality of Group Means					
	Wilks' Lambda	F	df1	df2	Sig.
Affordability	.984	2.992	3	548	.030
Awareness	.993	1.324	3	548	.266
Average saving	.981	3.489	3	548	.016
Financial Stability	.993	1.324	3	548	.266
Family wellbeing	.993	1.295	3	548	.275
Training	.980	3.647	3	548	.013
Fundamental Analysis	.972	5.285	3	548	.001
Technical Analysis	.992	1.429	3	548	.233
Choosing Investment	.999	.268	3	548	.849
Fund availability	.996	.782	3	548	.504

Affordability, Training, Fundamental Analysis and Average saving are influenced by the income. Results show that there is a significant effect of demographic factors on reasons for saving.

Table 9: Wilks' Lambda

Test of Function(s)	Wilks' Lambda	Chi-square	df	Sig.
1 through 2	.924	33.612	16	.006
2	.981	8.193	7	.316

Table 10: Classification Function Coefficients

	Annual income		
	< Rs 21000	Rs 21000-42000	Rs42000-63000
Affordability	1.350	1.188	1.346
Awareness	2.418	2.295	2.344
Average saving	1.984	2.010	2.113
Financial Stability	2.376	2.740	2.376
Family wellbeing	2.072	2.069	2.075
Training	5.581	5.590	5.497
Fundamental Analysis	2.092	2.409	2.559
Technical Analysis	3.251	3.034	3.107
Choosing Investment	1.652	1.896	1.589
Fund availability	1.963	1.896	1.968
(Constant)	-26.849	-27.333	-27.774

Fisher's linear discriminant functions

Affordability, Awareness, Average saving, Financial Stability, Family wellbeing, Training, Fundamental Analysis, Technical Analysis, Choosing Investment and Fund availability hence, alterternate hypothesos accepted.

The analysis shows that women income tax assesses. Most of the employees are still using different invest forms that provides Tax benefit and promote saving. In the new rigime of Income tax, the savings under 80 Cs are not honoured,

but higher standard deduction and exemption up to Rs 7 L. Multiple linear regression model shows that the model is not significant as the salary package structure is almost same and there is an upper limit for components.

The deductions shows that only two components are varying and the model is significant. The two variables varying are standard deduction and Medical insurance.

To analyse the variation between new regime and old regime, “t” test is used. It is found that the ‘t’ test is significant for both taxable income and taxes commitment in both new regime and old regime. There is no correlation between the two taxable incomes. But there is a significant correlation between the tax commitment of both old regime and new regime.

The T test also revealed that though the taxable income is high in new regime, tax commitment is less in new regime. In old regime, the assessee having higher housing interest get more tax exemption and hence, taxable income reduces and tax commitment also reduces.

Results, Suggestions and Conclusion

Awareness (2.82), Family wellbeing (2.70), Technical Analysis (2.70), Choosing Investment (2.68), Fundamental Analysis (2.67), Financial Stability (2.66), Average saving (2.63) have higher mean.

Affordability stands for the balance of earning and spending. Saving and investment will be possible only if earning is more than spending. Awareness of the investor mainly include the risk and return. Average saving is the amount that a person save an amount. Financial stability is the consistency in income and good for family wellbeing. Training is the process of equipping the investors in using modern investments applications. Fundamental analysis and technical analysis are used to understand the industry and companies. Choosing investment depends on both personal and market conditions. Fund availability is the prime requisite for investment.

Effect of age on investment behaviour

A discriminant analysis is used to analyse the effect on factors that influence the investment decisions. The Box M is statistically significant.

The factors that influence invest decisions include, Affordability, Awareness, Average saving, Financial Stability, Family wellbeing and Choosing Investment and they are varying with age.

There is a significant effect of age on investment decisions.

Effect of education on Investment Behaviour

The discriminant model is used to analyse the data and Box M is statistically significant. Affordability, Awareness, Average saving, Financial Stability, Family wellbeing and choosing investment are important investment behaviours that varies with education.

Effect of Income on Investment Behaviour

Affordability, Awareness, Average saving, Financial Stability, Family wellbeing, Training, Fundamental Analysis, Technical Analysis, Choosing Investment and Fund availability. Hence, alternate hypothesis accepted.

