

A STUDY ON THE SAVINGS, INVESTMENT AND EXPENDITURE PATTERNS OF THE INHABITANTS OF GUWAHATI CITY IN ASSAM, INDIA

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ABSTRACT

Money is very crucial in our life. On the one hand, it is a tool for building wealth for future requirements, and on the other, it is a transaction instrument for meeting immediate demands. While financial planning enables individuals to achieve their life objectives through sensible money and financial management, it should be noted that learning to manage money properly may be the first step toward the larger aim. Before beginning in one of these areas, it is necessary to determine the necessity, efficiency, and time frame. The purpose of this study is to examine the savings, investment and expenditure options available to residents of Guwahati city in the Assam state in India. It can be stated from this study that the respondents in Guwahati city have a good understanding of savings criteria, procedures, and financial market and economic conditions. The majority of investors rely on bank savings and insurance as investment instruments, believing that these are the greatest options for them. The goal of saving has a significant impact on these options. People are improving their savings and investment habits, indicating a bright future for their living. The many classes of individuals living in Guwahati have a good possibility of improving their saving, investing, and spending habits.

Keywords used: Consumer spending, psychological attitude, liquidity and safety, consumer behaviour.

INTRODUCTION

The Attitude of the people towards money in today's world is that everybody wants to enjoy the benefits of money because they have earned by hard work and efforts made on it. Capital formation process involves earning saving and investment. During 2005-11, the percentage of total household savings in India was 33.7% of GDP (RBI, working Group Report-Trend in Gross Domestic Savings, 2011). Bank deposits continued to account a dominant share (49.9%) followed by Life Insurance (19.9%), Provident and Pension funds (10.3 %) and Shares and Debentures just 3.5%. This indicates the trend of Individual savings in India. Investments generate income and assets. People invest their money in hope of getting good returns, enough liquidity and safety. Indians have habits of savings but majority of them are averse to invest their

funds and hold hard cash with them. In view of some earners holding cash is a status symbol. Consumer behavior is a dynamic process which includes acquiring products and services as per requirements with proper selection and their consumption in hope of getting maximum satisfaction and value for money (Karlan et.al, 2014). Investment refers to a commitment of funds to one or more assets that will be held over some future time period. Anything not consumed for today saved for future use can be termed as Investment. It's actually pretty simple: investing means putting our money to work. Essentially, it's a different way to think about how to make money. An investment is confronted with array of investment avenues. Consumer spending can be categorized into regular spending. Regular spending includes the basic necessities of life, while lifestyle spending includes spending on a computer, Internet, car, cell phone etc (Seetharam et.al., 2017). Analysis of consumer spending in the past 10 Years reveals that the average consumer has been spending on an increasing number of different goods. There are a number of factors affecting the consumer pattern in India. These include growing income levels resulting in more disposable income with individuals, changing attitude towards consumption, changes in prices, introduction of new products, availability of credits such as loans, mortgages and credit cards, rising aspiration levels, increased literacy, growing brand consciousness and rapid urbanization. The present study shows the relationship between Saving objective, Investment and Expenditure preference of inhabitants. This analysis describes why an inhabitant will opt for a particular investment and motive behind the investment.

REVIEW OF LITERATURE

Somasundaram V.K. (1999) studied with the aim to analyse savings and Investment pattern, expectation and problems of Investor, awareness level of Investor and their attitude towards Saving and Investment pattern. It was found that majority of the respondents know about bank deposits and also highly satisfied with their saving. Kasilingam and Jayabal (2000) stated that the family income plays a significant role in the size of saving, number of physical assets owned, number of insurance policies and choice criteria. It is concluded that Income difference has significant impact on Saving and Investment activities. Lise Micken, Sarah Lessem and Elizabeth Bax (2005) studied with the aim to analyse and evaluate the household income and expenses, attitudes and experiences with bank, familiar patterns of banking and saving, borrowing and lending money barriers to save and use of non-bank financial services. Aman Srivastava (2006) in her survey analysed with the aim to analyse the future expectations of the performance of Stock Market in India to measure the degree of confidence that the investors have regarding that investment. Krishna Morthy (2007) analysed the image of the salaried class investors and their awareness level towards their nature of Investment. Motek Singh Ahluwalia (2008) analysed the effect of demography and personality life style on Investment choice. The study reveals that most of the Indians save in liquid assets Like P.O and cash at home and save money for emergency purposes only. Mini Sugumar studied the objective of investigating the women's contribution to the household income and their relative freedom to spend money for their personal choices and the influence which affect their personal choices. The study found that majority of respondents have more expenditure over income because of livelihood problem and

