

## **AWARENESS LEVEL TOWARDS SAVING AND INVESTMENT PRACTICES IN PUNJAB ACROSS AGE, GENDER, LOCATION OF HOUSEHOLD AND EDUCATIONAL QUALIFICATION**

**Amaninder Kaur Dheendsa**

Assistant Professor, Dasmesh Girls College, Badal, Sri Muktsar Sahib

**Kanwal Jagjit Singh Sidhu**

Assistant Professor, Punjabi University Regional Centre, Bathinda

**Udaipartap Singh Brar**

Student, 10+1 (Commerce)

---

### **INTRODUCTION**

The financial savings of the household are the most important source of funds for investment in the economy. Punjab has a declining contribution to National Gross Domestic Product, so major changes need to be framed and initiated at the ground level so that all the sectors of agriculture, industry and tertiary can contribute towards the attainment of higher Gross State Domestic Product. For achieving success in this goal, Punjab would need an equal contribution from both the rural and the urban households.

The previous studies indicate that the demographic variables put an impact on the awareness level towards various investment avenues. This paper explores if there is any significant association in the awareness level of various investment avenues of households in Punjab and the demographics of age, gender, location of residence and educational qualification.

### **METHODOLOGY**

The awareness level towards various investment alternatives available to households in Punjab, rural areas and urban areas has been determined. The responses were sought for awareness towards investment avenues on a five point Likert scale ranging from Extremely Aware to Not Aware (5 for Extremely Aware, 4 for Moderately Aware, 3 for Somewhat Aware, 2 for Slightly Aware and 1 for Not Aware).

For analysing the impact of demographic variables on the awareness level, chi-square test is applied. This test is applied at 5 per cent confidence level. While applying the chi-square test the expected counts were also carefully analysed to ensure that no more than 20% of expected counts were less than 5 (in case of larger tables) and no expected value was below 5 (in case of  $2 \times 2$  contingency tables). (Field, 2009). After ensuring that this vital condition for chi-square has been satisfied, the test statistics were studied.

In the chi-square tests the problem of lower expected counts for the awareness level of savings account was there as most of the households were aware about the savings account in a bank. For improving the expected counts, the categories of awareness levels in the Likert scale were merged. The awareness responses in the last two Likert scale levels of "slightly aware" and "not aware" were merged into the third last Likert scale level of "somewhat

aware". The chi-square tests were thereafter conducted on this merged data on awareness level of savings account for all demographic variables.

The following hypothesis was framed:

H1: There is no association between the awareness level about different investment alternatives and the age of the earning member of the household.

H2: There is no association between the awareness level about different investment alternatives and the gender of the earning member of the household.

H3: There is no association between the awareness level about different investment alternatives and the location of residence of the household.

H4: There is no association between the awareness level about different investment alternatives and the educational qualification of the earning member of the household.

The results for the test statistics for awareness level towards saving and investment practices in 604 rural and urban households of Punjab across age, gender, location of household and educational qualification have been discussed below.

### Awareness Level towards Saving and Investment Practices in Punjab across Age

This study divided the earning members from the households into four age groups. The categories were – (i) 20-30 years (ii) 31-40 years (iii) 41-50 years (iv) above 50 years.

