Chapter VI
Findings, Conclusions and Suggestions

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6.1. Introduction:
The study of Portfolio of college employees in the jurisdiction of Shivaji University Kolhapur includes the sample of 294 respondents with 186 teaching staff and 108 Administrative staff. The portfolio of these sample respondent includes investment products ranging from financial products like shares, mutual funds, bank deposits, post office deposits, bonds, insurance and non financial assets such as gold and real estate. The returns from the aggregated composition of the portfolio across the sections lead us to following observations, conclusions. On the basis of which we make suggestions for better returns not only to the sample respondents but to all investors interested in better returns.

6.2 Findings and Conclusions

6.2.1) The portfolio is structured deployment of funds for specific financial goals. The active portfolio management helps in mitigating financial losses and attaining positive returns from investment. The selection of portfolio by an individual is the function of level of income, propensity to save, magnitude of expenditure, dependency ratio, financial literacy, access of financial instruments and awareness about it.

6.2.2) Income of teaching staff is the function of his years of experience and addition in the qualifications. The income and years of experience go hand in hand together and it is fixed by U.G.C. through pay commissions. There is an incentive for acquiring additional qualifications such as M.Phil, Ph.D and Professional qualification. The income of the teachers is not affected much more by place of work i.e. rural and urban. For the teaching staff in the income bracket of up to 5 Lakhs, we have 9.73% in total of all teachers. Within the group 11.69% are male and 6.25% are female. For income level 5 to 10 Lakh in all total of teachers 34.08% belongs to this group and within the group male constitute 29.82% and female 41.66%. For higher income group of 10 Lakh and above 56.17% teacher belong to this category. Within the group male constitute 58.47% and for female it is 52.08%.
It is observed that teachers in general belong to middle and higher income group.
The income level of up to 2 Lakhs constitute 23.28% respondents in total of administrative staff. With the group male constitute 26.66% and female 7.69%.
In the middle income group of 2 to 5 Lakhs 30.82% are belonging to this group and female 30.76% and male 30.83%.
For 5 Lakhs and above 45.89% belong to this category in total administrative staff. Within this group males are 42.5% and female are 61.53%.
It is observed that female contribute more proportion in higher income than male counterparts.
The genderwise distribution shows that female are less in number in all categories but in the middle income group the relative share is higher compared to male teachers.

6.2.3) The expenditure pattern shows that with increase in income leads to proportionate reduction in recurring expenses which includes monthly family budget expenses on grocery, food etc. The expenditure pattern reveals that with increase in income with the non recurring expenses such as festival, tours, and luxurious items such as bike, car, and domestic appliances. On an average the recurring expenses are 16.50% with 30% for lower income and 12% for higher income. The non recurring expense consumes 52.4% of total expenditure with lowest of 40% and highest of 55%.

6.2.4) Expenditure pattern for administrative staff is also of recurring and Non Recurring in nature. The average recurring expenses for administrative staff is 38.70% and for non recurring expenses it is 36.51%. The recurring expenses shows diminishing trend with an increase in income from 45% to 35%. In the case of Non recurring expense the trend is increasing with an increase in income from 35% to 40%. The total expenses on recurring and nonrecurring decreases with an increasing in income which indicates increase in saving.

6.2.5) Comparative expenses of the teaching as well as administrative staff shows a specific pattern in expenses. The Engel’s Law of expenses is
observed which states that with an increase in income The expenditure on essential items decreases in relative term. The average recurring expenses in total are 24.65% where for administrative it is higher by 42.63%. In case of non-recurring expenses it is 46.56% for total. The non-recurring expense is greater by 69.65% for teachers compared to administrative.

6.2.6) Borrowing of teaching staff shows that the main reason for long term loan is housing for which 136 respondents have borrowed on an average 13 lakhs with lower rate of finance of 10% per annum. Some teachers purchased plot for construction of house but this was not financed from institutional sources. The second important reason is lifestyle expense of purchasing four wheeler and two wheeler from the loan. It was observed that 90 teachers from 186 respondents have accessed the vehicle loan with average loan amount of 5 lakh. But the interest burden of such loans is higher. The consumer durables such as washing machine, TV sets, microwave, furniture occupied important place in the borrowing pattern of the teachers as 78 teachers have reported that they borrowed for such purpose and the average amount was 80000 with an interest of 13%. The education of the son and daughter is another reason contributing for borrowing. The average amount was 5 lakh and 43 respondents have borrowed with average interest was -9.33%. The borrowing for medical expenses was adhered by 24 respondents with average borrowings of Rs.50000 with an interest of 13%. The teachers are having cover of medical reimbursement but since this process is time consuming the need to borrow for medical expenses emerges. Sundry expenses such as festivals, tours constituted a minor cause in which 14 respondents have borrowed an average loan of Rs.13000 with an interest of 13%. The multiple borrowing is observed for 70% of the respondents.

