Promoting Research

# Factors Influencing Saving Habits among Individuals: A Study of Northern India

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**Abstract:** Saving and investment of funds are essential in order to overcome unforeseen events and hard economic environment, keeping into consideration the needs and requirements of individuals as well as their risk taking capability. This study has been done with an objective to reveal the factors influencing saving habits of investors. Questionnaire has been drafted with an aid of Google Forms to collect data and the same has been forwarded with the help of Google Link in various WhatsApp groups and through e-mail. The data have been collected from nine hundred and sixty nine respondents and analyzed using descriptive statistics and factor analysis technique. The study divulged five factors *i.e.* risk averse behaviour, spending habits, financial decision making support, live for today and risk tolerant behaviour which influence the saving behaviour of an individual. There is a dire need to make the investors financially literate so that they should have adequate knowledge and understanding to make their financial plans.

## 1. Introduction

Macroeconomic stability and economic growth can be achieved with the help of capital formation which in turn is dependent upon savings (Hailesellasie, Abera and Baye, 2013). Savings are excess of income over expenditure. Money reserved for or invested in purchase of land, construction of building, purchase of consumer durables are the major components of savings. In addition, money set aside for future needs and uncertainties is also referred to as savings. When one deliberately set aside savings then it is not a residual decision. Moreover this deliberate decision to save is dependent upon the ability as well as willingness of an individual to save. In developing countries, the rate of domestic savings is inadequate. It may be due to the factors like inadequate income to save, insufficiency of knowledge as well as awareness, stunted rate of return, inadequate incentive for penny pinching, less number of financial service providers, age, number of dependents, size of family, objective of savings,

motivation behind saving as well as perception of the individuals who save etc. (Duressa and Ejara, 2018). In addition to this, there is a saving and investment gap in developing countries. People in developing countries do save but they do not invest their savings. Developing nations finance their investment from government borrowings, foreign loans and grants, which ultimately increase debt burden and it is short term phenomenon not a long term solution.

In order to maintain ideal standard of living, healthy saving and investment habits are of utmost importance. Saving money does not yield anything. It is required that savings must be invested smartly by the individuals or investors as per their needs and risk profile. Moreover, investors can seek guidance of financial advisors about the most appropriate financial products available. In this challenging social and economic climate, human longevity rates have increased. Due to this there is a dire need to plan for future as there is an increasing strain on government in the form of public pension schemes. So, it is essential that investors should be financially literate and should have knowledge about the various financial products available in the market place as well as their risk return characteristics in order to manage and distribute their financial resources in various financial products and instruments as per their needs and requirements and their risk return profile (Letamendia and Silva, 2017). The various reasons for investing money are supplementary future public pension, gain higher return, increase networth progressively, pay less amount of tax, reduce risk as well as diversify it, create and enlarge financial wealth for children and grandchildren, accumulate money for acquiring real estate in future etc.

## 2. Review of Literature

Kibet, *et al.* (2009) have collected data from three hundred and fifty nine respondents using interview method. The study has revealed that saving is a function of means of livelihood, family earnings, family's head gender and maturity, educational qualification, number of dependents, access to credit etc.

Sharma, Goyal and Sharma (2014) have highlighted that Omani households have preferred to invest in immovables followed by equity share capital, time deposits, life assurance and bullion respectively. The study has explored the rational factors (market inclination, earning capacity, yield of investment, investment avenues, prior experience) and irrational factors (rumours, market constraints, features of investment options and behavioural factors) influencing investment decision of Omani households.

Centre for Comparative Studies (2015) has explored the consumption pattern and saving behaviour of households of Thevara and Kochi districts of Kerala. The study has highlighted that the total consumption expenditure increases with an increase in the number of working family members. In addition to this, respondents have preferred to invest their savings in financial assets (61%) followed by physical assets (39%) due to liquidity, security, tax incentives, return and other benefits etc. offered by financial assets. The study has also revealed that 61% of the fishing families have one working member followed by 35% of the families having two breadwinners and rest 4% have more than two earners. For the fishing community, the marginal propensity to consume is more than marginal to save. This community has small houses, two wheeler conveyance, television and no jewellery and no bank deposits or financial assets. Moreover, sometimes they borrow as well.

