Empirical Evidence of Household Savings Objectives : A Demographic Comparison

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Abstract

Investment is one of the foremost priorities for every individual household - whether working or retired from regular service life. Investment of today would be tomorrow's financial security. The present study made an attempt to assess households' saving objectives and study the perceptions of respondents towards financial products that provide social security. The study is based on primary data that were collected through a survey of 567 respondents using a structured questionnaire from working as well as retired respondents in Odisha state to find out their preferred savings goals. The results showed that savings objectives significantly influenced the households to save differently as per their demographic profiles considered in the study.

Keywords: **investors, liquidity, safety, saving objectives, retired investors, non-retired investors**

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Many individuals find investments to be fascinating as the decision results in wealth creation. However, not all investments will be profitable as every household will not always make correct investment decisions over years so that they can sail pleasantly into the golden years of retirement. Every pie saved today will make the pillars of retirement years more strong and self-sufficient. An attitudinal analysis at the individual household level revealed some of the significant factors which affect the decision to save, such as: (a) income level, (b) existing wealth, (c) age, (d) marital status, (e) education, (f) households size, (g) presence of children, (h) expected retirement age, and (j) preference for risk (Chang, 1994; Hefferan, 1982), and so forth.

A nationwide survey of over 60,000 households by NCAER, New Delhi and Max New York Life revealed that India saves, but does not invest. India saves for long-term goals such as emergencies, education, and old age, but does not invest in long-term instruments. Financial vulnerability is not only confined to poor households, but is also prevalent across prosperous households as majority of them are not saving for long-term supported by future planning. Bernstein (1996) in his famous book, *Against the Gods: The Remarkable Story of Risk* revealed the repeated patterns of irrationality, inconsistency, and incompetence in the ways human beings arrived at investment decisions and choices when faced with uncertainty. This study constitutes a humble attempt to capture the preference and influence of savings objectives among retired individuals with a comparison between the non-retired individuals.

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Literature Review

Lifecycle theory assumed that consumers attempt to maximize their utility by choosing an optimal consumption level over their entire lifetime (Modigliani & Brumberg, 1954). Maximization of utility can be achieved by resorting to inter-temporal consumption strategy, which suggests that people tend to make investment decisions based on their level of spending, which continuously changes over their lifetime (Deaton, 2005).

Bryant and Zick (2006) suggested that if consumers' accumulated savings from past income were sufficient, then they can utilize it when their current income falls short. The level of optimal savings and its determinants are not only based on consumers' consumption patterns, but is also influenced by their demographic characteristics. Many empirical studies have been conducted on household savings to examine the influential factors related to savings decision of households such as regular income, accumulated wealth, socio-demographic factors such as age, marital status, education, family size, dependants, expected retirement age, or attitude towards financial matters (Chang, 1994).

Keynes (1936) defined savings of individual households as the excess of income over expenditure on consumption. Keynes classified savings goals into eight different categories, which would lead individuals to refrain from spending and instead saving the earned income to: (a) build up a reserve against unstable and unforeseen conditions in the future, (b) provide for anticipated future needs arising during a person's life-cycle, (c) enjoy interest on savings, (d) increase their standard of living, (e) become financially independent, (f) secure a certain amount of money for future investments, (g) keep a certain amount of money for legal heirs, and (h) satisfy pure miserliness. He also assumed that these savings goals change very slowly and are comparably so stable that they influence the propensity to consume over long periods of time.

Horoika and Watanabe (1997) indicated that savings goals of individuals comprised of enjoying leisure, preparing for children's education, marriage, their own retirement plan, and purchasing durable goods or a house. Claycamp (1963), in his study, used respondents' savings goals as independent variables (such as saving for old age, inheritance or education of children, paying off debt, major purchase, and preparing for an emergency) in order to examine the ratio of each independent variable to all assets on a dollar basis. Euwals, Eymann, and Börsch-Supan (2004) analyzed attitudes of household members towards saving for old age and household savings and portfolio choice behaviour using a panel of households with a husband and a wife drawn from the Dutch CentER Savings Survey 1994 - 1997. The three main findings of their study are: (a) the major determinant of both husbands' and wives' attitudes were the husbands' mandatory pension rights; (b) households where husbands considered saving for old age important held larger amounts of discretionary wealth in the form of stocks and whole life insurance; and (c) the importance of wives' attitudes for household savings and portfolio choice behaviour increased with their income share in the total household income.

