

## EMERGING SAVING AND INVESTMENT PATTERN AMONG YOUNGSTERS - A CASE STUDY

**Dr. Rupinder Kaur Ghuman**

Associate professor

Head of Deptt., Deptt. Of Family Resource Management,  
Govt. Home Science College, Sector-10, Chandigarh

Received Oct. 15, 2017

Accepted Nov. 20, 2017

### ABSTRACT

*It is generally seen that youngsters these days indulge in conspicuous consumption. They believe in earn and burn policy and find themselves at crossroads in the wake of family economic crisis. Therefore a study of money management practices among young married couples of union territory of Chandigarh was conducted to evaluate the emerging trends in their saving and investment avenues. The data was collected through interview schedule from 200 young married couples (100 males and 100 females). The respondents were highly qualified, financially well off and female respondents were contributing almost equally towards the family income. The study proved useful in sensitizing the youngsters towards evaluating their saving and investment avenues and satisfaction derived thereof.*

**Key words:** young married couples, savings, household expenditure, total income.

### Introduction

Saving is a method of providing income for future where cash reserves may be safely invested on a short term basis so that funds are available in case of emergencies. An effective money management practice involves decision to be made in a manner so as to keep aside certain amount of money from the present income for the future consumption. Thus savings and investments form an important component of a family budget. Savings are the results of careful planning. There are various avenues for saving the money like banks, post offices, life insurances, provident funds etc. There cannot be set pattern for investment for all families. How much amount to save and how to plan saving may vary from family to family. To ascertain the saving practices, questions were asked from young married couples related to their percentage of savings per month; avenues adopted by them in savings and investments; help sought in the saving and investment practices and satisfaction they derived from savings.

### Objective:

- To determine the extent of saving practices adopted by young married couples
- To study their saving and investment avenues
- To assess/evaluate their saving patterns.

### Research Methodology:

**Sample:** The study was conducted in Chandigarh city during the years 2010-2014. In all there were 200 young married couples (100 males & 100 females) who were selected from three phases of Chandigarh city equally.

**Tool:** An interview schedule was framed after pretesting on small sample which was used to collect information from young married couples.

**Analysis of data:** The data collected was analyzed and interpreted using chi square test and percentages.

### Results and discussions:

**Table 1: Distribution of respondents according to the percentage of savings done per month from their total income:**

Variable	Category	Percentage of Savings done per month			Total	Pearson Chi-Square	p-value
		<= 0.20	0.21 - 0.30	0.31+			
		No.(%)	No.(%)	No.(%)	No.(%)		
Gender	Male	75(75.0)	12(12.0)	13(13.0)	100(100.0)	4.050	.132ns
	Female	80(80.0)	15(15.0)	5(5.0)	100(100.0)		
Occupation	Govt. Job	58(80.6)	6(8.30)	8(11.1)	72(100.0)	4.806	.308ns
	Private Job	56(71.8)	15(19.2)	7(9.0)	78(100.0)		
	Business	41(82.0)	6(12.0)	3(6.0)	50(100.0)		

Education	<=Graduate	34(81.0)	4(9.5)	4(9.5)	42(100.0)	1.048	.902ns
	Post Graduate	100(75.8)	20(15.2)	12(9.1)	132(100.0)		
	Ph.d.	21(80.8)	3(11.5)	2(7.7)	26(100.0)		
Type of family	Nuclear	111(80.4)	15(10.9)	12(8.7)	138(100.0)	2.822	.244ns
	Joint	44(71.0)	12(19.4)	6(9.7)	62(100.0)		
Age(Years)	<= 30.00	67(75.3)	16(18.0)	6(6.7)	89(100.0)	3.406	.492ns
	31.00 - 40.00	81(79.4)	10(9.8)	11(10.8)	102(100.0)		
	41.00+	7(77.8)	1(11.1)	1(11.1)	9(100.0)		

p-value<0.01=\*\*, p-value<0.05=\* & p-value>0.05=ns

The figures revealing the percentage of savings made by young married couples are illustrated in Table1. It is evident from the table that up to20% of savings/month was reported by 75% males and 80% females. More than 30% savings was reported by 13% males. However greater percentages of families i.e. 15% were saving between 21% and 30% of their income.

In the study, percentage of savings was also calculated for the respondents in different occupations. Up to 20% of savings were reported by majority of respondents in govt. jobs (80.6%), private job (71.8%) and business class (82.0%). However, more than 30% of savings were reported by 11% of respondents in government jobs.