Kapounek, Korab and Deltuwaite (2016) have revealed that there has been no significant effect of interest rate, inflation differential on savings as per the International Fisher Effect. While there has been significant effect of current account deficits on foreign savings. Moreover, there has been significant impact of overall confidence indicator, financial situation and perception about future saving on saving behaviour.

Subhamv and Priya (2016) have revealed the factors affecting saving behaviour of generation Y. Gen Y refers to the people born between the years 1980 to 2000. The study has highlighted that majority of the respondents' save for future needs and not for retirement purposes. The study has also explored five factors out of twenty five statements and these factors have been self discipline, parental enculturation, social pressure, financial knowledge and rational reasoning and it has also been inferred from the study that age, education and occupation have greatly influenced self control, peer group influence and practical thinking.

Latamendia and Silva (2017) have highlighted financial knowledge, values, attitudes and perception and trust as factors influencing saving and investment among the general population and revealed that respondents save funds as provision for unexpected events, complement pension at retirement, for children education as well as for supporting children and grandchildren, paying off debts and vacation. Moreover, people invest to complement pension at retirement, enjoy higher returns, have more funds in future and pay lower tax as well as for diversification and reduction of risk. Respondents have also revealed the barriers to investment like financial scams, economic crisis, risk of investment, risk from financial intermediaries, lack of financial knowledge, political instability etc. In addition to this, respondents have no trust in financial system.

Villanueva (2017) has highlighted that 25.5% of the participants have reported changes in their spending habits and 16.2% have reported changes in their saving habits. The study has revealed that white, black and Asians spend more than the students grouped in any other category and likewise seniors spend more than juniors. Moreover, males are more likely to spend than females. In addition to this, black students are more likely to save than others races. Ojo (2019) has revealed that there has been statistically significant impact of real disposable income on savings and there has been noteworthy relationship amidst savings and investment. Moreover, saving is a key determinant of investment. Moreover, there is an inverse relationship between savings and interest rate.

Chavali (2020) has investigated the saving and spending habits of youth in the Sultanate of Oman. The results have revealed that peer groups, family and investor awareness are remarkably associated with penny-pinching and paying out habits of youth. Moreover, penny-pinching and paying out habits of youth are influenced by peer groups, family and investor awareness. In addition to this, respondents have awareness that savings are important and they have to save.

## 3. Objectives of the Study

This study has been conducted keeping in mind the importance of savings in the life of every human being. Without savings it is very difficult to face hard time. The objectives of the study are:
- To understand and analyse the demographic profile of the respondents.
- To examine the factors influencing saving habits of investors.

## 4.  Research Methodology

Data have been collected from investors by formulating a questionnaire in Google forms after reviewing the literature thoroughly and forwarding the same by generating a Google link in various WhatsApp groups as well as through e-mail. The data have been collected from the investors of Northern India (Jammu and Kashmir, Himachal, Punjab, Haryana and Uttar Pradesh) using Convenience Sampling Technique. About one thousand responses have been received but thirty one questionnaires have not been filled properly, so these have been excluded from the analysis and nine hundred and sixty nine responses have been considered for further analysis. Descriptives and factor analysis technique have been used to achieve the objectives of the study.

## 5.  Data Analysis and Interpretation

Table 1 presents the demographic profile of investors. Table 1 highlights that 65.1% of the respondents have been males and 34.9% of the respondents have been females. Age wise analysis portrays that most of the respondents (499) are middle aged (40-60) and 451 respondents are young (20-40) and 19 respondents are senior citizens i.e. more than 60 years of age. As set out in table 1, 25.6% of the respondents have been bank employees, 17.4% have been CAs/CSs or CWAs. 35.8% of the respondents have been businessmen, 1.4% of the respondents have been housewives, 0.4% have been students, 1.7% have been employees with insurance companies and 1.1% of the respondents have been financial consultants and 4.1% of the respondents belong to any other category.