Another similar study conducted by Arora and Marwaha (2012) found that individual investors' saving needs were influenced by projected benefits, personal financial needs, taxation benefits, and security needs. It was observed that non retired people did not plan their savings and believed that their current savings would be enough to take care of their post retirement needs (Praba, 2013). A survey conducted by Gupta and Agarwal (2013) in the cities of Mumbai and Delhi among 251 households found four important constituents of domestic savings and investments. These were (a) place of residence, (b) income of the households, (c) age group, and (d) interest rates.

Research Problem

According to a study conducted by HSBC (conducted in 2012 with a sample size of 1028 respondents) on Indian retired employee class, 51% of the retired people in India were found to be worried thinking about how to meet their post- retirement financial challenges. However, previous literature has not made any explicit efforts to explore the preference of savings objective by both retired and non-retired investors from working life. It is ,therefore, high time that the efforts be initiated to understand the savings objectives of retired and non-retired

household individuals. The present study constitutes a modest attempt in this direction. In the wake of more importance attached to savings objectives in the financial-planning parlance, objectives related to saving for children's education and marriage and saving for paying-off earlier debt taken for self or for family has not been documented in similar studies conducted in the past.

Objectives of the Study

The study is a humble attempt in the direction of building a reliable and valid perceptual database about individual households' sentiments to save and invest for the future. The study was conducted with the following objectives:

(1) To identify the preferred savings objectives of household members in Odisha on the basis of age, income level, gender and, occupation; and,

(2) To identify which of the selected five savings objectives influenced the annual savings of individual households in Odisha.

Hypotheses

The following four hypotheses are proposed for empirical testing in the present study:

- **H01:** There is no significant difference in preference of investment objectives among male and female retail investors.
- **H02:** The income level has no impact on the preference of investment objectives among retail individuals.
- **H03:** Occupation does not significantly influence the investment objectives of retail individuals.
- **H04:** Age of an individual does not play a significant role in determining his/her investment objectives.

Methodology

The present study is based on primary data collected from a survey of individual households through the use of a structured-disguised questionnaire. The questionnaire has been developed keeping in view the scales that have been employed in the past studies. For measuring the household's sentiments towards savings, a 5-point Likert scale was used. Responses were sought from individual households by visiting the residence and branch offices of stock broking houses, insurance and mutual funds companies situated in Odisha (India).

Individual households have been classified into two broad categories as (a) retired from active working life either from government or non-government organizations and (b) individuals who were working either in government or non-government organizations, including self-employed professionals. Furthermore, retired individuals have been sub-divided into two categories such as, (a) retired employees (not working anywhere), and (b) retired employees (but working on a part time basis). Respondents whose yearly income was less than INR 10 lakhs were considered for the study (Table 6). The sample has been further classified on the basis of :

(1) Income Level-Wise: Respondents have been classified into five income groups namely, earning less than ₹ 2 lakhs ; earning ₹ 2 lakhs - ₹ 4 lakhs ; earning ₹ 4 lakhs - ₹ 6 lakhs ; earning ₹ 6 lakhs - ₹ 8 lakhs ;earning ₹ 8 lakhs - ₹ 10 lakhs. Furthermore, only non-affluent [1] respondents were considered.

(2) Age - Wise : The age of the respondents has been classified into five groups such as: (a) less than 30 years, (b) 30 - 40 years, (c) 40 -50 years, (d) 50-60 years, and (e) above 60 years.

(3) Gender-Wise: Male and female respondents were considered for the study.

Using convenience sampling method, the final draft of the questionnaire was administered to 567 individual households during June 2013 to January 2015. The collected data were analyzed by using Statistical Software (SPSS) version 21.0. Furthermore, the data were statistically evaluated taking 95% confidence interval for the purpose of testing the hypotheses ; a 5-point Likert scale was used for ranking the various savings objectives asked in the questionnaire. A higher mean response signifies more importance given by the respondents and vice versa. Reliability and internal consistency of the questionnaire were verified by comparing the responses obtained by the respondents during the pilot survey conducted at different time periods (June - August 2013 and September - November 2012). The questionnaire was subjected to reliability test using Cronbach's alpha scale. The overall coefficient was found to be 0.727, which exceeds the threshold level of 0.70 as suggested by Nunnally (1978).