6.2.7) Borrowings of Administrative staff shows that the main reason for long term loan for administrative staff also is housing for which 87 respondents have borrowed on an average 11 lakhs with lower rate of finance of 10% per annum. Some have purchased plot for construction of house but this was not financed from institutional sources. The
The second important reason is the style expense of purchasing vehicle. It was observed that 88 respondents from 108 respondents have accessed the vehicle loan with an average loan amount of Rs. 3 lakh. But the interest burden of such loans is higher. The consumer durables such as washing machine, TV sets, furniture occupied an important place in the borrowing pattern of the administrative staff also as 57 respondents have borrowed for such purpose and the average amount was Rs. 66000 with an interest of 13%. The education of the son and daughter is another reason contributing for borrowing. The average amount was Rs. 3 lakh and 8 respondents have borrowed with an average loan of Rs. 24000 with an interest of 15%. The multiple borrowing is observed for 90% of the respondents.

6.2.8) Sources of funds

The borrowing can be from various sources in which institutional source and other are non-institutional. The institutional source finance are available for the borrower with legitimate documents and compliance of the procedure. The non-institutional source includes borrowings from local money lenders, friends, relatives etc. The following table presents the sources of funds used by teaching and administrative staff.

<table>
<thead>
<tr>
<th>Source of Funds</th>
<th>Teaching Staff</th>
<th>Administrative Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional</td>
<td>91.57%</td>
<td>91.57%</td>
</tr>
<tr>
<td>Non-institutional</td>
<td>8.43%</td>
<td>8.43%</td>
</tr>
</tbody>
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The borrowing community with relatively high income enjoys higher credit rating. The teachers mainly borrow from institutional source as 91.57% borrowings are from this source. Only 8.43% teachers borrow from non-institutional source. The non-institutional source plays an important role. With increase in the age group both the salary and credibility increases which leads to more institutional borrowings.
As institutional finance is relatively cheaper and provides tax benefits. The teachers access this source.

6.2.10) **Borrowings** Sources of funds of administrative staff shows that they are borrowing from institutional source to the extent of 66.66%. From non institutional source 33.33% is borrowed by administrative staff. The non institutional source in the early age group plays an important role. With increase in the age group both the salary and credibility increases which leads to more institutional finance. The administrative staff relies on greater extent for borrowing on non institutional sources.

6.2.11) **Comparative sources of finance** the teaching and administrative staff indicate that they borrow both from institutional and non institutional. In the case of sources of finance it is clear that the teaching community rarely use the non institutional sources. But the reliance of administrative staff on non institutional finance is 33.33%. The lower income and more frequent need of finance are the main contributory factors for greater reliance on non institutional finance.

6.2.12) **Dependency ratio** for family shows how many members are non earning and depend on the earner. If there are multiple earners in a family the dependency ratio comes down. When the dependency ratio is reduced it leads to higher income and higher savings with relative reduction in expenditure. The dependency ratio plays vital role in determining the saving and expenditure pattern of family.

6.2.13) **The overall correlation** between the dependency ratio and borrowings shows value of 0.63 which means there is positive and high correlation between them. The correlation value for teaching staff is 0.59 and for administrative staff it is 0.68. This implies administrative staff family size and borrowings are positively correlated with higher magnitude compared to the teachers. The correlation values for urban and rural shows that it is higher for rural respondents (0.68) compared to urban respondents (0.59). This means the dependency ratio affects more dominantly for rural area than urban area.

6.2.14) **Saving of Teaching Staff shows that** The average savings in the urban area are lower compared to the rural counterparts as for urban
area it is 25.3% and for rural area it is 31.6%. The plausible reason for this difference lies in cost of living differences. The Standard Deviation in savings for urban area is 10.6 while for rural area it is 6.43 implies that the differences within the group are higher for urban area than rural area. The savings are increasing with an increase in level of income for both urban and rural area. For urban area it increases from 18% to 25.3% while for rural area it increases from 24% to 31.6%. This shows higher propensity to save in rural area.

6.2.15) Savings of Administrative Staff indicates that the average savings in the urban area are lower compared to the rural counterparts as for urban area it is 19.66 % and for rural area it is 29%. This difference lies partly in cost of living differences. The Standard Deviation in savings for urban area is 3.16 while for rural area it is 4.9 implies that the differences within the group are higher for urban area than rural area. The savings are increasing with an increase in level of income for both urban and rural area. For urban area it increases from 18% to 19.66% while for rural area it increases from 22% to 29%. This shows higher propensity to save in rural area.