illness affected the saving habit. Most of the respondents spent their income to medical expenses and repayment of loan. Dalakoti Chitranka (2010) provided a better understanding of household/individual savings and investment behavior in Uttarakhand. Hypotheses were developed to make predictions related the connection between saving behaviour pattern and individual demographic characteristics related to savings. The findings of the study indicate that demography affects the choice of savings, instruments, diversification in investment and overall saving behaviour. Suryavanshi (2011) found that Professionals and salary earners had uniform range of saving while others have low saving because of pattern of working, solution of investment avenues were mostly dependent upon behaviour pattern and psychological attitude of the respondents. Dhakal Samir (2012) examined the role of remittances in the household savings and expenditures of the remittance receiving households by comparing the treated and control groups remittance receiving and non-remittance receiving households and stated that remittance income is spent for consumption, savings and not for investment. Bhavsar Harshvardhan N. (2013) aimed at determining the relationship between the savings and investments literacy among the school teachers. The study stated that the teaching community has started realising the importance of money and money's worth. It is evident from the study that most of the teachers are saving their money for the purpose of their Children's education, marriage and other welfare expenses. Sood Deepak (2015) stated that the living standard of the people is increasing day by day so the salaried class community has started realising the importance of savings and proper investment of their savings. Most of the people are saving their money for children's education, marriage and to fulfill other goals of life. Shaji Shamnas, Reghunath Vipin and Chandradathan Vishnu (2016) stated that most of the respondents spend more than they save and the students are not aware about the importance of savings and investments. So, it becomes important to create awareness about the importance of investments in the portfolio of different securities.

OBJECTIVES OF THE STUDY

After reviewing the existing literatures, the study has come up with the following objectives:

- To examine the proportion of savings of the inhabitants out of Total Income.
- To examine the nature of expenditure of the inhabitants.
- To study the proportion of investments out of total income and savings.

RESEARCH METHODOLOGY

The Research Design has been prepared carefully keeping in mind the objectives of the research which reflects the Savings, Investment and Expenditure pattern of the Inhabitants of Guwahati city in the state of Assam, India. The Research Design is descriptive which basically relies on questionnaires and personal Interviews. The study is based on both primary as well as secondary data. A structured Questionnaire is prepared for communicating with the respondents for collecting Primary data and Secondary data has been collected from different published books, magazines and websites. The Survey was carried among 150 respondents of the Guwahati city. The sample size of 150 is sufficient for the study because it accurately reflects the population's characteristics. The survey is carried out in a few selected areas of Guwahati city, taking into account the likelihood of receiving responses. Ganeshguri, Dispur, Zoo Road, Chandmari,

Panbazar, Bharalumukh, Santipur, Maligaon, Jalukbari, Tetelia, Gurchuk, Lokhora, and Basistha were among the Guwahati City areas chosen. The sample was picked by the researcher for the convenience of the study.

DATA ANALYSIS AND INTERPRETATION

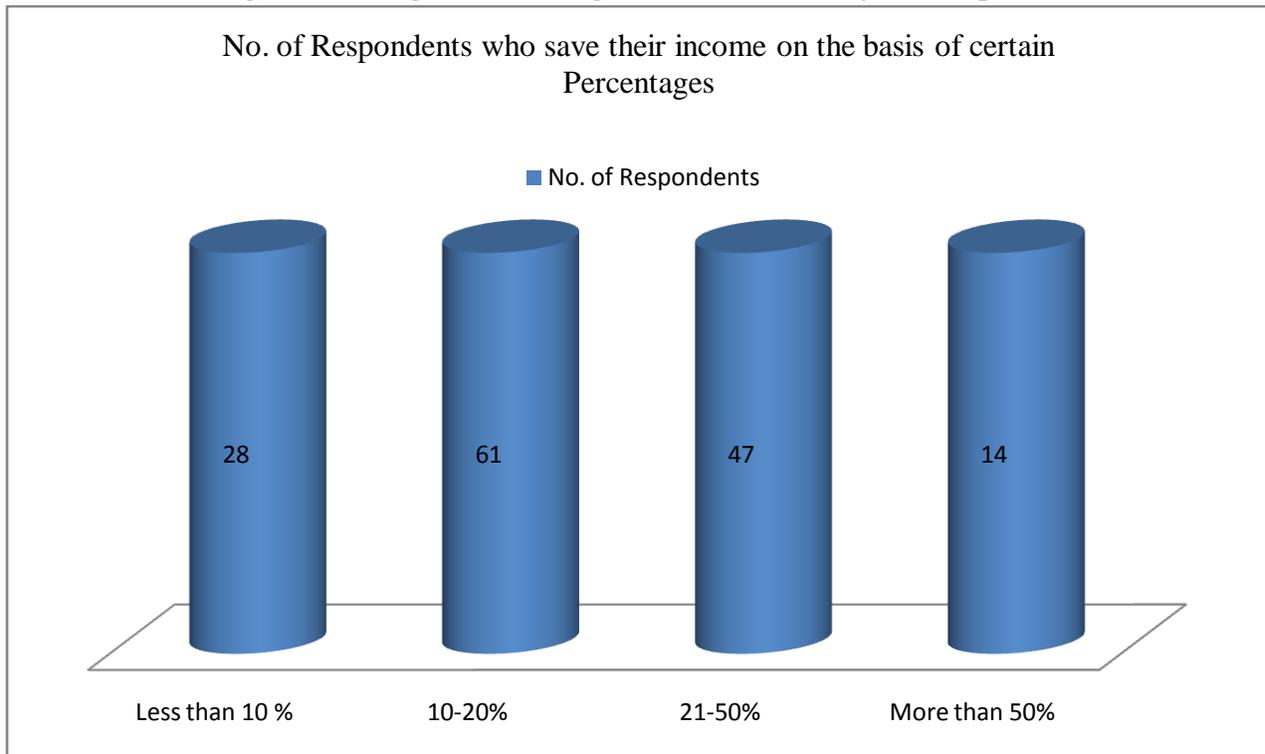
The information and data collected from primary sources i.e. Questionnaire are analysed and interpreted below with the help of tables, bar diagrams, pie charts etc. under the following points.