Analysis and Results

Based on the literature review and personal interaction with the respondents, five savings and investment objectives were chosen to find out the motive behind individual households' savings and investment decisions. These were : (a) to buy movable or immovable property, (b) to save for children's education and marriage, (c) to save for building a retirement corpus, (d) to pay-off the earlier debt taken for self or for family, and (e) to create a fund for contingency and emergency needs. With an objective to identify the similarity or dissimilarity of opinions with respect to these five savings and investment objectives across four demographic profiles, two way ANOVA test was conducted (Table 1).

It is observed that unlike women, men preferred to save and invest more for acquiring property, meeting expenses of education and marriage of their children, repaying earlier debt, and for creating contingency for the future. The mean score calculated (Table 2) projects the sentiments of both male and female households. It is observed from the mean score that saving for retirement (building a retirement corpus) was the most important motive behind the savings made by respondents of both the genders. Male households were found to save more for children's education and marriage as compared to their female counterparts.

Table 1. Investment Objectives with Respect to Occupation, Age, Income, and Gender (ANOVA Test)

Demographic Profile	Statistics	Savings Objectives				
		A[1]	B[2]	C[3]	D[4]	E[5]
Occupation	*F*	3.086	6.022	18.678	11.089	5.798
	Sig. *(P)*	0.270	0.000	0.000	0.000	0.001
Age	*F*	1.585	16.784	32.751	7.033	8.908
	Sig. *(P)*	0.177	0.000	0.000	0.000	0.000
Income	*F*	3.709	2.614	3.752	3.946	4.283
	Sig. *(P)*	0.005	0.085	0.005	0.004	0.002
Gender	*F*	3.960	11.200	19.400	5.890	4.930
	Sig. *(P)*	0.016	0.000	0.000	0.015	0.027

[1] **To buy movable or immovable property.**
[2] **To invest for children's education and marriage.**
[3] **To invest for building retirement corpus.**
[4] **To pay off the earlier debt taken for self or for family.**
[5] **To create a fund for contingency and emergency needs.**

Table 2. Gender and Investment Objective (Summary Statistics)

Demographic Profile	Statistics	Saving Objectives				
		A	B	C	D	E
Male (*n* = 462)	Mean	2.102	2.697	2.074	2.121	2.199
	Std. Dev	1.396	1.419	1.343	1.394	1.455
	Std. Error	0.065	0.066	0.062	0.065	0.068
Female (*n* = 105)	Mean	1.895	1.610	1.997	1.762	1.857
	Std. Dev	1.216	0.966	1.047	1.252	1.282
	Std. Error	0.119	0.094	0.102	0.122	0.125

Table 3. Income and Investment Objective (Summary Statistics)

Demographic Profile	Statistics	Saving Objectives				
		A	B	C	D	E
Upto ₹ 2 Lakhs (*n*=171)	Mean	2.029	2.046	1.207	1.412	1.883
	Std. Dev	1.298	1.486	1.257	1.227	1.358
	Std. Error	0.099	0.113	0.096	0.093	0.010
₹ 2 - 4 Lakhs (*n* =138)	Mean	2.036	2.072	1.460	1.210	2.471
	Std. Dev	1.379	1.412	1.431	1.385	1.538
	Std. Error	0.117	0.120	0.095	0.117	0.130
₹ 4 -6 Lakhs (*n* = 157)	Mean	1.891	1.751	1.802	1.942	2.006
	Std. Dev	1.328	1.078	1.195	1.331	1.379
	Std. Error	0.105	0.086	0.095	0.106	0.110
₹ 6 - 8 Lakhs (*n* = 54)	Mean	2.703	2.111	2.240	2.425	2.444
	Std. Dev	1.487	1.462	1.503	1.585	1.500
	Std. Error	0.202	0.199	0.204	0.215	0.204
₹8 - 10 Lakhs (*n* = 47)	Mean	2.106	2.404	1.929	2.725	2.148
	Std. Dev	1.386	1.345	1.148	1.556	1.215
	Std. Error	0.202	0.196	0.167	0.227	0.177

The mean scores across all the income categories indicate that except those who were earning in the range of ₹ 4 - 6 lakhs per annum, all the remaining groups preferred to save for acquiring property. Individuals across all income categories, except individuals earning ₹ 4 - 6 lakhs per annum, had high preference for accumulating funds for their children. Individuals earning more than ₹ 4 lakhs per year were more serious to save and invest their hard-earned money for their post-retirement life. As far as repayment of past debt is concerned, individuals representing a higher income bracket, especially individuals earning more than ₹ 4 lakhs believed in clearing their past loans. Considering the mean response values provided by household individuals, except respondents earning less than ₹ 2 lakhs per year, building fund for future contingencies was found to be preferred across all the income groups (Table 3).