**Table 1.1 Hypotheses Testing for Awareness Level towards Saving and Investment Practices in Punjab across Age**

Awareness about Investment Avenues	AGE	
Financial Assets:	Chi-Square Statistic	Null Hypothesis
Deposits (Fixed Deposits, Post Office)	Value = 20.399, df = 12, P-Value = .060 Cramer's V Value = .106, P-Value = .060	<b>SUPPORTED</b>
Funds (ULIP's, Pension, Provident Fund)	Value = 27.180, df = 12, P-Value = .007 Cramer's V Value = .122, P-Value = .007	NOT SUPPORTED
Market Securities (Debentures, Mutual Funds, Bonds)	Value = 17.612, df = 12, P-Value = .128 Cramer's V Value = .099, P-Value = .128	<b>SUPPORTED</b>
Foreign Exchange	Value = 29.448, df = 12, P-Value = .003 Cramer's V Value = .127, P-Value = .003	NOT SUPPORTED
Gold	Value = 26.210, df = 12, P-Value = .010 Cramer's V Value = .120, P-Value = .010	NOT SUPPORTED
Savings Account	Value = 3.743, df = 6, P-Value = .711 Cramer's V Value = .056, P-Value = .711	<b>SUPPORTED</b>
Shares	Value = 27.825, df = 12, P-Value = .006 Cramer's V Value = .124, P-Value = .006	NOT SUPPORTED
Futures/Options/ Derivatives	Value = 14.730, df = 12, P-Value = .257 Cramer's V Value = .090, P-Value = .257	<b>SUPPORTED</b>
Contribution to Chits	Value = 16.343, df = 12, P-Value = .176 Cramer's V Value = .095, P-Value = .176	<b>SUPPORTED</b>
Deposited with Private Parties	Value = 18.342, df = 12, P-Value = .106 Cramer's V Value = .101, P-Value = .106	<b>SUPPORTED</b>
Non-Financial Assets		

Purchase of Equipment (Farm/Non-farm)	Value = 17.062, df = 12, P-Value = .147 Cramer's V Value = .097, P-Value = .147	<b>SUPPORTED</b>
Purchase of Agricultural Land	Value = 15.774, df = 12, P-Value = .202 Cramer's V Value = .093, P-Value = .202	<b>SUPPORTED</b>
Real Estate	Value = 26.398, df = 12, P-Value = .009 Cramer's V Value = .121, P-Value = .009	<b>NOT SUPPORTED</b>

**Source: Author's Calculations**

The results in Table 1.1 indicate that there is significant association in the awareness level across age groups for five investment avenues namely for Funds (ULIP's, Pension, Provident Fund), Foreign Exchange, Gold, Shares and Real Estate which means that hypothesis H1 stands rejected for these five investment avenues.

Whereas for eight investment avenues namely for Deposits (Fixed Deposits, Post Office), Market Securities (Debentures, Mutual Funds, Bonds), Savings Account, Futures/Options/ Derivatives, Contribution to Chits, Deposited with Private Parties, Purchase of Equipment (Farm/Non-farm) and Purchase of Agricultural Land; hypothesis is accepted highlighting that there is no significant association in the awareness level across age groups for these investment avenues.

The same results for the awareness level for all 13 investments avenues across age have been confirmed by Cramer's V also. Cramer's V has been used as "If one of the two categorical variables contains more than two categories then Cramer's V is preferred to phi". (Field, 2009)<sup>2</sup>.

### **Awareness Level towards Saving and Investment Practices in Punjab across Gender**

Considering the categories of the earning members of the household in case of gender, there are categories of male and female earning members of the household.

**Table 1.2 Hypothesis Testing for Awareness Level towards Saving and Investment Practices in Punjab across Gender**

<b>Awareness about Investment Avenues</b>	<b>GENDER</b>	
<b>Financial Assets:</b>	Chi-Square Statistic	Null Hypothesis
Deposits (Fixed Deposits, Post Office)	Value = 7.384, df = 4, P-Value = .117 Phi and Cramer's V Value = .111, P-Value = .117	<b>SUPPORTED</b>
Funds (ULIP's, Pension, Provident Fund)	Value = 25.353, df = 4, P-Value = .000 Phi and Cramer's V Value = .205, P-Value = .000	<b>NOT SUPPORTED</b>
Market Securities (Debentures, Mutual Funds, Bonds)	Value = 15.576, df = 4, P-Value = .004 Phi and Cramer's V Value = .161, P-Value = .004	<b>NOT SUPPORTED</b>
Foreign Exchange	Value = 2.591, df = 4, P-Value = .629 Phi and Cramer's V Value = .065, P-Value = .629	<b>SUPPORTED</b>
Gold	Value = 10.641, df = 4, P-Value = .031 Phi and Cramer's V Value = .133, P-Value = .031	<b>NOT SUPPORTED</b>
Savings Account	Value = 14.790, df = 2, P-Value = .001 Cramer's V Value = .156, P-Value = .001	<b>NOT SUPPORTED</b>
Shares	Value = 5.772, df = 4, P-Value = .217 Phi and Cramer's V Value = .098, P-Value = .217	<b>SUPPORTED</b>
Futures/Options/ Derivatives	Value = 12.529, df = 4, P-Value = .014 Phi and Cramer's V Value = .144, P-Value = .014	<b>NOT SUPPORTED</b>