Further more the education of respondents and their respective saving percentage made per month was also calculated from the data (Table 1).It was seen that 81% of graduates, 75.8% of post graduates and 80.8% of more than most graduates(Ph.D.) were doing saving up to 20% of their total income. Also 15% of post graduates were reportedly doing 21-30% savings per month and more than 30% savings were reported by only few respondents in all occupations.

It is also apparent from the Table 1 that there were more savings in joint families than in nuclear families. 19% of joint families were saving between 21-30% out of their total income whereas 80.4% of nuclear and 71% of joint families were saving up to 20% of their income to meet emergencies.

The present study further calculated the %age of saving done by different age group of the respondents. It is found that majority of the respondents belonging to all age groups were doing savings up to 20% per month followed by 18% respondents doing savings from 21-30% and belonging to less than 30 years of age .Maximum saving per month was reported in age group of 31-40 years

The statistical analysis of the data reveals that there is no association between saving percentage and variables like gender, occupation, education, type of family, age. This means that every respondent is doing savings consistently and continuously irrespective of different variables.

**Table 2:Distribution of respondents according to their saving/investment avenues**

Avenues of Saving /Investment	Frequency*	%age
<b>Short term</b>		
Bank deposits	50	25
Bonds & debentures	86	43
Post office scheme	31	16
Gold/Silver/Jewelry	54	27
Systematic Investment Plan(SIP)	117	59
<b>Long Term</b>		
GPF/CPF	149	75
Insurances	123	62
Public Provident Fund	83	42
Real estate's/Housing	74	37
Agricultural Land	109	55

\*Multiple responses

In Table 2, the figures revealing the types of saving made by various respondents are presented. The frequency of respondents having long time saving /Investment avenues were higher than short term

avenues. The maximum numbers of respondents i.e. 75% were putting their saving in GPF or CPF. The respondents were either employed in Govt. jobs or in private jobs.

The second most favoured option (62%) was investing in insurance policies such as life Insurances, health Insurances etc. The respondents disclosed that though insurance policies are not really a saving or investment instruments, but it certainly covers the risk of their lives and health hazards. Therefore respondents felt relaxed and tensionless after investing in Insurances.

Another popular avenue for saving among the 59% respondents was systematic investment plan (SIP). A SIP means the person commits to investing a fixed amount in a regular period like recurring deposits with the post office or a bank

In the study, 43% respondents reportedly invested in Bonds & debentures where as 37% respondents invested and saved money in real estate & flats. They reported that buying residential plots in suburbs was a long term investment, which has higher safety and low liquidity. The public provident fund is a saving investment which yields tax free return or tax incentives and, therefore, it was considered for investment by 42% respondent, desiring safety and moderate returns.

Surprisingly only 25% and 16% of young married couples opted for saving money in fixed deposits with banks and other post office schemes like NSC, Indira Vikas Patra respectively. Earlier these avenues were more popular. Young married couples opined that bank investments are highly liquid and can be encashed very easily so self restraint is difficult to avoid its usage. Furthermore they reported that post office services are not available online and one needs to visit the post offices to avail its services. Hence they are discouraged to avail them. Respondents also expressed that they want to invest their savings in avenues which are high on safety, moderate in liquidity and give good returns. It was further seen in the study that investing money in purchase of agricultural land was left to respondents with genuine agricultural background. Such investments were reported by only 9 respondents because it involves very heavy investments and comparatively very low return though they are stable investments.

The above discussion reveals that young married couples are saving money in different avenues very wisely, keeping stability of investments in mind and refraining from investments which are highly liquid. This is a self restraint measure, they have adopted.

Chanchal Rani (1984) reported in her study that farmers' families preferred depositing their savings in bank for meeting the future necessities and for education of children. Savita Rani (1980) found that the maximum rural families (38%) saved money in form of cash followed by bank deposits, insurance and farm assets. whereas , in case of urban families maximum families (50%) saved through Provident Fund followed by bank deposits, insurance, cash and durable goods. Sidhu (1984) found in her study that most of the respondents of rural and urban areas didn't save. Those who saved money had the most common avenues like bank and home.

Rupa Jolly (1976) found only 26 % families had life insurance as against 54% of families having life insurance in a study conducted by Marse (1962).