6.2.16) Comparative Savings of College staff finds that the range of savings for teaching community is larger compared to administrative staff. The average savings as percentage of disposable income is also higher for teaching staff compared to non-teaching staff. The deviation in savings within the group measured through S.D shows that teaching staff it is higher compared to administrative staff.

6.2.17) Gender and Savings shows a specific pattern. The savings of male are lower compared to female as male shows savings of 23.86% and female of 24.8%. The differences in savings are marginal. It means the gender wise differences in savings are not significant. The differences in urban and rural respondent is more pronounced as the average rate of savings for rural area is 29% compared to urban saving rates of 19.66%. The differences in savings within the group presented in S.D. shows that it is lower for male than for female as the values are 4.7 and 4.57 respectively.
6.2.18) **Portfolio Analysis.** The portfolio of an individual build over a period of time is the result of savings, financial knowledge, risk appetite, alertness about returns, the various options available and accessed. The college staff being in the field of education with stable and growing income is likely to show prudent portfolio management over a period of time. In our study the teaching and administrative staff has shown some important and surprising observations. The analysis of portfolio is restricted to the data shared by the respondents.

6.2.19) **Portfolio of teaching staff** includes the accumulated assets during his service period along with inherited property. Following observations are deducted for the teachers in the average portfolio of Rs. 5 Lakhs, we have 13.88% in total of all teachers. Within the group 16.66% are male and 7.4% are female. For average portfolio of Rs 18 lakh in all totals of teachers 32.77% belongs to this group. And within the group male constitute 30.15% and female 38.8%. For higher average portfolio of Rs 45 lakh 53.33% teacher belong to this category. Within the group male constitute 53.17% and for female it is 53.7%. It is observed that teachers in general belong to middle and higher size of portfolio. The gender wise distribution shows that female are more in middle size of portfolio.

6.2.20) **Average Portfolio Administrative Staff** shows that the average portfolio of 3 Lakhs constitute 24.21% respondents in total of administrative staff. With the group male constitute 31.34% and female 7.14%. In the portfolio of 5 Lakhs 30.52% are belonging to this group and female 39.28 % and male 26.86 %. For portfolio of 12 lakh 45.26% belong to this category in total administrative staff. Within this group males are 41.79% and female are 53 .57%. It is observed that female contribute more proportion in higher average portfolio than male counterparts.

6.2.21) **Portfolio structure of teaching staff** is of average size of Rs. 7 Lakh pertains to young teachers which constitute 14% in total teaching staff with average experience of 5 Years. As these investors have low exposure to various investment options and smaller quantum of investment funds tend to invest in safe type of investment. It is
observed from the table that this class parks 52% of savings in F.D. and 25% in Gold. The other financial instruments like shares, mutual funds constitute 8% of investment. The government bonds and insurance are mainly for tax savings purpose. The middle age group teaching staff is having an average portfolio of Rs. 18 Lakh which constitute 33% in total teaching staff with an average experience of 10 Years. The deployment of funds of this class shows that the relative share of F.D. diminishes and the real estate (plot, land, flat, shop) occupies important place with 26% share. The financial savings in shares and mutual funds increases marginally. The seniors teaching staff with 15 and more years of average experience holds portfolio of an average size of Rs. 45 Lakhs. It shows that this class prefers real estate first followed by mutual funds gold and bonds of 34%, 20%, 15% and 9% respectively. The portfolio structure of teaching staff shows that bank deposits and gold are the favoured destinations of investments. With increase an increase in portfolio size real estate emerges preferred form of investment. The financial investment of mutual funds, stocks, bonds are less preferred forms of investment.

6.2.22) **Portfolio structure of administrative staff shows that** the lower portfolio of young staff with experience of 5 years is of Rs. 3 Lakh and this group prefers bank deposit as most attractive option followed by gold. The medium size portfolio of Rs. 5 Lakh relates to the staff with average experience of 10 years prefers real estate as first preference of investment along with F.D. and Gold. The senior administrative staff holds average portfolio of Rs. 12 Lakhs and the most preferred form of investment for this strata is real estate, post office saving, mutual funds and Gold. The investment pattern of administrative staff also shows that financial investments are less preferred compared to real sector investment. The diversification of portfolio is observed with an increase in size of portfolio.

