AN ANALYSIS OF INDIAN HOUSEHOLDS' INVESTING AND SAVING BEHAVIOUR: WITH SPECIAL REFERENCE TO EAST ZONE OF INDIA.

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ABSTRACT

This research delves deeply into the ways in which families in India's East Zone save and invest. Examining the drivers, tendencies, and consequences of household financial decision-making in this varied region, the research draws on both quantitative data analysis and qualitative observations. The East Zone, which includes the northeastern states, West Bengal, Bihar, Jharkhand, and Odisha, offers a distinct socioeconomic environment marked by cultural variety and varied degrees of economic advancement. It is critical for people, financial institutions, and governments to understand saving and investment behaviour in this setting. The purpose of this research is to identify the elements that impact household financial decisions by looking at things like income, education, cultural influences, and availability of financial services. Finding patterns and trends in the data sheds light on the complexities of saving and investing in the area. In addition, the report suggests ways that financial institutions and politicians in India's East Zone may help more people gain access to financial services, be more responsible with their money, and increase financial inclusion. One hundred and ten male and female respondents from a range of age groups, educational backgrounds, marital statuses, and income and employment levels participated in the descriptive research technique that formed the core of the study. Of the 91 possible permutations of variables identified using the earson correlation approach, about 39 were determined to be statistically significant (p.05). Indicators of discretionary savings and investing behaviour seldom show a substantial positive association.

KEYWORDS: *Households', Indian, Investing, Behavior*

INTRODUCTION

When attempting to evaluate the economic dynamics of a nation, it is essential to have a solid understanding of the ways in which people save and invest their money. The significance of such an approach is amplified when considering India, a nation that is distinguished by the heterogeneity of its socioeconomic environment. The patterns of saving and investment that are prevalent among Indian households are investigated in this research, with a particular

emphasis placed on the East Zone of India. In India, the East Zone is comprised of states such as West Bengal, Bihar, Jharkhand, Odisha, and the states that are located in the northeastern region. There is a distinct combination of cultural, social, and economic traits that can be found in this region, which makes a major contribution to the larger narrative of India's economic fabric. Therefore, it is beneficial to investigate the ways in which individuals within this zone invest and save money since it provides useful insights into the complexities of household financial decisions in a variety of settings. With India being one of the economies that is expanding at the quickest rate in the world, the country's financial sector has seen a significant transition over the course of the years. The manner in which families approach saving and investing has been substantially impacted by a variety of factors, including economic changes, technological improvements, and shifting preferences about consumer goods. Not only is it vital for policymakers to have an understanding of these trends, but it is also essential for financial institutions, researchers, and individuals who are looking to make educated decisions regarding their finances. The purpose of this study is to investigate the factors that influence the behaviour of families in the East Zone of India with regard to saving and investing, as well as the trends that have emerged in this area. The purpose of this study is to offer a complete picture of the elements that impact the financial decisions that households make by analysing aspects such as levels of income, education, cultural influences, and access to financial services. This research will not only throw light on the present state of affairs, but it will also give recommendations for policymakers and financial institutions to better respond to the requirements and preferences of households in the region. In addition, this analysis will shed light on the current state of affairs. Stakeholders are able to develop focused initiatives to promote financial inclusion, enhance access to financial services, and cultivate a culture of responsible financial management if they have a thorough grasp of the factors that influence the behaviour of saving and investing. This study functions, in essence, as a stepping stone towards a more in-depth knowledge of the complexities of family financial behaviour in the East Zone of India. It also makes a contribution to the larger discourse on economic growth and financial well-being in the country.

Objectives

The study has the following objectives:
1.   To determine the nature of the link between the conduct of households belonging to the middle class in terms of saving and investing; and
2.   To Conduct research into the influence that demographic factors have on the habit of saving and investing.

Hypotheses

Two generous hypotheses have been generated as a result of the investigation, notably:
(H01) To begin, there is no correlation between the saving and investing behaviours of households belonging to the middle class in India;
(H0), and secondly, the control variables had a negligible influence on the pattern of saving and investing behaviour among households belonging to the middle class.

Research Methodology

The primary data for this study was gathered from the city of Jharkhand, and the nature of the study is mostly exploratory. The sample consists of two hundred individuals, one hundred of whom are male and one hundred of whom are female. These individuals are from a variety of age groups, educational backgrounds, originate from nuclear or joint families, and are distinguished based on their work and income. The selection of the sample goes according to a procedure known as random sampling. The many published reports of the Reserve Bank of India (RBI) annual reports, as well as different books, magazines, research papers, national and international reports, articles, publications, and so on, have played a role in the collection of secondary data. The Internet and other forms of electronic data have also been acknowledged as potential sources of secondary information .