Contribution to Chits	Value = 2.232, df =4, P-Value = .693 Phi and Cramer's V Value = .061, P-Value = .693	<b>SUPPORTED</b>
Deposited with Private Parties	Value = 25.190, df = 4, P-Value = .000 Phi and Cramer's V Value = .204, P-Value = .000	<b>NOT SUPPORTED</b>
<b>Non-Financial Assets</b>		
Purchase of Equipment (Farm/Non-farm)	Value = 20.765, df = 4, P-Value = .000 Phi and Cramer's V Value = .185, P-Value = .000	<b>NOT SUPPORTED</b>
Purchase of Agricultural Land	Value = 32.044, df = 4, P-Value = .000 Phi and Cramer's V Value = .230, P-Value = .000	<b>NOT SUPPORTED</b>
Real Estate	Value = 18.676, df = 4, P-Value = .001 Phi and Cramer's V Value = .176, P-Value = .001	<b>NOT SUPPORTED</b>

**Source: Author's Calculations**

The results in Table 1.2 indicate that there is significant association in the awareness level across gender for nine investment avenues namely funds, market securities, gold, savings account, futures/options/derivatives, deposit with private parties, purchase of equipment, purchase of agricultural land and real estate which means that hypothesis H2 stands rejected for these nine investment avenues.

Whereas for four investment avenues of deposits, foreign exchange, shares and contribution to chits hypothesis is accepted highlighting that there is no significant association in the awareness level across gender for these investment avenues.

Phi and Cramer's V also highlight the same results for the awareness level across gender for all of these 13 investment avenues.

### **Awareness Level towards Saving and Investment Practices in Punjab across Location of Household**

Considering the category of location of the household, there are categories of rural and urban households.

**Table 1.3 Hypothesis Testing for Awareness Level towards Saving and Investment Practices in Punjab across Location of Residence**

Awareness about Investment Avenues	Location of Residence	
<b>Financial Assets:</b>	Chi-Square Statistic	Null Hypothesis
Deposits (Fixed Deposits, Post Office)	Value = 41.712, df = 4, P-Value = .000 Phi and Cramer's V Value = .263, P-Value = .000	<b>NOT SUPPORTED</b>
Funds (ULIP's, Pension, Provident Fund)	Value = 91.274, df = 4, P-Value = .000 Phi and Cramer's V Value = .389, P-Value = .000	<b>NOT SUPPORTED</b>
Market Securities (Debentures, Mutual Funds, Bonds)	Value = 79.001, df = 4, P-Value = .000 Phi and Cramer's V Value = .362, P-Value = .000	<b>NOT SUPPORTED</b>
Foreign Exchange	Value = 36.173, df = 4, P-Value = .000 Phi and Cramer's V Value = .245, P-Value = .000	<b>NOT SUPPORTED</b>
Gold	Value = 13.613, df = 4, P-Value = .009 Phi and Cramer's V Value = .150, P-Value = .009	<b>NOT SUPPORTED</b>
Savings Account	Value = 30.396, df = 2, P-Value = .000 Phi and Cramer's V Value = .224, P-Value = .000	<b>NOT SUPPORTED</b>
Shares	Value = 84.453, df = 4, P-Value = .000 Phi and Cramer's V Value = .374, P-Value = .000	<b>NOT SUPPORTED</b>