In any other category some respondents have been employed with air force, navy, FCI, PSPCL and some respondents have been business women owning boutique and five respondents have been lawyers and five have been research scholars.

As per the classification based on education, 13.6% of the respondents have been undergraduates, 39.8% of the respondents have been graduates and 46.3% of the respondents have been post graduates and 0.2% of the respondents have chosen any other option i.e. they might be diploma holders or something else. The income wise analysis has revealed that 65.7% of the respondents have been earning four to six lakhs per annum followed by 16.2% of the respondents who have been earning two to four lakhs rupees per annum and 16.1% of the respondents who have been earning six lakhs or above per annum and only 2% of the respondents have been earning below two lakhs per annum.

The place wise analysis reveals that 10.1% of the respondents have been from Punjab, 12.4% have been from Haryana, 13.9% have been from Uttar Pradesh, 21.3% from Himachal Pradesh and 42.3% of the respondents have been from Jammu and Kashmir.

Respondents have been given a list of twenty one statements to evaluate their saving habits and have been requested to rank these twenty one statements on five point Likert scale ranging from five to one, where five signifies "strongly agree"; four denotes "Agree"; three represents "neither agree nor disagree", two symbolizes "disagree" and one implies "strongly disagree". Table 2 reveals respondents' ratings in terms of count and proportion of respondents and weighted average scores on these twenty one statements. The maximum weighted average score has been found for the statement one keeps an open eye on money matters (4.9288); followed by youngsters are risk averse where it comes to investment (4.9278); one needs assured earnings even though belittle, out of one's invested funds and one is more

<p style="text-align: center; color: red;">**Table 1: Demographic Profile of Respondents'**</p>

| *Sample Characteristics* | *Grouping* | *Number* | *Proportion* |
|---|---|---|---|
| Gender | Female | 338 | 34.9 |
| | Male | 631 | 65.1 |
| | **Total** | **969** | **100** |
| Age | 20-40 years | 451 | 46.6 |
| | 40-60 years | 499 | 51.5 |
| | More than 60 years | 19 | 2 |
| | **Total** | **969** | **100** |
| Occupation | Academician | 248 | 25.6 |
| | Banker | 120 | 12.4 |
| | CA/CS/CWA | 169 | 17.4 |
| | Businessman | 347 | 35.8 |
| | Housewife | 14 | 1.4 |
| | Student | 4 | 0.4 |
| | Insurer | 16 | 1.7 |
| | Financial Consultant | 11 | 1.1 |
| | Any Other | 40 | 4.1 |
| | **Total** | **969** | **100** |
| Place | Punjab | 98 | 10.1 |
| | Haryana | 120 | 12.4 |
| | Uttar Pradesh | 135 | 13.9 |
| | Himachal Pradesh | 206 | 21.3 |
| | Jammu and Kashmir | 410 | 42.3 |
| | **Total** | **969** | **100** |
| Income | Less than 2,00,000 | 19 | 2.0 |
| | 2,00,001-4,00,000 | 157 | 16.2 |
| | 4,00,001-6,00,000 | 637 | 65.7 |
| | More than 6,00,000 | 156 | 16.1 |
| | **Total** | **969** | **100** |
| Qualification | Under Graduate | 132 | 13.6 |
| | Graduate | 386 | 39.8 |
| | Post-Graduate | 449 | 46.3 |
| | Any other | 2 | 0.2 |
| | **Total** | **969** | **100** |