Research Tools and Evaluation Criteria

An integrated structured questionnaire is being produced in order to examine the link between the contents of the questionnaire, which include financial behaviour and financial awareness, and the demographic information of individuals. The questionnaire is comprised of two demographic variables of individuals, namely the kind of employment and the income of the family. In the questionnaire, there were fourteen statements of saving and investment behaviour that were taken from Bhushan (2014) and Lusardi (2018). These statements were categorised into two categories: seven statements for saving behaviour and seven statements for investing behaviour (table-II). The Likert scale, which has five points, is used to quantify responses in the survey instrument. In line with the requirements of the data set and the objectives that were mentioned, two distinct and significant statistical methods, namely the Pearson Correlation Matrix and the Two-Way ANOVA, were utilised.

Table 2: Study Construct

Sl. No.	Variables	Description
I.	Saving Behaviour (7)	First, prepare for big occasions; second, have a savings cushion in case of emergencies; third, put money aside regularly; fourth, budget; fifth, monitor spending; sixth, make temporary cuts to expenses; and seventh, insist on saving.
II.	Investment Behaviour (7)	(1)Investment risk Two, assessing the financial product; three, comparing the financial product; four, collecting information; and five, decision satisfaction. (6) "Maximum re- turn in short term (7) Maximum return in long time".
III.	Respondent's Profile (2)	"(1) Type of employment, (2) Monthly Income".

Source: Lusardi (2018, 2011b), Bhushan (2014) and module devised by OECD (2012)

Data Analysis and Discussions

Taking a look at table III makes it abundantly evident that the average score for the criteria that belong to the habit of saving and investing falls somewhere in the range of 2.64 to 4.08. According to the scale that was used for the research, a score of 5 indicates "Strongly Agree," a score of 4 shows "Agree," a score of 3 suggests "Neutral," and a score of 2 indicates "Disagree." All of these scores are based on the participants' own personal opinions. It is possible to observe that the mean score of both the MRST and the MRLT is lower than 3, which suggests that the respondents are "Disagree" with these factors. More or less in agreement with these factors is shown by the fact that the means of variables such as SES, RSC, SBS, KTS, CDE, IS, RI, EFP, CFP, GI, and SWD are larger than three but less than four. This shows that the respondents are more or less in agreement with these factors. One of the variables that is used to quantify the response to the 'Agree' question is ES, which has a mean score that is higher than 4.

Table 3: Savings and Investments Correlation Matrix (Descriptive Statistics and Pearson Correlation)

	Mean	SD	SES	ES	RSC	SBS	KTS	CDE	IS	RI	EFP	CFP	GI	SWD	MRST	MRLT
I. Special events saving (SES)	3.84	1.0	1													
II. Emergency Sav-ing (ES)	4.08	.937	.464** (.000)	1												
III. Regular Saving Contribu tio n (RSC)	3.85	.950	.276** (.000)	.318 (.000)	1											
IV. Saving before Spendin g (SBS)	3.91	.872	.317** (.000)	.292** (.000)	.292** (.000)	1										
	Mean	SD	SES	ES	RSC	SBS	KTS	CDE	IS	RI	EFP	CFP	GI	SWD	MRST	MRLT
V. Keep track of spending (KTS)	3.81	1.058	.133 (.061)	.193** (.006)	.257** (.000)	.482** (.000)	1									
VI. Cutting down exps (CDE)	3.97	.899	.340** (.000)	.296** (.000)	.194** (.006)	.374** (.000)	.257** (.000)	1								
VII. Insisting to save (IS)	3.91	.990	.177* (.012)	.089 (.208)	.145* (.040)	.211** (.003)	.107 .130	.307** (.000)	1							
VIII. Risk for investme nt	3.30	1.240	.067 (.344)	.040 (.576)	.064 (.368)	.068 (.336)	.028 (.690)	.073 (.307)	-.026 (.717)	1						