Based on the mean values of respondents' opinions (Table 4), it can be inferred that salaried working individuals (2.096) and self-employed individuals (2.307) preferred to buy properties unlike their retired counterparts (Retired working (1.766) and Retired not working (1.703)). Every working individual was concerned about his/her children. Unlike the retired not working group, retired but working part time individuals were found to be

Table 4. Occupational Groups and Investment Objectives (Summary Statistics)

Demographic Profile (Occupation)	Statistics	Saving Objectives				
		A	B	C	D	E
Salaried working individuals	Mean	2.096	2.791	2.654	1.895	1.959
(*n*= 269)	Std. Dev	1.351	1.803	1.617	1.248	1.333
	Std. Error	0.082	0.073	0.068	0.076	0.081
Self-Employed	Mean	2.307	2.263	1.824	2.342	1.982
(*n*= 114)	Std. Dev	1.433	1.439	1.107	1.589	1.226
	Std. Error	0.134	0.013	0.103	0.148	0.114
Retired (Working)	Mean	1.766	2.418	2.770	2.702	2.418
(*n* = 74)	Std. Dev	1.287	1.621	1.512	1.468	1.480
	Std. Error	0.149	0.188	0.175	0.170	0.172
Retired (Not-Working)	Mean	1.703	1.390	1.300	1.954	2.536
(*n* = 110)	Std. Dev	1.340	1.351	1.111	1.168	1.700
	Std. Error	0.127	0.068	0.144	0.111	0.062

Table 5. Age and Investment Objective (Summary Statistics)

Age of the Respondents		Saving Objectives				
		A	B	C	D	E
Below 30 years	Mean	2.217	1.771	1.576	1.371	1.967
	Std. Dev	1.458	1.158	1.071	1.241	1.374
30-40 Years	Mean	2.000	1.433	1.185	1.421	1.966
	Std. Dev	1.241	0.075	0.506	1.312	1.114
40-50 Years	Mean	2.169	2.773	2.322	2.594	2.028
	Std. Dev	1.463	1.544	1.192	1.560	1.283
50-60 Years	Mean	2.18520	2.731	2.638	1.953	1.894
	Std. Dev	1.421	1.432	1.106	1.462	1.276
60 years and above	Mean	1.665	2.164	2.737	2.128	2.670
	Std. Dev	1.265	1.527	1.534	1.183	1.680

much concerned for accumulating funds for retirement. One of the interesting findings of the study is that the retired but working individuals were greatly concerned about repaying their past unpaid debts followed by the self-employed individuals. Across all the occupational groups, respondents were eager to build contingencies for future (Table 4). In a similar study, Praba (2013) found contradictory results as most of the working respondents did not plan their savings and believed that their current savings could take care of their post retirement phase.

Considering the mean responses of the respondents belonging to the age group of 60 years & above shows disinclination towards buying properties (Table 5). The respondents in the age groups of 40-50 years, 50-60 years, and above 60 years have mean values of 2.322, 2.638, and 2.737, respectively, and respondents in these age groups displayed more interest - as compared to the younger generation - to build wealth for retirement. Respondents below the age of 40 years were indifferent to save and invest for children's future needs. Individuals above the age of 40 showed higher preference for building a retirement corpus. Respondents of all age groups were found to be

Table 6. Demographic Profile

Demographic Profile		
Age Wise Category	**Nos.**	**%**
Below 30 years	92	16.23%
30 to 40 years	97	17.11%
40 to 50 years	106	18.69%
50 to 60 years	108	19.05%
60 years and above	164	28.92%
Total	**567**	**100%**
Occupation		
Salaried Working Individuals	269	47.44%
Self-Employed Individuals	114	20.11%
Retired Individuals (Working after retirement)	74	13.05%
Retired Individuals (Not-Working)	110	19.40%
Total	**567**	**100%**
Income		
Upto ₹ 2 lakhs per annum	171	30.16%
₹ 2 lakhs - ₹ 4 lakhs	138	24.34%
₹ 4 lakhs - ₹ 6 lakhs	157	27.69%
₹ 6 lakhs - ₹ 8 lakhs	54	9.52%
₹ 8 lakhs - ₹ 10 lakhs	47	8.29%
Total	**567**	**100%**
Gender		
Male	462	81.48%
Female	105	18.52%
Total	**567**	**100%**

serious about saving for future contingency and emergency needs. This is notwithstanding the fact that the respondents above 60 years of age were more interested in creating contingency funds.