*Source:* Authors' Calculation

interested in financial products which have an easy uses manual, one lays down one's financial aims for an extended period of time and makes efforts to fulfil those goals, all these three statements have mean score of (4.9236). The statement such as one is a risk averse investor and does not prefer to invest in speculative financial markets (4.9133), investment decisions depend upon the age of investors (4.4685), one cautiously contemplates one's spending ability prior to purchasing anything (4.4603), one's funds curb one's potentiality to undertake the activities which are crucial for one (4.4572) and one makes timely payment of one's expenses (4.4520) have been ranked magnificent by the respondents with weighted average score of more than four for each statement. The statement one believes that past trends would continue in future has weighted average score of 2.4386 followed by one's intuition has a major role on one's investment decisions (2.3612), one believes that one's investment will do well if one has investment advisors guiding one (2.3602), one's spouse has a major influence on one's investment decisions (2.3509), one enjoys spending money besides saving (1.9587), one neglects tomorrow because tomorrow is a mystery and inclined to be conscious for today (1.9401) and likewise.

**Table 2: Investors' Ratings on the Statements Affecting Financial Decisions**

| Statements | Strongly Agree | Agree | Neither Agree nor Disagree | Disagree | Strongly Disagree | Number | Weighted Average Score |
|---|---|---|---|---|---|---|---|
| I cautiously contemplate my spending ability prior to purchasing anything. | 446 (46.0%) | 523 (54.0%) | - | - | - | 969 | 4.4603 |
| I neglect tomorrow because tomorrow is a mystery and inclined to be conscious for today. | 3 (0.3%) | 47 (4.9%) | 206 (21.3%) | 346 (35.7%) | 367 (37.9%) | 969 | 1.9401 |
| I enjoy spending money besides saving. | 3 (0.3%) | 6 (0.6%) | 209 (21.6%) | 481 (49.6%) | 270 (27.9%) | 969 | 1.9587 |
| I duly take risk while investing my funds. | - | - | - | 22 (2.3%) | 947 (97.7%) | 969 | 1.0227 |
| I keep an open eye on money matters. | 900 (92.9%) | 69 (7.1%) | - | - | - | 969 | 4.9288 |
| I make timely payment of my expenses. | 438 (45.2%) | 531 (54.8%) | - | - | - | 969 | 4.45201 |
| I lay down my financial aims for an extended period of time and make efforts to fulfil those goals. | 895 (92.4%) | 74 (7.6%) | - | - | - | 969 | 4.9236 |
| Money is there to be spent not to invest. | - | 5 (0.5%) | 177 (18.3%) | 414 (42.7%) | 373 (38.5%) | 969 | 1.8080 |
| My funds curb my potentiality to undertake the activities which are crucial for me. | 443 (45.7%) | 526 (54.3%) | - | - | - | 969 | 4.4572 |

*contd. table 2*

| Statements | Strongly Agree | Agree | Neither Agree nor Disagree | Disagree | Strongly Disagree | Number | Weighted Average Score |
|---|---|---|---|---|---|---|---|
| I am a risk averse investor and do not prefer to invest in speculative financial markets. | 885 (91.3%) | 84 (8.7%) | - | - | - | 969 | 4.9133 |
| I have keen interest in stock investment that earns more profit in lesser time. | - | - | - | 23 (2.4%) | 946 (97.6%) | 969 | 1.0237 |
| I need assured earnings even though belittle, out of my invested funds. | 895 (92.4%) | 74 (7.6%) | - | - | - | 969 | 4.9236 |
| I am more interested in financial products which have an easy uses manual. | 895 (92.4%) | 74 (7.6%) | - | - | - | 969 | 4.9236 |
| Investment decisions depend upon the age of investors. | 454 (46.9%) | 515 (53.1%) | - | - | - | 969 | 4.4685 |
| Youngsters are more risk averse when it comes to investment. | 899 (92.8%) | 70 (7.2%) | - | - | - | 969 | 4.9278 |
| I believe that the past trends would continue in the future. | - | 134 (13.8%) | 157 (16.2%) | 678 (70.0%) | - | 969 | 2.4386 |
| My intuition has a major role in my investment decisions. | - | 105 (10.8%) | 144 (14.9%) | 716 (73.9%) | 4 (0.4%) | 969 | 2.3612 |
| My spouse has a major influence on my investment decisions. | - | 111 (11.5%) | 121 (12.5%) | 734 (75.7%) | 3 (0.3%) | 969 | 2.3509 |
| I believe that my investments will do well if I have investment advisors guiding me. | 1 (0.1%) | 101 (10.4%) | 144 (14.9%) | 723 (74.6%) | - | 969 | 2.3602 |
| I invest in instruments that are readily accessible and convenient. | - | 4 (0.4%) | 173 (17.9%) | 415 (42.8%) | 377 (38.9%) | 969 | 1.7977 |
| Individuals with higher attained education are more risk tolerant than others. | - | - | 1 (0.1%) | 27 (2.8%) | 941 (97.1%) | 969 | 1.0299 |