	Mean	SD	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
(RI)																
IX. Evaluation of Financial Products (EFP)	3.98	.835	.067 (.343)	.144* (.042)	.185** (.009)	.093 .189	.125 (.077)	.186** (.008)	.143* (.044)	.230** (.001)	1					
X. Comparison of Financial Product (CFP)	3.87	.965	.076 (.282)	.173* (.014)	.159* (.025)	.116 .102	.157* (.027)	.186** (.008)	.218** (.002)	.202** (.004)	.681** (.000)	1				
XI. Gathering Infor-mation (GI)	3.88	.961	.063 (.377)	.067 (.346)	.183** (.009)	.100 (.160)	.105 (.139)	.245** (.000)	.146* (.039)	.234** (.001)	.584** (.000)	.653** (.000)	1			
XII. Satisfaction with decisions (SWD)	3.60	1.008	-.024 (.736)	.071 (.316)	.147* (.038)	.140* (.049)	.056 .434	.062 .382	.264** (.000)	.161* (.023)	.394** (.000)	.358** (.000)	.363** (.000)	1		
"XIII. Max return in Short term (MRST)"	2.64	1.139	-.104 (.141)	.056 (.433)	.079 (.265)	-.146* (.039)	-.016 (.821)	.076 (.286)	.049 (.488)	.071 (.319)	.154* (.029)	.124 (.080)	.114 (.108)	.117 (.098)	1	
"XIV. Max return in Long term (MRLT)"	2.68	1.202	-.047 (.509)	-.022 (.760)	.099 (.165)	-.135 (.057)	.035 (.623)	-.006 (.935)	.088 (.214)	.257** (.000)	.302** (.000)	.235** (.001)	.304** (.000)	.251** (.000)	.417** (.000)	1

**At a significance level of 0.01 (two-tailed), the correlation is significant.

* The level of significance for the correlation is 0.05, using two-tailed testing.
Evans (1996) suggests that the correlation strength be communicated verbally for the absolute

value of 'r' since he considers it to be an effect size. This recommendation was made in the context of a research study that Evans (1996) carried out. There is a substantial positive link between EFP and CFP (r=.681, p.05), SES and MRST (r=-.104, p>.05), SES and MRLT (r=-.047, p>.05), SBS and MRST (r=-.146, p>.05), KTS and MRST (r=-.016, p>.05), CDE and MRLT (r=-.006, p>.05), and
IS and RI (r=-.026, p>.717). All of the other cases have a positive relationship, but it is either extremely weak or very weak. It has been demonstrated that 39 of the 91 distinct combinations of variables are highly significant (p.05). In all, there are 91 different combinations of variables .

Results of Two-way ANOVA

The actual outcome of the two-way analysis of variance (ANOVA) is presented in the table that is labelled "Tests of Between-Subjects Effects," which can be found further down on this page. Because of this conclusion, it is possible to determine if one of the two independent variables or the interaction between them is statistically significant.

Table 4: Examining Inter-Subject Variances (The Savings Behaviour is the Dependent Variable.)

Source	Type III Sum of Squares	Degree of Freedom	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	8.196*	19	.431	1.327	.171	.123
Intercept	1118.399	1	1118.399	3439.213	.000	.950
Type of Employment	.789	3	.263	.809	.491	.013
Monthly Income	1.306	4	.327	1.004	.407	.022
Source	Type III Sum of Squares	Degree of Freedom	Mean Square	F	Sig.	Partial Eta Squared
Type of Employment * Month-ly Income	5.037	12	.420	1.291	.227	.079
Error	58.534	180	.325	*R Squared=.123 (adjusted R squared = .030)		

Levine's Test of Equality of Error Variances*			
F	df1	df2	Sig.
.902	19	180	.581

Tests the assumption that the error variance of the dependent variable is the same for all groups, which is known as the null hypothesis.

*Design: Intercept plus the kind of job plus the monthly income plus the occupation multiplied by the monthly income plus the combination of all of these factors In order to study the impact that the features of the kind of work and the monthly income had on the habit of saving, a two-way between-groups analysis of variance was carried out. This was done in order to analyse the data. The first group comprised of people who were hired by the government, while the second group was made up of people who worked for private firms. Group 3 consisted of individuals who were self-employed, and Group 4 consisted of those who were not employed. Group 1 is comprised of individuals with a monthly income of less than \$5,000, Group 2 is comprised of individuals with a monthly income of \$5,000 to \$10,000, Group 3 is comprised of individuals with a monthly income of \$10,000 to \$15,000, Group 4 is Group 5 is made up of people who have a monthly income that is greater than 20,000 dollars, whereas Group 4 is made up of people who have a monthly income that falls between 10,000 and 20,000 dollars. In Table-IV, the interaction effect [$F_{(12, 180)} = 1.291$, $p = .227$] and the main effect for nature of job [$F_{(3, 180)} = .809$, $p = .491$] did not come close to reaching the level of statistical significance that would be desirable. Additionally, the primary influence on monthly income [$F_{(4, 180)} = 1.004$, $p = .407$] did not achieve the level of statistical significance that was being sought.