TABLE 1: What Percentage of your Income do you save?

Savings of the income	No. of Respondents	Percentage
Less than 10 %	28	18.7%
10-20%	61	40.7%
21-50%	47	31.3%
More than 50%	14	9.3%
Total	150	100%

(Source: Primary data)

CHART 1: Bar diagram showing the Percentage of income saved by the Respondents



Interpretation: From the above diagram, it can be interpreted that most of the respondents save their income between 10-20% and only a small portion of the respondents save more than 50% of their income.

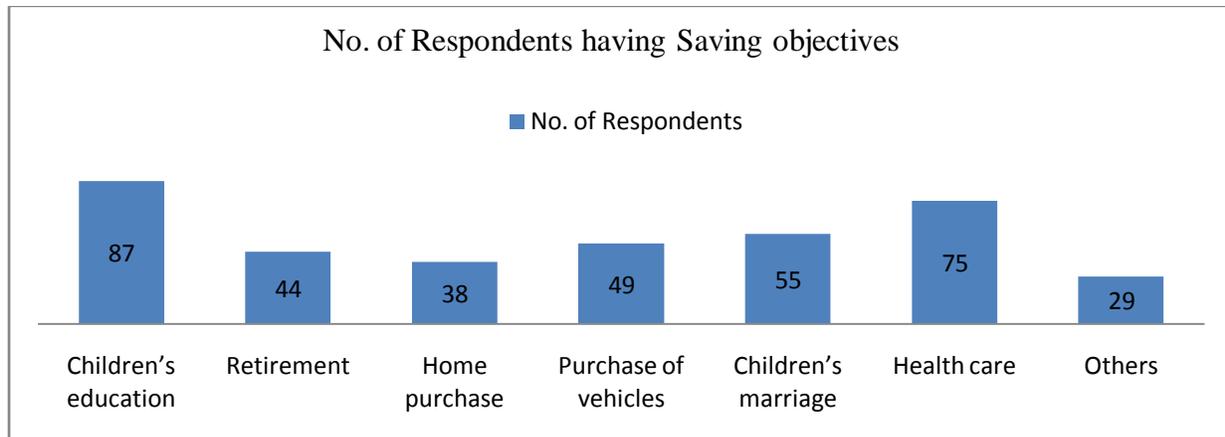
TABLE 2: What are your Savings objectives?

Objectives	No. of Respondents	Percentage
Children’s Education	87	58%
Retirement	44	29.3%

Home purchase	38	25.3%
Purchase of vehicles	49	32.7%
Children’s Marriage	55	36.7%
Health Care	75	50%
Others	29	19.3%
Total	150	100%

(Source: Primary data)

CHART 2: Bar diagram showing the Savings objectives of the respondents



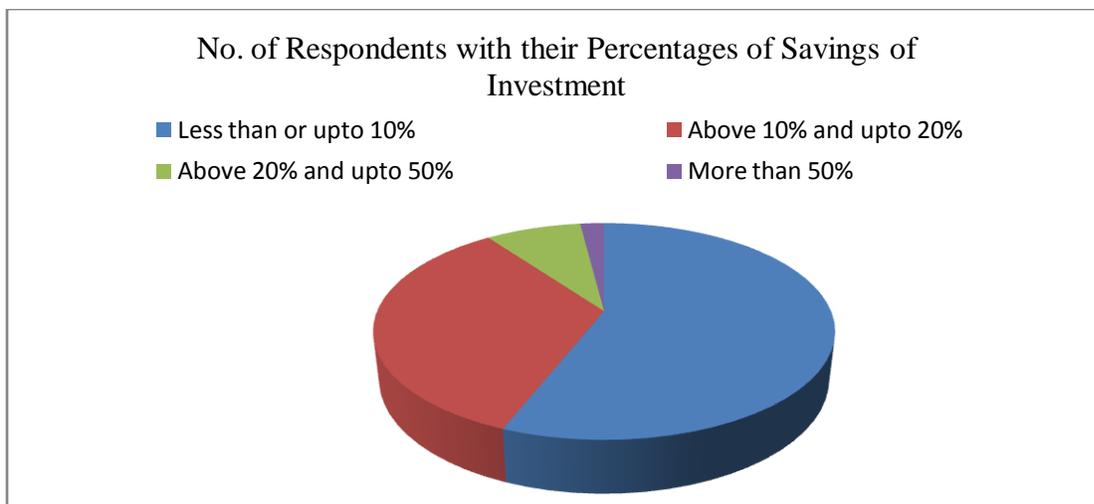
Interpretation: From the above bar diagram, it can be seen that 58% (87) of the respondents have their Children’s Education to be their primary objective which forms the majority followed by 50% (75) of the respondents save to spend on Health Care, followed by 36.7 % (55), 32.7% (49), 29.3% (44), 25.3% (38) and 19.3% (29) save for Children’s Marriage, Retirement, Home purchase and Other activities respectively.