*Source:* Authors' Calculation

Further these twenty one statements determining saving habits of investors have been examined to minimize correlation and to reveal compact and significant dimensions with an aid of Factor Analysis. Prior to applying factor analysis, reliability check has been administered on these statements in order to refine the scale and eliminate unnecessary and irrelevant statements. Table 3 reveals the statistics namely Cronbach alpha if item deleted and corrected-item-to-total correlation in column 5 and column 4 respectively, while column 2 and 3 reveals the scale mean and variance if that particular statement is deleted from the scale. The value of Cronbach alpha in column fifth depicts the value of alpha when corresponding statement is not considered.

## Table 3: Descriptive, Item-Total Correlation- Cronbach's Alpha

| *Statements* | *Scale Mean if Item Deleted* | *Scale Variance if Item Deleted* | *Corrected Item-Total Correlation* | *Cronbach's Alpha if Item Deleted* |
|---|---|---|---|---|
| I cautiously contemplate my spending ability prior to purchasing anything. | 63.0103 | 19.735 | .385 | .755 |
| I neglect tomorrow because tomorrow is a mystery and inclined to be conscious for today. | 65.5304 | 18.078 | .366 | .760 |
| I enjoy spending money besides saving. | 65.5119 | 18.341 | .443 | .749 |
| I duly take risk while investing my funds. | 66.4479 | 21.663 | .003 | .770 |
| I keep an open eye on money matters. | 62.5418 | 20.736 | .379 | .760 |
| I make timely payment of my expenses. | 63.0186 | 19.640 | .408 | .753 |
| I lay down my financial aims for an extended period of time and make efforts to fulfil those goals. | 62.5470 | 20.742 | .362 | .760 |
| Money is there to be spent not to invest. | 65.6625 | 18.468 | .418 | .751 |
| My funds curb my potentiality to undertake the activities which are crucial for me. | 63.0134 | 19.503 | .440 | .751 |
| I am a risk averse investor and do not prefer to invest in speculative financial markets. | 62.5573 | 20.679 | .364 | .760 |
| I have keen interest in stock investment that earns more profit in lesser time. | 66.4469 | 21.613 | .038 | .770 |
| I need assured earnings even though belittle, out of my invested funds. | 62.5470 | 20.707 | .377 | .760 |
| I am more interested in financial products which have an easy uses manual. | 62.5470 | 20.732 | .367 | .760 |
| Investment decisions depend upon the age of investors. | 63.0021 | 19.587 | .419 | .752 |
| Youngsters are more risk averse when it comes to investment. | 62.5428 | 20.835 | .333 | .761 |
| I believe that the past trends would continue in future. | 65.0320 | 19.287 | .296 | .763 |
| My intuition has a major role in my investment decisions. | 65.1094 | 19.213 | .341 | .758 |
| My spouse has a major influence on my investment decisions. | 65.1197 | 19.192 | .341 | .758 |
| I believe that my investments will do well if I have investment advisors guiding me. | 65.1104 | 19.117 | .364 | .756 |
| I invest in instruments that are readily accessible and convenient. | 65.6729 | 18.462 | .423 | .751 |
| Individuals with higher attained education are more risk tolerant than others. | 66.4407 | 21.606 | .032 | .770 |

Overall Cronbach's Alpha: 0.787

*Source:* Authors' Calculation

The overall reliability coefficient is also shown in Table 3. The value of overall alpha (0.787) is more than the value of alpha depicted in column fifth of table 3 when the corresponding statement is deleted.