6.2.23) **The choice of portfolio** of teachers as well as of administrative staff shows preference for various investments products as per their choice. The selection of particular investment product is the function of perception of the individual regarding risk and return from the
investment. The preferences for investment options shows that the most preferred option is Bank deposit as majority of teaching and administrative staff have invested their savings in this option the bank offers good returns on term deposits and there is high safety in this option. It is also highly convenient for managing this option. The acquaintance with banking system is also reason for cause for this preference. For F.D. it is observed that 88% teachers and 63% of administrative have accessed this option. In all total this option was ranked as first preference among all options.

6.2.24) The second preferred option of investment is real estate. The teaching as well as administrative staff preferred this option next to F.D.in the bank. The real estate in the form of plot, land, flat, shop offers very high returns and hence it is preferred option of investment.

6.2.25) In case of real estate 28% from teachers and 37% from administrative have preferred this option.

6.2.26) Gold comes as third preferred option in investment for both for teaching & administrative staff. The traditional instrument of investment is seen as most safe investment option. In Indian context gold always remained both investment and insurance shield for family contingencies. In terms of percentage of funds allocation 18% funds have been allocated for this. It is seen that from the total respondents 44% have made investment in gold.

6.2.27) Bonds of government and Corporate sector offers both safety and liquidity along with good returns. It also offers tax benefits for certain type of bond. It is observed that 4% from teaching and 2% from administrative have invested their funds in this option. Bond occupy 11.3% in asset allocation by teachers and 3% by administrative staff. This difference is attributed to difference in income level and tax saving purpose.

6.2.28) Insurance is not investment in strict sense. However, all the respondents have considered insurance as investment option. Of the total funds teaching staff have allocated 9.6% and administrative staff 13.3% of their total investment for this option. In terms of frequency of the respondents the highest frequency of 98% for teaching staff and
89% for administrative staff is observed. In case of insurance the administrative staff gives fourth rank to this option compared to fifth rank of teaching staff.

6.2.29) The mutual funds is a new option available for investment. It offers the benefits of economic growth through industrial development. The various types of mutual funds includes growth funds, balanced funds and safe funds. The growth fund offers higher returns as 70% of funds are invested in stock market and remaining in the debt funds. In case of balanced funds the distribution of investment is 50% in stock market and remaining in debt market. For safe funds investment is made in debt funds to the extent of 80% and remaining in stock market. Some mutual funds offer tax benefits also. For the teaching staff 6% teachers and from administrative staff 6.3% has accessed this option. In portfolio this occupied 9% share of both teaching and administrative staff.

6.2.30) Post office savings offer safe secured returns and this option is ranked seventh in the portfolio of teachers but it is more popular for administrative staff with fifth rank. The regular small amount of saving for long period helps in creating good portfolio. This is the reason for administrative staff for their higher preference. From administrative staff 15% respondents invested in post office. For teaching staff it is 7% and they allocated 6.3% funds for this option. Shares of corporate sector offer higher returns with higher risk. This option are least preferred by both teaching and administrative staff as this avenue received 4% allocation in investment from teaching staff and 2.6% from administrative staff. From teaching staff only 3.8% respondents and from administrative staff 2.1% respondents selected this option.

6.2.31) The overall structure of portfolio is ranked on the basis of allocation of funds in their total investment. The investment pattern shows that the teaching and administrative staff has given preference for high liquidity and safety. The preference for financial assets is of 63% and for non financial it is 37%.

6.2.32) Financial Literacy and financial knowledge index. The choice of portfolio depends on financial literacy this means knowledge about
financial products and decision making terms related to finance. Further the application of knowledge in also important. In this respect we prepare financial literacy index and financial application index. The financial literacy index shows the awareness and information regarding finance. It is expected to know different concepts of interest rates like simple, compound, flexible and fixed interest rates. The knowledge about D-mat account is necessary for shares and mutual funds. The knowledge about inflation rate, risk return ratio, time value of money, knowledge about sensex, types of mutual fund. The role of financial institution like SEBI, complaint registration system for financial transactions and awareness of ponzy scheme is necessary. On the basis of these parameters we prepare financial knowledge index for teaching and administrative staff.

6.2.33) Financial Knowledge index for teaching staff is 45% for urban male and for female it is 34% which means male respondents have more financial information than female. For the rural area male respondents have 36% and for female respondents it is 23%. The financial index both in urban and rural area for male is higher compared to the female counterparts. The average index of financial knowledge is below 50% and for female in rural area it is just 23% which is very low.

6.2.34) Financial Knowledge index for Administrative staff shows that the financial knowledge index is 29% for urban male and for female it is 23% which means male respondents have more financial information than female. For the rural area male respondents have 28% and for female respondents it is 17%. The financial index both in urban and rural area for male is higher compared to the female counterparts. The average index of financial knowledge is below 30% and for female in rural area it is just 17% which is very low.