Next, to explore the similarity or dissimilarity of opinions across the respondents with respect to the five savings objectives, two-way ANOVA test was applied for each demographic category. The *F* - statistic values have been calculated with the significance value at 95% confidence level from the ANOVA test. It can be interpreted that across male and female households, there is a significant difference in opinion regarding the five selected savings and investment objectives as the *p* - values for all the objectives were found to be less than 0.05. Hence, the null hypothesis (H01) stands rejected (Table 1).

The results of the ANOVA test presented in the Table 1 amply point out to the belief prevalent among the surveyed households with regard to the various income categories, that there existed significant difference in opinion regarding preference of investment objectives among the income groups except for 'investing for children's education and marriage'. Therefore, the null hypothesis (H02) considered for all savings objectives is rejected except for the savings objective - 'to invest for children's education and marriage'.

Among all the occupational groups, the *p* - values, as calculated from the two way ANOVA test, are found to be highly significant for all the five savings objectives. Since there exists a significant difference in opinion with regard to the selected investment objectives among all the four occupational groups, the null hypothesis (H03) stands rejected.

Table 7. Regression Model Summary of Households (Occupation - Wise)

OCCUPATION	Model	*R*	*R* Square	Adjusted *R* Square	Std. Error of the Estimate
Salaried Working Individuals	1	0.882	0.779	0.184	1.26793
Self-Employed Individuals	1	0.880	0.774	0.180	1.21602
Retired Individuals (Working after retirement)	1	0.904	0.817	0.194	1.17493
Retired Individuals (Not-Working)	1	0.782	0.612	0.187	1.32536

Table 8. ANOVA Test for Households (Occupation - wise)[a]

OCCUPATION	Model	Sum of Squares	*df*	Mean Square	*F*	Sig.
Salaried Working Individuals	Regression	82.751	5	16.550	9.129	.000
	Residual	494.955	273	1.813		
	Total	577.706	278			
Self-Employed Individuals	Regression	27.804	5	5.561	3.009	.003
	Residual	190.279	91	2.091		
	Total	218.082	96			
Retired Individuals (Working after retirement)	Regression	9.464	5	6.313	4.985	.000
	Residual	156.344	77	1.266		
	Total	165.807	82			
Retired Individuals (Not-Working)	Regression	31.565	5	1.893	3.932	.005
	Residual	129.176	102	2.030		
	Total	160.741	107			

a. Dependent variable: Interest in saving and investment for future financial requirements

To identify the preference of saving objectives among the various age groups, the *F* - statistic values and significance values have been calculated. It is evident that except for the saving objective, "to buy movable or immovable property" (which has a significance value of more than 0.05), all other *p* - values are highly significant. This shows that all the household individuals, irrespective of their age, had a significant difference in opinion with respect to the selected saving objectives except for buying property. Therefore, the hypothesis (H04) may be accepted.

The *R*- square values has been calculated for each of the occupational groups with respect to the five selected savings objectives (Table 7). The *R* - square values for salaried working individuals, self-employed individuals, retired but working individuals, and retired and not working individuals are 0.779, 0.774, 0.817, and 0.612, respectively. This signifies that the five selected saving objectives are able to significantly explain the motive to save and invest for the future.

The Table 8 projects the results of ANOVA for all occupational groups to show their opinions regarding the four selected savings objectives. It is found that the *p* - values of salaried working individuals (*p* - value = 0.00), self-employed individuals (*p* - value = 0.03), retired working individuals (*p* - value = 0.00), and retired not-working individuals (*p* - value = 0.05) are statistically significant. Further investigation was carried out to explore the possible influence of five selected savings objective as independent variables of savings and investments. For this purpose, multiple regression analysis was conducted, keeping "overall interest to save" as the dependent variable.

Analyzing the beta coefficients of the regression model (as derived from the Table 9), it is found that in case of

salaried working individuals, "saving for movable / immovable property," "saving for children's education and marriage," and "saving for repaying past debt/loans," the beta coefficient is high : 0.372, -0.107, and -0.156 along with their significance values of 0.00, 0.002, and 0.025, respectively. It proves the significance of influence that these three savings objectives had on the salaried individuals. Salaried working individuals intended to save more for acquiring property, even if they already owned one. If the quantum of unpaid loan was higher, the respondents preferred to save less because, if not paid, they would have to pay a higher amount in the form of loan instalments in the future. In case they had substantial amount of previous savings for their children, their propensity to save was less.