Table 5: Evaluation of the Effects of Differences Between Subjects (Investment Behaviour as the Dependent Variable)

Source	Type III Sum of Squares	Degree of Freedom	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	14.860*	19	.782	2.029	.009	.176
Intercept	903.427	1	903.427	2344.352	.000	.929
Type of employment	1.198	3	.399	1.036	.378	.017
Monthly Income	4.255	4	1.064	2.761	.029	.058
Type of employment * Monthly Income	5.542	12	.462	1.198	.287	.074
Error	69.365	180	.385	*R Squared=.176 (adjusted R squared= .089)		
Levee's Test of Equality of Error Variances*						
F	**df1**		**df2**		**Sig.**	
1.285	19		180		.198	

Tests the assumption that the error variance of the dependent variable is the same for all groups, which is known as the null hypothesis.

*"Design: Intercept + type of employment + monthly income + type of employment * monthly income"

Despite the fact that there is a main impact on Investment Behaviour for Monthly Income that

is statistically significant [F (4, 180) =2.761, p=.029], the effect size is moderate (partial eta squared=.058). According to Table V, neither the main effect for kind of employment [F (3, 180)=1.036, p=.378] nor the interaction effect [F(12, 180)=1.198, p=.287] reached the level of statistical significance required to be considered significant.

Implications of the Study

Conclusions drawn from the data show that respondents' "Saving Behaviour" is unaffected by "Type of Employment" or "Monthly Income" (or their combined effects), but respondents' "Investment Behaviour" is strongly impacted by the "Monthly Income" (or its individual effects). While Geetha and Ramesh (2012) discovered that demographic factors significantly impact some investment decision elements, Gholam et al. (2013) found that individual investigators' investment biases have a meaningful "relationship with personal characteristics and a weak relationship with some demographic variables". Investors' views significantly influence their financial decision-making, according to the case study of Raza (2014). Gender, age, and friends were shown to have a greater influence on respondents' investing decisions in the study by Sireesha and Laxmi (2013). While income, occupation, and spending do affect saving, Issahaku (2011) found that age composition and assets had no significant impact. There is a direct or indirect relationship between a country's saving rate and its investment rate and the lending capacity of its banking system, making it one of the most important measures of economic progress. The mindset that verifies the ideal financial well-being is reflected in the saving and investing activity of middle class households. A more optimistic outlook on saving and investing will improve people's quality of life and impact economic growth. These days, investors may choose from a dizzying array of investment options provided by the increasingly diverse financial services sector. Investors may boost economic growth by increasing their own wealth via smart investment techniques and careful financial planning. The many advantages that an individual hopes to reap from owning a certain investment have a significant impact on their decision to do so. Researchers, policymakers, investment agencies, and managers can all benefit from this paper's findings on middle-class households' saving and investing habits because they can better predict and respond to the diverse ways in which middle-class investors behave.

Conclusion

This study has shed light on how families in India's East Zone save and invest, which is a very important topic. Multiple significant discoveries have resulted from the examination of characteristics including education, income, cultural effects, and access to financial services. To begin, it's obvious that several elements, such as socioeconomic position, cultural standards, and personal preferences, impact household financial decisions. The ability to save and invest is heavily influenced by income levels, but other important aspects include financial knowledge and the availability of formal financial services. Second, especially in the East Zone's neglected areas, the report stresses the need to increase access to financial services and promote financial inclusion. Financial organisations and governments may help families become more financially independent by increasing access to banking services and bolstering financial literacy programmes. The study also highlights the importance of tailored interventions to help local families overcome obstacles such cultural norms that prevent them from investing, income unpredictability, and a general lack of knowledge about available investment opportunities. In addition, the study highlights how education may influence

financial behaviour and suggests include lessons on money management in school curricula to help students develop good habits early on. All things considered, the study's conclusions should be carefully considered by those in positions of power and authority within the banking sector as they work to improve the economic situation of the East Zone of India. A more robust and inclusive financial ecosystem, which benefits society as a whole, may be achieved by delving into the complexities of family financial behaviour and using targeted policies.

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