TABLE 3: What Percentage of your Savings do you invest?

Savings	No. of Respondents	Percentage
Less than or up to 10%	84	56%
Above 10% and up to 20%	51	34%
Above 20% and up to 50%	12	8%
More than 50%	3	2%
Total	150	100%

(Source: Primary data)

CHART 3: Pie Chart showing Percentage of Savings of the Respondents that they invest



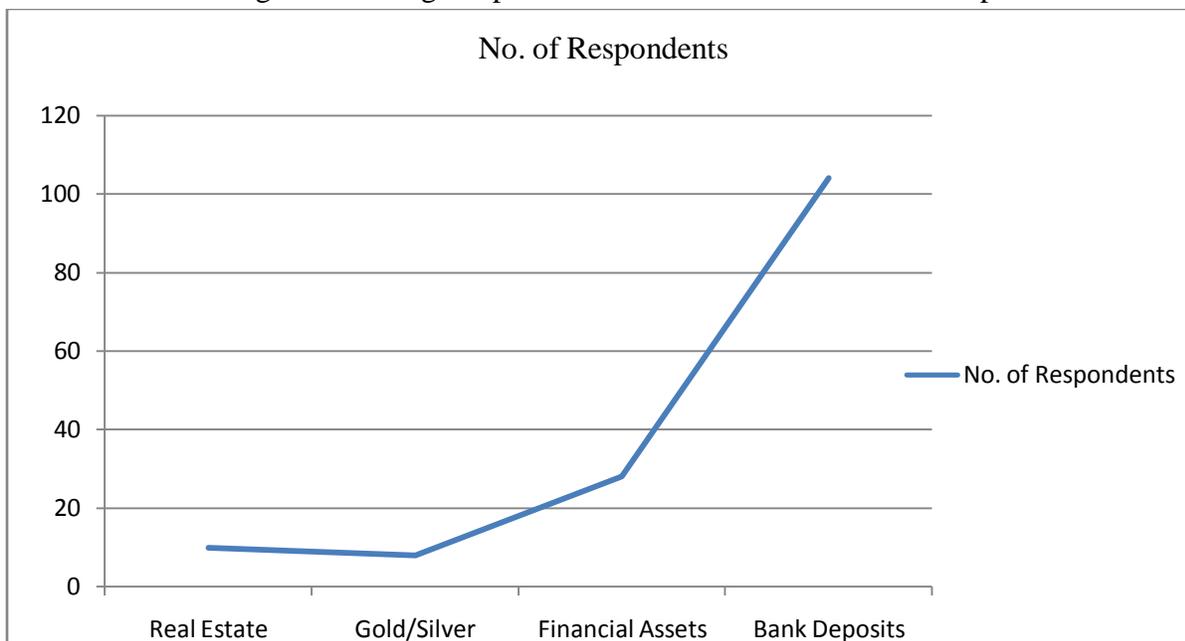
Interpretation: From the above diagram we can understand that 84 respondents invest less than or up to 10% of their savings in investments, 51 respondents spend above 10 and up to 20% of their savings in investments, 12 respondents spend above 20 and up to 50% of their savings in investments and rest of the 3 respondents spend more than 50% of their savings in investments.

TABLE 4: At present where is your share of Investment?

Share of Investment	No. of Respondents	Percentage
Real Estate	10	6.7%
Gold/Silver	8	5.3%
Financial Assets	28	18.7%
Bank Deposits	104	69.3%
Total	150	100%

(Source: Primary data)

