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**SAVING AND INVESTMENT PATTERN OF WOMEN EMPLOYEES IN
GOVERNMENT SECTOR –A STUDY WITH REFERENCE TO
WAYANAD, KERALA**

Executive Summary

By

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SAVING AND INVESTMENT PATTERN OF WOMEN EMPLOYEES IN GOVERNMENT SECTOR –A STUDY WITH REFERENCE TO WAYANAD, KERALA

Executive Summary

Indian economy has witnessed tremendous growth and transformation over the last two decades making India one of the most dynamic economies in the world today and an important destination for companies from across the Globe. Savings play an important role in economic development and the major objective of government policy has been promotion of savings and capital formation in the economy as primary instruments of economic growth. Savings means sacrificing the current consumption in order to increase the living standard and fulfilling the daily requirements in future. Savings provides the financial protection to the individual saver at the time of emergency. Investment is the sacrifice of certain present value for the uncertain future reward. In an economic sense, an investment is the purchase of goods that are not consumed today but are used in the future to create wealth.

Women play a dominant role in the Indian economy. They engaged in wide range of economic activities including farm operations and powering a high saving rate. India is blessed with a “female economy”, in terms of savings, consumption attitude and tendency to recycle. A central driver of economic growth over past century has been the increased role of women. Kerala is a state with several achievements in the social development of women in India. The number of working women is constantly increasing in the state both in government and private sector. Wayanad District in Kerala has a purely agricultural dependent economy and is among the most underdeveloped region in Kerala. However, the contribution of women employees especially in Government sector is highly important in the economic development of the District.

A number of studies have been undertaken on savings and investment pattern of different groups of investors. The different groups of investors like, professionals, businessman pay less attention while evaluating the pros and cons of investing in different securities (UjwalaBairagi and CharuRastogi). Women are still not doing enough to invest in their future and while they are disciplined budgeters, they lack the confidence when it comes to investing. The present study is an attempt to measure the saving habits and investment preferences of women employees in

Government sector. It also focuses on various factors which influence them to save and to understand the awareness about tax planning among women employees in Government sector. This study will give an insight in to factors considered for an appropriate investment.

OBJECTIVES OF THE STUDY

1. To study the saving habits of women employees in government sector.
2. To analyze the investment preference of women employees in government sector.
3. To analyze the rate of return and the risk expect from their investment.
4. To evaluate the factors influencing the reason for saving.
5. To examine their attitude about tax planning and tax saving scheme .
6. To offer suitable suggestions and recommendations about the factors considered for an appropriate investment

RESEARCH METHODOLOGY

There are few studies covering the savings and investment pattern among women employees in Government institutions .The present study investigated about the saving habits and the investment preference of women employees in Government sector in Wayanad District. The study focused on the return expects from investment, factors influencing them for saving, awareness about tax saving schemes, attitude toward tax planning and provide an insight into factors considered for an appropriate investment. The data base for the present study is both from primary and secondary data. Primary data have been collected from women employees in Government sector with the help of Questionnaire. The secondary data have been collected from various journals, published research articles, periodicals, books, reports of various agencies, newspapers, various thesis and dissertations relating to the topic.

The respondents of this study are women employees in government sector. Wayanad District of Kerala is selected for studying the saving and investment pattern of women employees in Government Sector. For selecting the sample size of 300 women employees as respondent, a Multi stage sampling procedure was adopted. First of all, the District divided into three Taluks namely Mananthavady Taluk, Sulthan Bathery Taluk and Vythiri Taluk. Two villages from each Taluk selected for study. The study sample comprised of 100 women employees from each

Taluk working in various State government departments such as Education department, Revenue department, Health department, Local bodies, Agricultural offices and judiciary.

Pilot study was conducted by circulating the questionnaire among 60 women employees in government sectors in Wayanad District. The designed questionnaire was then modified and reframed to fulfill the objectives of the study. The findings of the pilot study facilitated to redraft the questionnaire and circulated this among 300 respondents.

The collected data analyzed with the help of computer packages namely MS excel, SPSS etc. Various mathematical and statistical tools like averages, standard deviation, percentages, ANOVA, Chi-square test were used for the analysis. Chi-square test used to analyze the relationship between age and monthly savings of respondents, association between income and savings, savings among employees in various departments, marital status and savings, relation between monthly expenditure and savings, the relationship between age and level of preference of investment, monthly income and level of preference of investment and monthly expenditure and level of preference of investment.

Friedman's ranking method used for analyzing the factors influencing investment and to find out the risky investment avenues. Mean score is used to analyze the attitudes of employees towards tax planning and ANOVA is used to analyze Taluk-wise variation in the attitudes of employees towards tax planning. In addition to this mathematical and statistical techniques like percentage, Graphs and Diagrams have been used to analyze data.