On the basis of the analysis of data and subsequent findings, the proposed models for various categories of individual households have been drawn.

Table 9. Beta Coefficient of Household Individuals (Occupation - Wise)

Coefficients[a]						
OCCUPATION	**Model**	**Unstandardized Coefficients**		**Standardized Coefficients**	***t***	**Sig.**
		B	**Std. Error**	**Beta**		
Salaried	(Constant)	1.823	0.212		8.602	.000
Working	Saving For Movable / Immovable Property	0.372	0.061	0.356	6.087	.000
Individuals	Saving For Child Education and Marriage	-0.107	0.077	-0.104	-4.127	.002
	Saving For Retirement	-0.002	0.083	-0.002	-0.026	.979
	Saving For Repaying Past Debt/loans	-0.156	0.070	-0.139	-2.047	.025
	Saving For Future Contingencies	-0.053	0.065	-0.050	-0.814	.416
Self-Employed	(Constant)	1.538	0.429		3.583	.000
Individuals	Saving For Movable / Immovable Property	0.379	0.107	0.347	3.530	.001
	Saving For Child Education and Marriage	-0.030	0.175	-0.029	-0.171	.865
	Saving For Retirement	0.069	0.159	0.053	0.436	.664
	Saving For Repaying Past Debt/loans	-0.068	0.141	-0.070	-0.479	.633
	Saving For Future Contingencies	0.044	0.140	0.035	0.314	.754
Retired	(Constant)	1.629	0.284		5.740	.000
Individuals	Saving For Movable / Immovable Property	0.323	0.084	0.354	3.837	.000
(working after	Saving For Child Education and Marriage	0.002	0.083	0.003	0.027	.978
retirement)	Saving For Retirement	-0.218	0.103	-0.270	-2.119	.036
	Saving For Repaying Past Debt/loans	0.093	0.114	0.089	0.816	.417
	Saving For Future Contingencies	-0.081	0.099	-0.113	-0.819	.415
Retired	(Constant)	2.395	0.452		5.299	.000
Individuals	Saving For Movable / Immovable Property	0.104	0.125	0.095	0.829	.410
(not-working)	Saving For Child Education and Marriage	-0.178	0.129	-0.195	-1.381	.171
	Saving For Retirement	0.012	0.124	0.013	0.097	.923
	Saving For Repaying Past Debt/loans	-0.023	0.137	-0.024	-0.166	.869
	Saving For Future Contingencies	-0.081	0.129	-0.081	-0.627	.532

a. Dependent variable: Interest for saving and investment for future financial requirement.

The proposed model for salaried working individuals is as follows :

(1) Interest in Savings and Investments (Salaried Working Individual) = 1.823 + 0.372 * Saving for Movable / Immovable Property – 0.107 * Saving for Children's Education and Marriage – 0.002 * Saving for Retirement – 0.156 * Saving for Repaying Past Debt/Loans – 0.053* Saving for Future Contingencies.

For self-employed individuals, only "saving for movable / immovable property" was a positive and significant motive to save as the *p* - value is 0.001 with corresponding beta coefficient value of 0.379. Therefore, the proposed model for self-employed individuals is :

(2) Interest in Savings and Investments (Self-Employed Individuals) = 1.538 + 0.379 * Saving for Movable / Immovable Property – 0.030 * Saving for Children's Education and Marriage + 0.069 * Saving for Retirement – 0.068 * Saving for Repaying Past Debt/Loans + 0.044* Saving for Future Contingencies.

Retired individuals (working after retirement) were found to be influenced to save more due to (a) "Saving for movable / immovable property" (beta value of + 0.323) and (b) "Saving for Retirement" (beta value of - 0.218). Negative beta for the objective of building retirement fund connotes that if the existing retirement fund was less, they saved more and saved less if there were enough funds for their golden years. As far as buying property is concerned, they were quite interested in buying more property, and hence, they saved more. Considering the findings, the proposed model for retired individuals (working after retirement) is as follows :

(3) Interest in Savings and Investments (Retired Working Individuals) = 1.629 + 0.323 * Saving for Movable / Immovable Property + 0.002 * Saving for Children's Education and Marriage – 0.218 * Saving for Retirement + 0.093 * Saving for Repaying Past Debt/Loans – 0.081* Saving for Future Contingencies.