Futures/Options/ Derivatives	Value = 53.357, df = 4, P-Value = .000 Phi and Cramer's V Value = .297, P-Value = .000	NOT SUPPORTED
Contribution to Chits	Value = 19.361, df = 4, P-Value = .001 Phi and Cramer's V Value = .179, P-Value = .001	NOT SUPPORTED
Deposited with Private Parties	Value = 13.161, df = 4, P-Value = .011 Phi and Cramer's V Value = .148, P-Value = .011	NOT SUPPORTED
<b>Non-Financial Assets</b>		
Purchase of Equipment (Farm/Non-farm)	Value = 5.417, df = 4, P-Value = .247 Phi and Cramer's V Value = .095, P-Value = .247	<b>SUPPORTED</b>
Purchase of Agricultural Land	Value = 8.883, df = 4, P-Value = .064 Phi and Cramer's V Value = .121, P-Value = .064	<b>SUPPORTED</b>
Real Estate	Value = 13.914, df = 4, P-Value = .008 Phi and Cramer's V Value = .152, P-Value = .008	NOT SUPPORTED

**Source: Author's Calculations**

The results in Table 1.3 indicate that there is significant association in the awareness level across location of household for eleven investment avenues namely deposits (fixed deposits, post office), funds, market securities (debentures, mutual funds, bonds), foreign exchange, gold, savings account, shares, futures/options/ derivatives, contribution to chits, deposited with private parties and real estate. For these eleven investment avenues the hypothesis H3 stands rejected.

Whereas for only two investment avenues namely for purchase of equipment (farm/non-farm) and purchase of agricultural land; hypothesis H3 is accepted highlighting that there is no significant association in the awareness level across location of household for these investment avenues.

Phi and Cramer's V also highlight the same results for the awareness level across location of household for all of these 13 investment avenues.

**Awareness Level towards Saving and Investment Practices in Punjab across Educational Qualification**

For this study the educational qualification categories for the earning members of the household were: (i) Illiterate, (ii) Less than Matric, (iii) Matric, (iv) 10+2, (v) Graduate, and (vi) Post Graduate. While applying chi-square tests for these categories it was found that more than 20% of the expected counts were less than 5 in case of awareness of almost all investment avenues. In order to overcome this problem, the categories of educational qualification were merged as follows, Category (i) Illiterate was merged into (ii) Less than Matric; Category (iv) 10+2 was merged into (iii) Matric; and Category (vi) Post Graduate was merged into (v) Graduate. The chi-square tests were applied on these merged categories and the results have been given in Table 1.4

**Table 1.4 Hypothesis Testing for Awareness Level towards Saving and Investment Practices in Punjab across Educational Qualification**

Awareness about Investment Avenues	EDUCATIONAL QUALIFICATION	
<b>Financial Assets:</b>	Chi-Square Statistic	Null Hypothesis
Deposits (Fixed Deposits, Post Office)	Value = 110.994, df = 8, P-Value = .000 Cramer's V Value = .303, P-Value = .000	NOT SUPPORTED
Funds (ULIP's, Pension, Provident Fund)	Value = 197.875, df = 8, P-Value = .000	NOT

	Cramer's V Value = .405, P-Value = .000	SUPPORTED
Market Securities (Debentures, Mutual Funds, Bonds)	Value = 207.273, df = 8, P-Value = .000 Cramer's V Value = .414, P-Value = .000	NOT SUPPORTED
Foreign Exchange	Value = 89.373, df = 8, P-Value = .000 Cramer's V Value = .272, P-Value = .000	NOT SUPPORTED
Gold	Value = 31.276, df = 8, P-Value = .000 Cramer's V Value = .161, P-Value = .000	NOT SUPPORTED
Savings Account	Value = 51.969, df = 4, P-Value = .000 Cramer's V Value = .207, P-Value = .000	NOT SUPPORTED
Shares	Value = 159.594, df = 8, P-Value = .000 Cramer's V Value = .363, P-Value = .000	NOT SUPPORTED
Futures/Options/ Derivatives	Value = 109.833, df = 8, P-Value = .000 Cramer's V Value = .302, P-Value = .000	NOT SUPPORTED
Contribution to Chits	Value = 66.020, df = 8, P-Value = .000 Cramer's V Value = .234, P-Value = .000	NOT SUPPORTED
Deposited with Private Parties	Value = 7.083, df = 8, P-Value = .528 Cramer's V Value = .077, P-Value = .528	<b>SUPPORTED</b>
<b>Non-Financial Assets</b>		
Purchase of Equipment (Farm/Non-farm)	Value = 26.602, df = 8, P-Value = .001 Cramer's V Value = .148, P-Value = .001	NOT SUPPORTED
Purchase of Agricultural Land	Value = 20.349, df = 8, P-Value = .009 Cramer's V Value = .130, P-Value = .009	NOT SUPPORTED
Real Estate	Value = 25.222, df = 8, P-Value = .001 Cramer's V Value = .144, P-Value = .001	NOT SUPPORTED