### Table 4: KMO and Bartlett's Test of Sphericity

| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | 0.843 |
|---|---|---|
| Bartlett's Test of Sphericity | Approx. Chi-Square | 24901.846 |
| | Df | 210 |
| | Sig. | .000 |

*Source:* Authors' Calculation

Kaiser-Meyer-Olkin (KMO) and Barlett's Test of Sphercity have been performed to examine the appropriateness of the collected data. Table 4 depicts the value of KMO as 0.843 and Bartlett's Test of Sphericity at 24901.846 which is highly significant at one percent level of significance. These values confirm the statistical significance of the sample to run factor analysis.

Table 5 depicts the results of the Factor Analysis. It depicts the variables factor loadings, Eigen value and variance explained by the extracted factors. Five factors have been extracted i.e. risk averse behaviour, spending habits, financial decision making support, live for today and risk tolerant behaviour using factor analysis technique and these factors together explain 84.119% of variance in the data.

### Table 5: Percentage of Variance Explained and Eigen Values of Extraction Factors

| Sr. No. | Factor Wise Dimensions | Factor Loading | Eigen Value | Percentage of Variance | Cumulative Percentage of Variance |
|---|---|---|---|---|---|
| **1** | **Risk Averse Behaviour** | | | | |
| a | I keep an open eye on money matters. | 0.966 | | | |
| b | I am more interested in financial products which have an easy uses manual. | 0.965 | | | |
| c | I need assured earnings even though belittle, out of my invested funds. | 0.961 | 5.285 | 25.165 | 25.165 |
| d | I lay down my financial aims for an extended period of time and make efforts to fulfil those goals. | 0.945 | | | |
| e | I am a risk averse investor and do not prefer to invest in speculative financial markets. | 0.921 | | | |
| f | Youngsters are more risk averse when it comes to investment. | 0.836 | | | |

*contd. table 5*

| Sr. No. | Factor Wise Dimensions | Factor Loading | Eigen Value | Percentage of Variance | Cumulative Percentage of Variance |
|---|---|---|---|---|---|
| **2** | **Spending Habits** | | | | |
| a | I make timely payment of my expenses. | 0.978 | | | |
| b | My funds curb my potentiality to undertake the activities which are crucial for me. | 0.976 | 3.801 | 18.098 | 43.263 |
| c | I cautiously contemplate my spending ability prior to purchasing anything. | 0.964 | | | |
| d | Investment decisions depend upon the age of investors. | 0.952 | | | |
| **3** | **Financial Decision Making Support** | | | | |
| a | I believe that my investments will do well if I have investment advisors guiding me. | 0.951 | 3.496 | 16.647 | 59.910 |
| b | My spouse has a major influence on my investment decisions. | 0.947 | | | |
| c | My intuition has a major role on my investment decisions. | 0.929 | | | |
| d | I believe that the past trends would continue in future. | 0.892 | | | |
| **4** | **Live for Today** | | | | |
| a | Money is there to be spent not to invest. | 0.918 | | | |
| b | I invest in instruments that are readily accessible and convenient. | 0.914 | 3.080 | 14.665 | 74.576 |
| c | I enjoy spending money besides saving. | 0.819 | | | |
| d | I neglect tomorrow because tomorrow is a mystery and inclined to be conscious for today. | 0.814 | | | |
| **5** | **Risk Tolerant Behaviour** | | | | |
| a | I have keen interest in stock investment that earns more profit in lesser time. | 0.913 | 2.004 | 9.544 | 84.119 |
| b | Individuals with higher attained education are more risk tolerant than others. | 0.896 | | | |
| c | I duly take risk while investing my funds. | 0.596 | | | |