Retired not working individual households were not influenced by any of the selected objectives of saving for their future as all the *p* - values are more than 0.05, which may be considered as insignificant. Therefore, the proposed model for retired not working individuals is :

(4) Interest in Savings and Investments (Retired Not Working Individuals) = 2.395 + 0.104* Saving for Movable / Immovable Property – 0.178 * Saving for Children's Education and Marriage + 0.012 * Saving for Retirement – 0.023 * Saving for Repaying Past Debt/Loans – 0.081* Saving for Future Contingencies.

Findings

Post 1991 onwards, Indian household savings have undergone a substantial metamorphosis. It is against this backdrop that a survey of individual households located in Odisha was conducted. The study found that the selected five savings objectives for both male and female households, irrespective of occupational groups, are significantly different. Men were keener to accumulate property and create funds for their children's future needs. Both men and women were found to be more serious regarding accumulating funds for the post retirement life. qqqAcross income levels, household individuals intended to save more for buying properties and for meeting their children's future needs. Surprisingly, only high income groups were serious to save for their retirement corpus. It was also observed that lower income groups were not motivated to save for repaying their past debts as compared to the higher income groups. The study findings also show that all the individual households were very keen to save and invest in liquid assets to face future unforeseen challenges. The study also found significant differences in the perceptions of senior citizens and younger respondents regarding investments in properties. Unlike retired individuals, non-retired respondents were willing to buy movable or immovable properties. The findings reveal

that the younger respondents were not so concerned about their children's future financial requirements as compared to their older counterparts ; they were also not much serious to repay their unpaid loans quickly. Furthermore, irrespective of age differentiation, majority of the respondents preferred to maintain sufficient contingency funds.

Conclusion and Suggestions

Savings and investments are the lifeline of any business and nation. Individual households are no exception. It is more important for individuals to save as our productivity goes down with an increase in age. So, the requirement of earning more is due to family compulsion. Savings and investments not only bring in funds from surplus areas and channelize them for productive usage in various sectors, but also develop a savings habit amongst the people who otherwise ignore the future in pursuit of solving the daily problems at hand. There are numerous investment avenues for individual household investors, but the selection of right investment options should be aligned with future needs. The findings of the present study suggest that retired individuals and the non- working individuals were not motivated to save. Investment companies and fund managers need to design certain products and plans which can make it easy for the senior citizens to save money.

Limitations of the Study and Directions for Further Research

Like any other study, this study has a few limitations. Firstly, the analysis is based on data collected from a survey of respondents living in the state of Odisha (representing the areas : Bhubaneswar, Cuttack, Balasore, Jajpur, Sambalpur, Berhampur, and Bhadrak). The findings of the study, therefore, cannot be generalized for the population of our entire country. The present study has only made a modest attempt to assess the reliability and validity of the savings and investment sentiments of households in Odisha. There is future scope to study the perceptual differences in opinions regarding investments and savings of retired and non-retired respondents. Due to lack of time, only 184 retired persons could be interviewed (Table 6). Use of structural equation modeling on the factors influencing the propensity to save can be of great help in more robustly examining the psychometric parameters of households' perceptions. The study could have brought in better or different results if the responses were taken from more members from a household and were not concentrated on one "individual household," that is, one person from the entire family who was either working or had retired. Our entire work is based on the perception of the individual member in the entire household and not on other members of the households who might have different perceptions regarding savings objectives depending upon their income and status in the family. Our demographic categorization was solely based on the annual income, gender, age, and respondents' working status, and not on inherited ancestral property (Table 6). The respondents with inherited ancestral wealth or having a good amount of existing wealth can have different perceptions regarding investments and savings. Similarly, the perception of respondents' may also change if the respondents' spouse or other members in the households are working. These limitations can act as directions for future research.

End Notes

[1] According to the studies of Deloitte Consulting, Capgemini, and other Indian and foreign consulting organizations, people those who earned more than 10 lakhs annually (in term of Indian rupees) are categorized as affluent. Those who are earning less than 10 lakhs annually are considered as non-affluent. According to the Income Tax Act, 1961, if an assessee's earning is more than INR 10 lakhs, then they have to pay 30% tax on the total taxable income. Those assesses are considered as affluent class.

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