CHART 4: Line diagram showing the present share of Investment of the Respondents



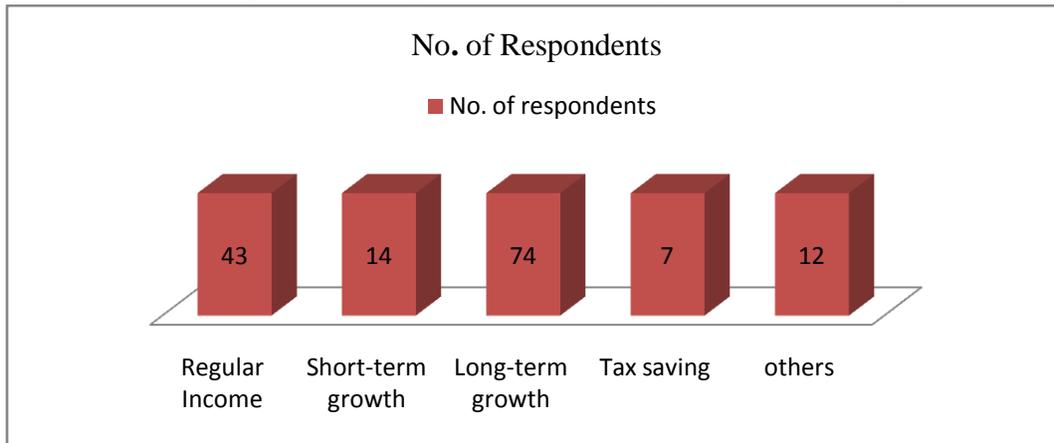
Interpretation: From the above Line diagram it can be interpreted that the majority of the respondents i.e. 104 (69.3%) have their present share of investment in Bank Deposits, 28 (18.7%) of the respondents have their present share of investment in Financial Assets and the rest 10 (6.7%) and 8 (5.3%) of the respondents in Real estate and Gold/Silver respectively.

TABLE 5: What are your Investment objectives?

Investment Objective	No. of Respondents	Percentage
Regular Income	43	28.7%
Short-term growth	14	9.3%
Long-term growth	74	49.3%
Tax saving	7	4.7%
Others	12	8%
Total	150	100%

(Source: Primary data)

CHART 5: Bar diagram showing the Investment objectives of the Respondents



Interpretation: From the above Interpretation, it can be interpreted that 28.7% (43) of the respondents invest for Regular income, 9.3% (14) of the respondents invest for Short-term growth, 49.3% (74) of the respondents invest for Long-term growth, 4.7% (7) of the respondents invest for Tax saving and the rest 8% (12) of the respondents invest for other reasons for family growth and other essentials.

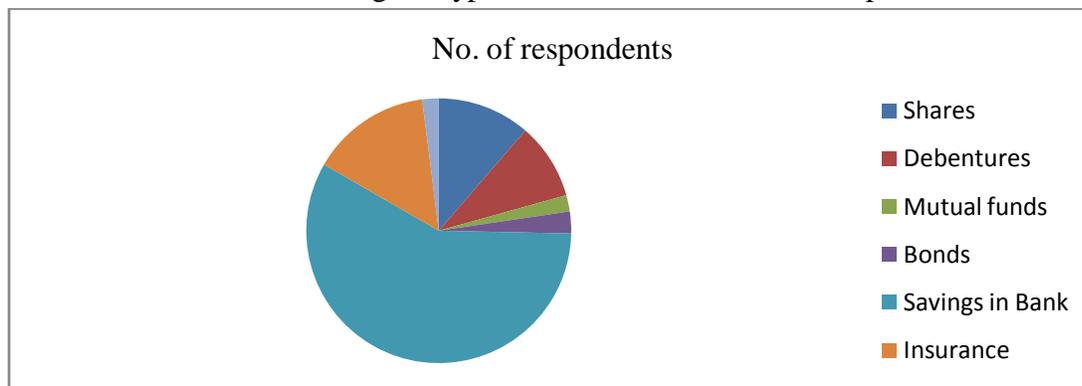
TABLE 6: Out of the following which type of Instruments do you invest in?

Instruments	No. of Respondents	Percentage
Shares	17	10.7%
Debentures	14	9.3%
Mutual Funds	3	2.3%
Bonds	4	3%
Savings in Bank	87	58%
Insurance	22	14.7%
Others	3	2%

Total	150	100%
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(Source: Primary data)

CHART 6: Pie Chart showing the type of instruments where the respondents invest in



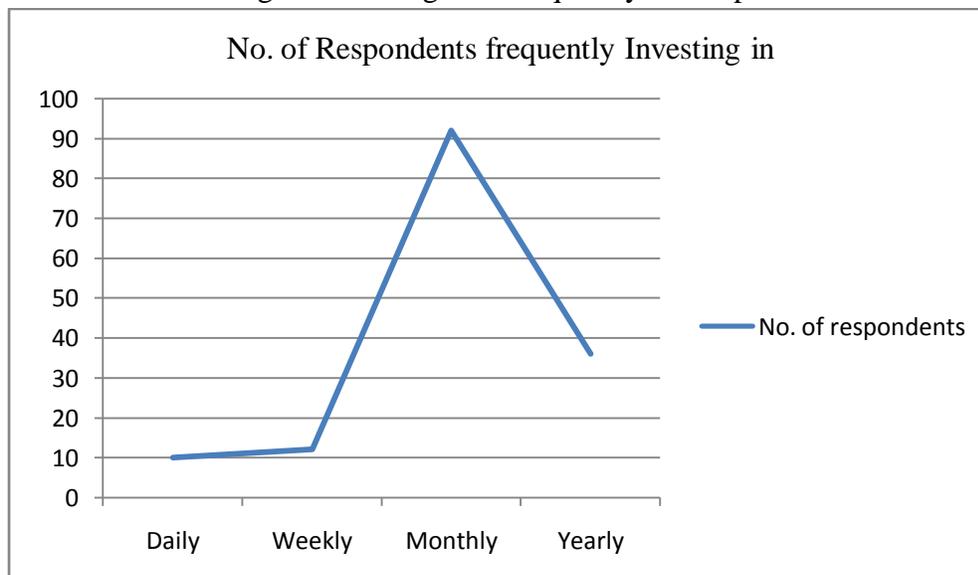
Interpretation: It can be interpreted that majority of the respondents 87 (58%) invest in Savings in bank, and the rest 17 (10.7%),14 (9.3%),3 (2.3%),4 (3%),22 (14.7%),3 (2%) respondents invest in Shares, Debentures, Mutual funds, Bonds, Insurance and others respectively.