**Source: Author's Calculations**

For the investment avenues of deposits, funds, market securities, foreign exchange, gold, savings account, shares, futures/options/derivatives, contribution to chits, purchase of equipment, purchase of agricultural land and real estate; there is significant association in the awareness level of earning members of the household across educational qualification. For these twelve investment avenues the hypothesis H4 is rejected.

Whereas for deposit with private parties, the hypothesis H4 is accepted highlighting that there is no significant association in the awareness level across educational qualification of the earning member of the household for this investment avenue.

**Findings pertaining to the association between awareness level towards saving and investment practices in Punjab across age, gender, location of residence and educational qualification**

1. There is significant association in the awareness level across age groups for five investment avenues namely for Funds (ULIP's, Pension, Provident Fund), Foreign Exchange, Gold, Shares and Real Estate. There is no association in the awareness level across age groups for the investment avenues of Deposits (Fixed Deposits, Post Office), Market Securities (Debentures, Mutual Funds, and Bonds), Savings Account, Futures/ Options/ Derivatives, Contribution to Chits, Deposited with Private Parties, Purchase of Equipment (Farm/Non-farm) and Purchase of Agricultural Land.
2. There is association in the awareness level across gender for nine investment avenues namely funds, market securities, gold, savings account, futures/options/derivatives, deposit with private parties, purchase of equipment, purchase of

agricultural land and real estate. There is no significant association in the awareness level across gender for the investment avenues of deposits, foreign exchange, shares and contribution to chits.

3. There is significant association in the awareness level across location of household for eleven investment avenues namely deposits (fixed deposits, post office), funds, market securities (debentures, mutual funds, bonds), foreign exchange, gold, savings account, shares, futures/options/ derivatives, contribution to chits, deposited with private parties and real estate. There is no significant association for only two investment avenues namely for purchase of equipment (farm/non-farm) and purchase of agricultural land.
4. There is significant association in the awareness level of earning members of the household across educational qualification for the investment avenues of deposits, funds, market securities, foreign exchange, gold, savings account, shares, futures/options/derivatives, and contribution to chits, purchase of equipment, purchase of agricultural land and real estate. There is no significant association in the awareness level across educational qualification of the earning member of the household for deposit with private parties.
5. Thus, we can say age and gender are marginally associated with awareness level, but location of residence and educational qualification are exceptionally associated with awareness level.

## IMPLICATIONS OF THE RESEARCH

The results and findings of this research highlight that awareness level exerts significant influence on the investment made in an investment avenue. It has implications for the marketers and financial institutions that they should make the people aware about various alternative investment avenues in which they want people to invest. This research also emphasizes the importance of basic education in improving financial literacy.

The advertising of any investment avenue is highly dependent on demographics of the region. The financial institutions can target on the demographic variables that exert the maximum force in the selection of investment avenues. The experts can specifically gather knowledge about Punjab's population and the important demographic variables to be kept in mind while framing different investment avenues. Market segmentation can also be based on these.

## REFERENCES

1. Field, A. (2009). *Discovering Statistics using SPSS*. (3<sup>rd</sup> ed.). New Delhi, India: SAGE Publications India Pvt. Ltd.