Limitations of Research

Some of the important limitations of research on perception towards child investment plan are mentioned below:

1. The study may be limited to Chikmagalur and Shimoga, which may not be representative of other regions or countries.
2. The study may not account for unforeseen events that may occur in the future, such as changes in the economy, job market, or other financial circumstances that may impact the perception towards child investment plan.

References

1. (n.d.). Retrieved from <https://www.hdfclife.com/insurance-knowledge-centre/child-future-planning/child-insurance-vs-child-education-plan>
2. Ajzen I, Fishbein M. The influence of attitudes on behavior. In: Albarracín DB, Johnson, Zanna M, editors. *The Handbook of Attitudes*, 2005, 173-222.
3. Alba KE, Bertol TB, De Mesa KD, Martin FG, Mestosamente SS, Zaguirre MK. *The Factors that Affect Students' Decision in Choosing their College Courses*. Our Lady of Peace School; Antipolo City, Philippines, 2010.
4. Ali MM, Soharwardi MA. Economic Cost of Education and Behavior of Parents towards Child Labor. *Journal of Economic Impact*, 2022, 4(1).
5. AliyyahUnifah RR, Rosyidi U, Rugaiyah R. Higher Education Scholarship: Gate To Develop Educational Human Resource Quality. *International Journal for Educational and Vocational Studies*, 2019. doi:10.29103/ijevs.v1i4.1501
6. Cáceres-Delpiano J. The Impacts of Family Size on Investment in Child Quality. *The Journal of Human Resources*, 2006;41(4):738-754. Retrieved from <https://www.jstor.org/stable/40057289>
7. Carneiro P, Bedregal P, Galasso E, Cordero M, García IL. Parental Beliefs, Investments, and Child Development: Evidence from a Large-Scale Experiment. *IZA – Institute of Labor Economics*, 2019.
8. Chaubey D, Subramanian K, Joshi S. Factors influencing students' choice of institutions for higher learning: an empirical study. *Indira Management Review*, 2011.
9. Choudhary HR. GIRL CHILD EDUCATION IN RURAL RAJASTHAN. *International Journal of Social Sciences*, 2019, 5(2). doi:10.20319/pijss.2019.52.893907
10. Danziger S, Waldfogel J. *Investing in Children: What Do We Know? What Should We Do?* Centre for Analysis of Social Exclusion, 2000.
11. Edgerton JD, Roberts LW, von Below S. Education and Quality of Life. In: Land KC, editor. *Handbook of Social Indicators and Quality of Life Research*. Springer, 2012.
12. Gaspar AM, Soares JM. Factors influencing the choice of higher education institutions in Angola. *International Journal of Educational Administration and Policy Studies*, 2021. doi:10.5897/IJEAPS2020.0680
13. Gauthier AH, Jong PW. Costly children: the motivations for parental investment in children in a low fertility context. *Gauthier and Jong Genus*, 2021, 77(6). doi:10.1186/s41118-020-00111-5
14. Barik B, Patra R. Emerging Trends in Insurance-A Study in Indian Life Insurance Industry. *Abhinav National Monthly Refereed Journal of Research in Commerce and Management*, 2014, 3(6).

15. Gedmintiene DD, Visockaite A. The Importance of Personal Finance for Investment and Applying Financial Behaviour Principles in Personal Finance Investment Decisions In Lithuania. SOCIetal studies, 2016. doi:10.13165/SMS-16-8-1-7
16. Goldberg J, Smith J. The Effects of Education on Labor Market Outcomes, 2017.
17. Grant C. The contribution of education to economic growth, 2017.
18. Green SB. How Many Subjects Does It Take To Do A Regression Analysis: Multivariate behavioral research,1991:26(3):499-510. doi:10.1207/s15327906mbr2603_7
19. Hesniati, Lasmiyanto. Analysis of Factors Influencing Investment Decision. Journal Global Business and Management Review, 2020. doi:10.37253/jgbmr.v2i1.805
20. Holland D, Liadze I, Rienzo C, Wilkinson D. The relationship between graduates and economic growth across countries. BIS paper, 2013. doi:https://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/publication/wcms_424077.pdf