TABLE 7: How frequently do you invest?

Time of Investment	No. of Respondents	Percentage
Daily	10	6.7%
Weekly	12	8%
Monthly	92	61.3%
Yearly	36	24%
Total	150	100%

(Source: Primary data)

CHART 7: Line diagram showing how frequently the respondents invest



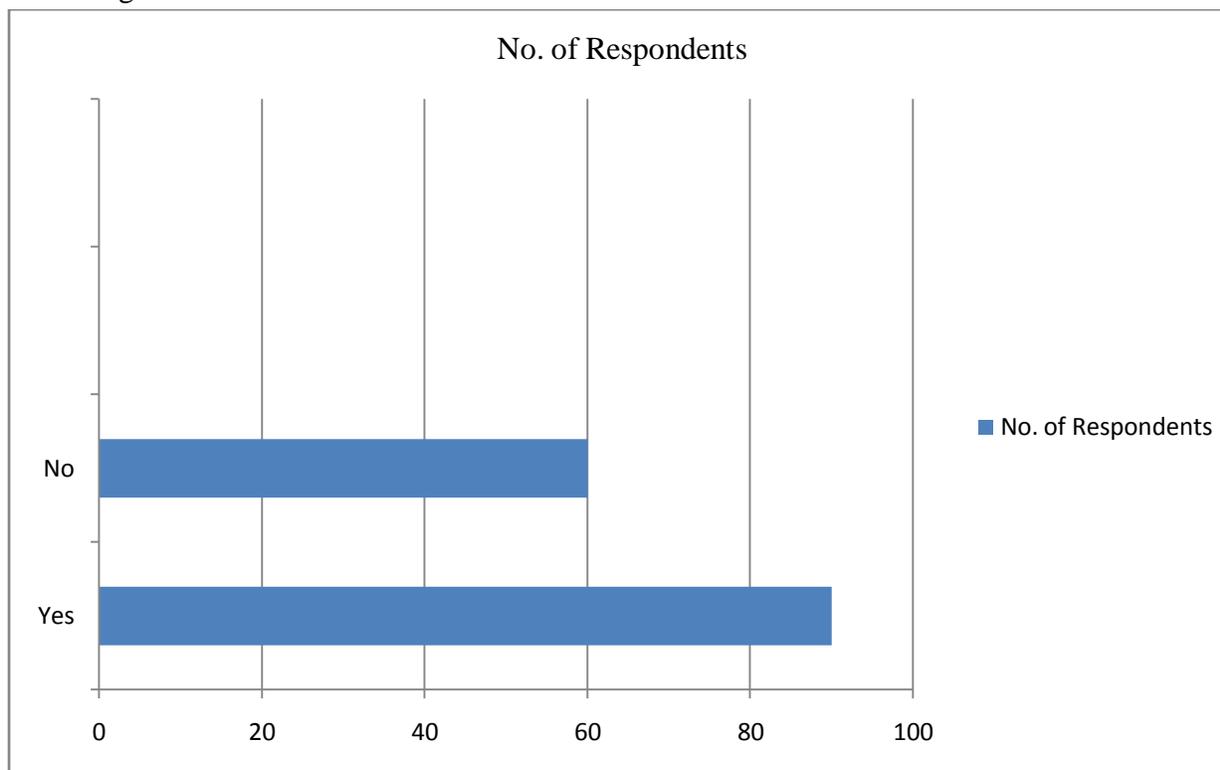
Interpretation: The above diagram depicts that mostly 61.3% of the respondents invest monthly, 24 % of the respondents invest yearly, 8% of the respondents invest weekly and the remaining 6.7% of the respondents invest daily.

TABLE 8: Is the Proportion of your Investment out of your Savings is increasing?