It can be concluded that there is a shift from traditional avenues of savings such as banks and postal saving schemes to provident fund, insurance policies and systematic investment plan (SIP).

**Table 3: Distribution of respondents according to their assessment of saving pattern:**

Variable	Category	More Than Required	Less Than Required	Optimum	Total	Pearson Chi- Square	p-value
		No. (%)	No. (%)	No. (%)	No. (%)		
gender	Male	18(18.0)	11(11.0)	71(71.0)	100(100.0)	.034	.983ns
	Female	19(19.0)	11(11.0)	70(70.0)	100(100.0)		
Age	<= 30.00	17(19.1)	10(11.2)	62(69.7)	89(100.0)	1.25	.870ns
	31.00 - 40.00	18(17.6)	12(11.8)	72(70.6)	102(100.0)		
	41.00+	2(22.2)	0(0.00)	7(77.8)	9(100.0)		
Occupation	Govt. Job	11(15.3)	8(11.1)	53(73.6)	72(100.0)	6.282	.179ns
	Private Job	19(24.4)	5(6.4)	54(69.2)	78(100.0)		
	Business	7(14.0)	9(18.0)	34(68.0)	50(100.0)		
Education	<=Graduate	7(16.7)	3(7.1)	32(76.2)	42(100.0)	8.352	.80ns
	Post Graduate	25(18.9)	12(9.1)	95(72.0)	132(100.0)		
	Ph.d	5(19.2)	7(26.9)	14(53.8)	26(100.0)		

p-value<0.01=\*\*, p-value<0.05=\* & p-value>0.05=ns

The Young Married Couples were also asked about their evaluation/ assessment of saving pattern which would lead to satisfaction derived from their money management techniques. The response summarized in the Table 3 reveals that majority of males (71%) and females (70%) assessed their saving pattern to be optimum where as 18% males and females (19%) assessed it to be more than required. The saving patterns of respondents were also assessed with respect to age, occupation and education. Almost 50% of the Young Married Couples were falling in the age group of 31-40 yrs, out of which 70% of respondents reported their saving pattern to be optimum and 17.6% experienced it to be more than required. Majority of the respondents were doing either private jobs or government jobs, 73% of government jobs, 69% of private job and 34% of business occupation reported their saving pattern to be optimum. Majority of the respondents were highly qualified i.e. either post graduate or more than post graduate (Ph.D.). 76% of graduates, 72% of post graduates and 59% of more than post graduates (Ph.D.) reported their saving pattern to be optimum.

It can be concluded from the table that for all variables, the maximum response was given in optimum category followed by more than required and very less respondents assessed their saving pattern to be less than required.

Thus the hypothesis that the young married couples have faulty money management practices stands in valid. It is statistically found that there is no association between independent variable (gender, age, occupation and education) and assessment of saving pattern.

#### **Conclusion:**

The study concluded that young couples become financially responsible once they get married and do not indulge anymore in earn and burn policy. Savings up to 20% were reported by majority of respondents. There is a shift from traditional avenues of savings such as bank and post office saving schemes to provident funds, insurance policies and SIP (systematic investment plans). Furthermore maximum respondents believe that their saving and investment pattern was '*just optimum*'. Almost all the respondents were reportedly satisfied with their saving and investment practices.

#### **References:**

1. **Blumberg, R.L. (1991)**, Gender, Family and Economy, Sage Publications, London.
2. **Chaudhary, A. (2003)**. A study on saving and investment pattern of urban families of Haryana, Ph.D. Thesis, Chaudhary Charan Singh Haryana Agricultural University, Hissar, India.
3. **Jolly R (1976)**. Financial management Practices of different income group families of Punjab Agricultural University, Ludhiana. M.Sc. Thesis, Punjab Agricultural University, Ludhiana, India.
4. **National council of applied economic research. (2011)** 'How Households Save and Invest: Evidence from NCAER Household Survey' Main report sponsored by Securities and Exchange Board of India (SEBI).
5. **Nickell, P. and Dorsey, J.M. (2002)**. Management in Family Living, Winley Eastern Limited, New Delhi.
6. **Seetharaman, P. Batra and Mehra.(2005)**.an Introduction to Family Resource Management. New Delhi. CBS Publishers & Distributors.
7. The official website of Chandigarh (2014) Redefining Chandigarh'Published in [http://Chandigarh.gov.in/knowchd\\_redefinedchd.htm](http://Chandigarh.gov.in/knowchd_redefinedchd.htm)