FINDINGS OF THE STUDY

The present study highlights some of the major findings are as follows:-

Saving and Investment Pattern of Women employees

- The study reveals that Wayanad District in Kerala has a purely agricultural dependent economy and is among the most underdeveloped region in Kerala. However, the contribution of women employees especially in Government sector is highly important in the economic development of the District. Women today have more earning potential and more influence over financial decisions than ever before. Many women Government employees in Wayanad are less willing to take risks. Yet, a certain degree of risk is necessary to build a well-diversified portfolio.

- The Economic Survey 2015(Government of India) specified that GDP growth rate is 7.3% in 2014-15. The survey also targeted that GDP growth rate of between 8.1% and 8.5% during 2015-16 with lower fiscal deficit and inflation level. International Monetary Fund (IMF) expected that India's growth pick up to 7.2 per cent during 2014 and accelerates to 7.5 per cent in 2015 and as well in 2016, making India the fastest growing economy in the world. The rate of savings in India in 1950-51 was 10.2% of the GDP. During 1972-73 it was 16.3%. There was significant improvement in the savings rate during 1979-80, it rose to 26%.This period was considered as the golden period in the Indian saving scene.
- The Government offers better salary to employees both male and female in the district as per pay commission policy of Government. After meeting the household expenditure every month women employees in the district have sufficient amount in their hand to make investments in avenues which provide better returns. The study found that the age group of the employees plays an important role in making decisions about investments. The employee's level of preference for investment varies according to their age. Young age group employees are risk taking investors while old age group are risk averse. majority of the respondent's age is between 31-50 years (19%),17 percent of the respondents were in the age group of above 50 years and 18 per cent of the respondent were in the age group of up to 30 years.
- Majority of Women employees in Government sector in the District belongs to Education department. The study also shows that 30% of the employees are from education department.15% employees from Health department and15% from Local bodies next to Education department. Only 12 per cent employees from Revenue department.
- The level of preference for investment of employees varies according to their marital status. Married employees are very conscious about investment and the return. The study reveals that out of 300 women employees in Government sector 86 per cent were married and only 14 per cent were unmarried. Majority of the employees are Graduate (38%). Those who were under graduate and post graduates amounted to 16% and 32% respectively. Employees those who have professional qualification mainly from health department. Majority of employees who qualified post graduation belongs to education

department. Educational qualification of the respondents have an impact on the pattern of investment.

- In Kerala there is a tendency of nuclear family system. In this study also we can find most of the employees are from nuclear family structure and family members in the group between 3 -4. The attitude of investors who have own house have different from the attitudes of people who live in rented house. 81 percent of employees have their own house. Only 19 per cent resides at rented house. Majority of employees who resides at rented house are from outside the district. They reside here temporary for job purpose and they are not settled.
- The study shows that majority of employees have monthly income in between Rs.20000-40000. Only 8% of the employees having monthly income below Rs.20000 and 30 employees (10%) have income above Rs.60000, the highest slab.
- One important findings of the study is that 2% employees have monthly expenditure below Rs.4000, where as 62% of employees spent more than Rs.10000 for meeting expenditure. The savings and investment of employees depend on their expenditure . Majority of employees (46%) have monthly savings in between Rs.10000-15000. Only 12% of the employees having monthly savings below Rs.5000.
- Majority of employee's percentage of monthly investment belongs to the class 15% - 20%. There are 57 employees (19%) have monthly investment below 15%. Only 10% of employees having investment percentage above 25%.The study also reveals that all employees covered under pension scheme,82% belongs to the statutory pension scheme and 18% in the recently introduced scheme in the State called contributory pension scheme.
- The employee's savings and level of preference for investment varies according to their age. The cross tabulation results shows that the calculated value of Chi-square is 29.786 at degrees of freedom 6 and p value (0.000) is less than 0.05. So it can be concluded that there exists significant relationship between age and savings.
- One major outcome of the study is the result of cross tabulation between Monthly income and savings. It could be inferred that of the total respondents, 24 respondents were having a monthly income below Rs.20,000. Among them 13 were saved below Rs.5,000, 11 were having savings between Rs.5,000-10,000. Majority of employees were having

savings between Rs.10,000-15,000 and they belong to Rs, 20,000-40,000 income group. 33 employees saved more than Rs.15,000 and 36 having savings below Rs.5,000. Chi-square test reveals that there exists significant relationship between income and savings. (Sig value 0.000).