	No. of Respondents	Percentage
Yes	90	60%
No	60	40%
Total	150	100%

(Source: Primary data)

CHART 8: Bar Diagram showing whether the Proportion of Investment out of the Savings is increasing or not



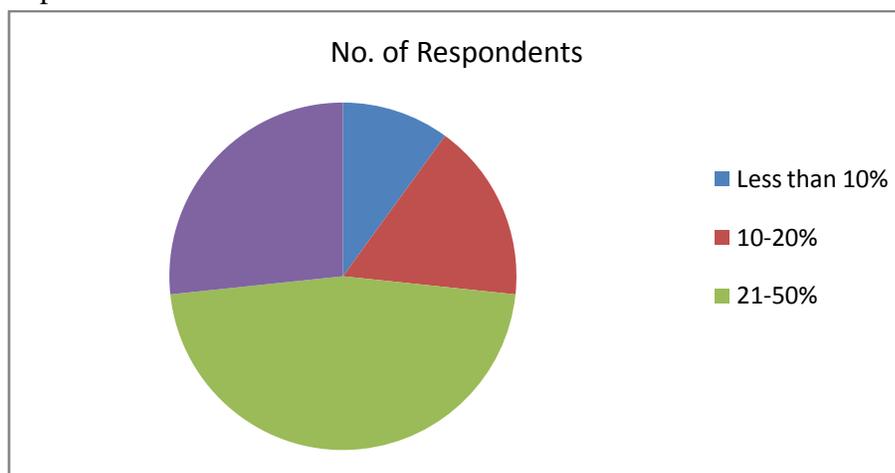
Interpretation: 60% (90) of respondent’s amount of investment out of the savings is increasing whereas 40% (60) of respondents’ amount of investment out of the savings of the investment is not increasing. So majority of the respondents’ amount of investment out of savings is increasing.

TABLE 9: What Percentage of your Income/Salary do you spend for Expenditures?

Share of expenditure	No. of Respondents	Percentage
Less than 10%	15	10%
10-20%	25	16.7%
21-50%	70	46.7%
More than 50%	40	26.7%
Total	150	100%

(Source: Primary data)

CHART 9: Pie Chart Showing the Percentage of the Income of the Respondents being spent for Expenditures



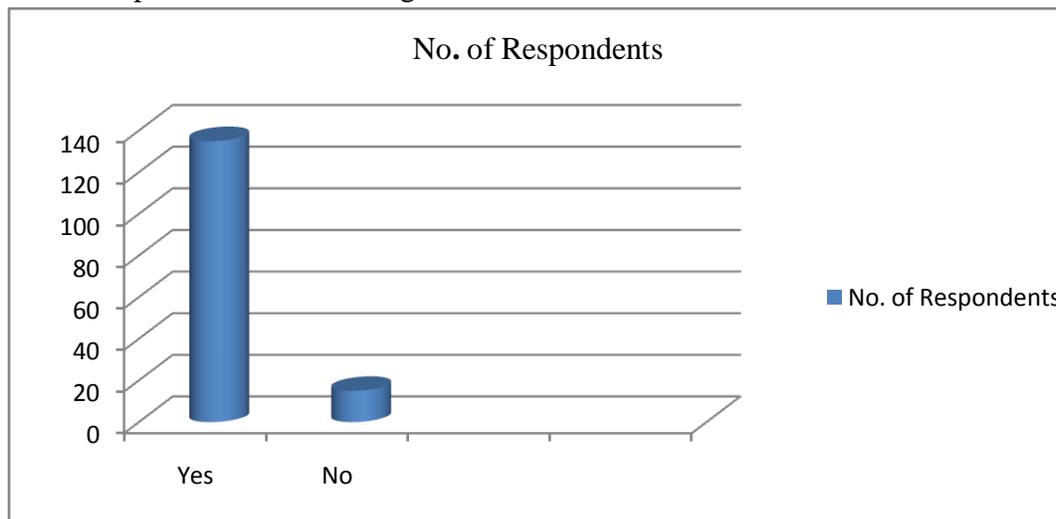
Interpretation: Among 70 (46.7%) of the respondents spend 21-50% of their income/salary in expenditures, 40 (26.7%) of the respondents spend more than 50% of their income in expenditures, 25 (16.7%) of the respondents spend 10-20% of their income in expenditures and the rest 10% of the respondents spend less than 10% of their income for expenditures. Most of the respondents tend to spend 21-50% of their salary for various expenditures.

TABLE 10: Is the proportion of your Expenditure out of your Income/Savings is increasing?

	No. of Respondents	Percentage
Yes	135	90%
No	15	10%
Total	150	100%

(Source: Primary data)

CHART 10: Bar diagram displaying whether the proportion of the Expenditure out of the Income of the Respondents is increasing or not