*Source:* Authors' Calculation

**F1: Risk Averse Behaviour:** It is the preeminent factor revealed using factor analysis and has an Eigen value of 5.285 and spells out 25.165% of variance. Six statements have been loaded on risk averse behaviour factor and the statement that one keeps an open eye on money matters (0.966) has the largest loading followed by one is more interested in financial products which have an easy uses manual (0.965), one needs assured earnings even though belittle, out of one's invested funds (0.961), one lays down one's financial aims for an extended period of time and makes efforts to fulfil those goals (0.945), one is a risk averse investor and does not prefer to invest in

speculative financial markets (0.921) and youngsters are more risk averse when it comes to investment (0.836).

**F2: Spending Habits:** Subsequent to the risk averse behaviour, the other most considerable factor has been spending habits. Four statements i.e. one makes timely payment of one's expenses (0.978), one's funds curb one's potentiality to undertake the activities which are crucial for one (0.976), one cautiously contemplates one's spending ability prior to purchasing anything (0.984) and investment decisions depend upon the age of investors (0.952) have been loaded on spending habits factor and describes eighteen point zero nine eight percent of variance (18.098%) and has Eigen value of 3.801.

**F3: Financial Decision making Support:** It is the third dominant factor extracted. Four statements have been loaded on financial decision making support factor. These statements in the decreasing order of their factor loadings are; one believes that one's investment will do well if one has investment advisors guiding one (0.951), one's spouse has a major influence on one's investment decisions (0.947), one's intuition has a major role on one's investment decisions (0.929) and one believes that past trends would continue in future (0.892). This factor has Eigen value of 3.496 and explains 16.647% of variance.

**F4: Live for Today:** This is the fourth factor and explains 14.665% of variance. It has Eigen value of 3.080. Four statements have been loaded on this factor. These statements in the decreasing order of their factor loadings are; money is there to be spent and not to invest (0.918), one invests in instruments that are readily accessible and convenient (0.914), one enjoys spending money besides saving (0.819) and one neglects tomorrow because tomorrow is a mystery and inclined to be conscious for today (0.814).

**F5: Risk Tolerant Behaviour:** Three statements have been loaded on this fifth factor i.e. one has interest in stock investment that earns more profit in less time (0.913) followed by individuals with higher attained education are more risk tolerant than others (0.896) and one duly take risk while investing one's funds (0.596). Risk tolerant behaviour commands an Eigen value of 2. 004 and spells out 9.544% of variance.

Hence factor analysis summarised twenty one statements explaining saving habits of investors into five factors. The five factors (risk averse behaviour, spending habits, financial decision making support, live for today and risk tolerant behaviour) are considered by investors while saving money for future needs.

## 6. Findings

This study has revealed the significance of various important variables considered by investors while making their saving decisions. The statement one's keeps an open eye on money matters has been assigned largest weighted average score followed by youngsters are risk averse where it comes to investment, one needs assured earnings even though belittle, out of one's invested funds, one is more interested in financial products which have an easy uses manual and one lays down one's financial aims for an extended period of time and makes efforts to fulfil those goals. These twenty one statements revealing the saving habits of investors have been analyzed using Factor Analysis and five factors (risk averse behaviour, spending habits, financial decision making support, live for today and risk tolerant

behaviour) have been identified and all these factors have together explained 84.119% of variance in data.

## 7. Conclusion

The study has found that there is a dire need to make individuals financially literate so that they should have adequate knowledge and awareness to make their financial plans and determine their saving habits. They have to consider their present needs and bifurcate these needs into two groups' i.e. avoidable and unavoidable needs. So they will not spend money on avoidable needs, and will invest that money in profitable investment avenues depending upon the time when they need cash in future for their future needs and requirements. The money invested will generate revenue for the investors. But this study has certain limitations as well. This study is confined to northern region of India it could have been extended to country region as well as the investment pattern of individuals could have been studied. Moreover, impact of online trading in securities, impact of technological innovation in capital market and an analysis of the awareness level of investors about retail investment pattern could have been attempted.

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