- The study reveals that the 54 per cent of employees from Mananthavady Taluk having income in between Rs.20000 to Rs.40000. In case of Vythiri Taluk and Sulthan Bathery Taluk majority of employees also belongs to the same range ie Rs.20000 to Rs.40000. The next large number of employees from these three Taluks belongs to the income group Rs.40000 to Rs.60000.
- 52% of employees from Sulthan Bathery , 44% from Vythiri and 43% from Mananthavady Taluk having savings in between Rs.10000-Rs15000. After that majority belongs to Rs.5000 to Rs.10000. Least employees having savings below Rs.5000 and above Rs.15000.

Level of Preference of Investment Avenues

- The overall analysis reveals that women employees in Government sector don't like to take risk. Employees concentrated on traditional investment avenues like provident fund, General insurance(GIS), SLI(State Life Insurance), post office, and LIC.
- Employees have preferred Provident Fund as the best avenue for investment. They make investment in avenues of Government like Provident fund ((PF), General Insurance (GIS) and State Life Insurance (SLI).These are statutory investment avenues prescribed by Government as per the service rules. In case of all investment avenues highly preferred employees belongs to the age group 31-50 years.
- One major findings of the study is that employees with high and low level of preference of investment is found high among employees with income level Rs.20000-40000. As the Chi-square is 49.175, $p = .127$ is more than five percent level of significance, there is no significant association between Monthly income and level of preference.

Factors influencing Investment

- Safety of money (8.41) is given top priority by the women Government employees followed by Tax benefit (8.39), Retirement/Future security (6.36), and Long term benefit

(6.14) , Regular return(5.9) etc. The Chi-square test proved that there is significant relation between factors influencing investment and level of preference of investment(Chi-square value is 1405.926 at 9 degrees of freedom and $p = .000$)

- 39% of employee's expected rate return is between the class 10% -12%.Majority of employees have the opinion that the highly risky investment avenues are equity shares and mutual fund. They considered bank deposit is least risky avenue. Majority of employees opined that safety of money is the main reason which induce them for investment.
- Friedman's Rank Analysis has been applied to assess the risk perception of employees about various investment avenues. They opined that Equity shares (6.97) is highly risky one followed by Mutual Fund (6.7), Gold (6.52). Bank deposit (2.50) is least risky investment avenue followed by Post office (2.6), Provident Fund (3.42).
- The percentage of employees with high and low level of preference of investment is found high among employees with income level Rs.20000-40000. Employees belongs to highest income group give importance to tax matters.

Awareness about Tax planning and Tax saving schemes

- Majority of employees have no idea about tax saving schemes .Chi-square test has been applied and find that there is any significant relation between awareness about tax saving schemes and educational qualification. Employees with post graduate qualification have more awareness about tax planning and tax saving schemes. Employees belongs to SSLC and Higher secondary qualification are not aware of tax saving schemes.(Chi-square is 12.728 at 4 degrees of freedom, p value 0.013). Majority of employees (59%) from Education Department are aware about tax saving schemes.
- Variance analysis is used to test the statistical significance of the attitude of women employees towards tax planning across different Taluks. The study reveals that there is Taluk wise difference in the attitude of employees towards tax planning.
- The study reveals that there is Taluk-wise variation in the risk perception among Employees .The P- value of the one-way ANOVA(.001) reveals that the weighted mean score of risk perception among Employees across different Taluks is statistically significant.

- The study reveals that there is significant relation between awareness about tax saving schemes and educational qualification. Most of the employees believe that “Money saved lost unless tax paid” (Mean score 4.32). This statement surely shows their positive attitude towards tax planning. The study also reveals that there is Taluk wise difference in the attitude of employees towards tax planning.

SUGGESTIONS AND CONCLUSION

Indian economy has witnessed tremendous growth and transformation over the last two decades making India one of the most dynamic economies in the world today and an important destination for companies from across the Globe. Women play a dominant role in the Indian economy. The contribution of women employees especially in Government sector is highly important in the economic development of Wayanad District. Today the living standard of people is increasing day by day so government employees have started realizing the importance of savings and proper investment of their savings. They avoid spending money on heavy luxurious life style and preferring normal life. To enhance the savings habits, the saving mode must attract employee by providing many offers and new attractive schemes. Employees concentrated on traditional investment avenues only. They should be informed about other investment avenues which give regular return. The investors have to identify the market situations and price fluctuations in the precious metals.

Most of the employees have no idea about tax saving investment schemes and tax planning. An awareness class should be arranged for them. Depository agencies in the district should make awareness programme among Government employees and encourage them to invest in risky investment avenues also. By learning all about investing, women can become more comfortable in making investment decisions that involve different levels of risk. Thus it is mandatory to have financial knowledge so that investor can behave rationally while investing their money.