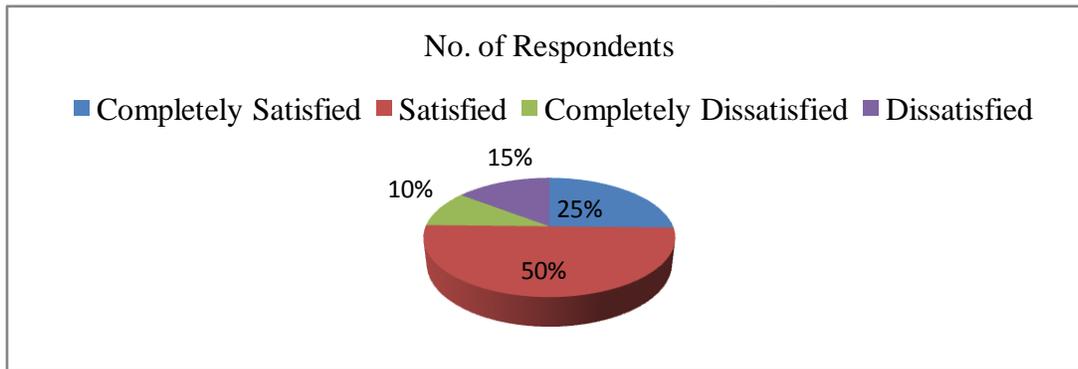
Interpretation: The chart reveals that majority of the respondents proportion of expenditure out of their savings is increasing whereas only a few 10% of the respondents feel that the portion of expenditure out of their savings is not increasing.

TABLE 11: Up to what extent are you satisfied with your Savings, Investment and Expenditure Pattern?

Satisfaction level	No. of Respondents	Percentage
Completely Satisfied	38	25%
Satisfied	75	50%
Completely Dissatisfied	15	10%
Dissatisfied	22	15%
Total	150	100%

(Source: Primary data)

CHART 11: Pie Chart showing whether the Respondents are satisfied or not with your Savings, Investment and Expenditure pattern



Interpretation: From the above Pie Chart, it is clear that 50% of the respondents are Satisfied with their overall (Savings, Investment and Expenditure pattern), 25% of the respondents are completely satisfied with their overall (Savings, Investment and Expenditure pattern), 15% of the respondents are dissatisfied and the rest 10% of the respondents are completely dissatisfied with their savings, investment and expenditure pattern.

DISCUSSION AND CONCLUSION

The study shows that Majority of the respondents save 10-20% of their income, and a very less no. of respondents save more than 50% of their income which signifies that people are not successful in saving more than half of their income. From the Data analysis and Interpretation it is clear that majority of the respondents have Children’s Education as their primary saving objective, followed by Health Care, Children’s Marriage, Purchase of vehicles, Retirement, Home purchase and other objectives. Most of the respondent’s amount of savings is not increasing in a steady way and only some of them are increasing in a steady way. The study reveals that most of the respondents invest their savings less than or up to 10%, and a very less number of respondents invest more than 50% of their savings. Maximum no. of respondents presently have their share of investment in Bank deposits and others have in Real Estate, Financial Assets and the minimum number of respondents have their current share of investment

in Gold. Maximum number of respondents Investment objective is Long-term growth, and least number of respondents Tax saving is the investment objectives. Majority of the respondents invest their money in Savings in Bank, other instruments such as shares, debentures, bonds, Mutual funds, Insurance and other instruments are also being invested by the respondents. Many of the respondents prefer to invest monthly, followed by yearly, weekly and then daily. According to the field survey 55% of the respondent's investment amount is increasing from the last 5 years, whereas 44% says that their investment amount is not increasing. It has found to be true that more than half of the respondents are investing their money in a judicious way where earnings are increasing up to a great extent. From the analysis part it has been found that majority of the respondents spend half of their income in expenses and only a few can maintain themselves from not spending more than half of their income in expenses. Majority of the respondents spend the most on other household expenses, followed by Food, Clothing, Travel and other expenses. Majority of the respondents spend their expenses on Monthly basis, other respondents spend it on Weekly, Daily and Yearly basis. 90% of the respondents feel that the expenditures out of the income/savings of the respondents is increasing and the rest 10% of the respondents feel that the expenditures out of the income/savings of the respondents is not increasing. The analysis of the field study clearly depicts that 50% of the respondents are Satisfied with his/her Savings, Investment and Expenditure Pattern, 25% are Completely Satisfied, 15% % of the respondents are Dissatisfied with his/her Savings, Investment and Expenditure Pattern and the rest 10% are Completely Dissatisfied. It has been found out that respondents are somewhat happy with their overall experience, some are still doubtful and some are not satisfied.

Today, the living standard of the people increasing day by day so salaried class community has started realizing the importance of savings and proper investment of their savings. In today's scenario there has been a major change of economic prosperity all over. The entire world is talking about robust growth rates in this part of the world. Higher income levels have led to more and more numbers of high investors and high money spenders. Still people avoid spending money on heavy luxurious life style and preferring the normal living standard. This research paper throws light on the effect of saving objective on preference of the Inhabitants towards Investment and Expenditure avenues. It is evident from the study undertaken that most of the people are saving their money for children's education, marriage and to fulfill the other goals of life. From this study it can be concluded that the respondents in Guwahati city have sound knowledge of the savings criteria, methods, the knowledge of the financial market and its economic condition. Most of the investors rely on bank deposits and insurance as their investment instruments which are the best avenue for them. These avenues are strongly affected by the objective of saving.

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