6.2.35) Financial Knowledge Application Index in managing individual portfolio is more important than the mere knowledge of financial matters. Hence we prepared the financial application index for teaching as well as for administrative staff. The financial knowledge application index for teaching staff shows that the financial knowledge application index is 48% for urban male and for female it
is 40% which means male respondents have more financial application than female. For the rural area male respondents have financial knowledge application index of 44% and for female respondents it is 35%. The financial knowledge application index both in urban and rural area for male is higher compared to the female counterparts. The average financial knowledge application index is below 50% and for female in rural area it is just 35% which is very low.

6.2.36) Financial Knowledge Application Index for Administrative Staff

is 34% for urban male and for female it is 31% which means male respondents have more financial application than female. For the rural area male respondents have financial knowledge application index of 38% and for female respondents it is 36%. The financial knowledge application index both in urban and rural area for male is higher compared to the female counterparts. The average financial knowledge application index is below 40% and for female in urban area it is just 31% which is very low.

6.2.37) Comparative index: The comparative index of financial knowledge and financial application index for both teaching and administrative as well as for urban and rural along with gender gives us holistic information. Financial index is 33.81 for college employees and it is higher for male 37.75 compared to female of 29.87. It was also observed that the urban respondents have higher index with 35.5 compared to rural index of 32.12. The gap in index is more between male and female (7.88) compared to urban rural gap (3.38).

6.2.38) Portfolio Structure and returns: The return from portfolio depends on size, structure and choice of investment option. The returns from safe investment like bonds are moderate while the returns from real estate are higher with higher risk. The aggregate portfolio of teachers in three categories for the period of last ten years (2003-2013). The small size portfolio holders with an average Rs 7 lakh is of the teachers in younger category with low salaries. The mid-size portfolio is of the size of Rs 18 lakhs which includes the teachers in Associate grade. The large size average portfolio belongs to the Senior teachers.
6.2.39) All the sample teachers under study holds portfolio of Rs 5599 lakh with an average portfolio of 30.1 lakh per teacher. The teachers preference for portfolio shows that investment in real asset is the most favoured destination with 31.2 % of investment followed by investment in mutual funds (17.25 %). The least preferred form of investment is post office deposits with 4.6 % allocation and share investment received 4.88% of investment. The category wise portfolio gives us different allocation of funds as in case of small size portfolio of young teachers is dominated by investment in FIXED DEPOSIT (45%) followed by investment in gold by 30 % of total investment. In the case of mid-size portfolio holders it is seen that real estate is the first preference followed by FIXED DEPOSIT by 26 and 15 % respectively. For the large size portfolio holders belonging to senior teachers the preference is for real estate is pronounced with 36 % fund allocation followed by 15 % for FIXED DEPOSIT.

6.2.40) The administrative staff belongs to middle income and lower middle income group. The investment in various portfolio is the function of their financial needs and choice preferences. The increase in salary and other income over the years results in more investment in various options and in turn an increase in size of portfolio and diversification in it. In the overall portfolio of Rs 660 lakh the most favoured destination of investment is the bank Fixed Deposit followed by real estate investment and gold investment. The average portfolio of the administrative staff is of Rs 6.11 lakh. The small size portfolio consist of investment of Rs 3 , 5 and 12 lakh. The small size portfolio holders are having only 17. % share in total portfolio while the large portfolio holders control 51 % of the portfolio. The medium size portfolio holders have 32 % of the total. The preference for shares, bonds and mutual funds is very low as these investment attracted only 7 to 8 percent of the total portfolio.

6.2.41) Product-wise Returns from Portfolio

a) Returns from Bank FIXED DEPOSIT The FIXED DEPOSIT is preferred form of investment as it provides safety and access to investors. The total return on FIXED DEPOSIT investment for the
teachers is Rs 42.69 lakh. The total return on FIXED DEPOSIT investment for the administrative staff is Rs 11.05 lakh. The returns from FIXED DEPOSIT is pre determined by the bank and it was 7.5% for the period under study. The real returns are inflation adjusted returns. Here for the period under study the rate of inflation based on wholesale price index was 8.5%. The teachers have received negative returns from FIXED DEPOSIT investment to the tune of 5.69 lakhs as a result of inflation. On the basis of safety and convenience the FIXED DEPOSIT investment is better but in terms of returns it proved as liability rather than asset with negative return of 1%. The caution is not to use the Fixed Deposit as a long term investment avenue. The reason is that the real return is negative when adjusted for inflation. The tax treatment of the interest also eats into the returns.

b) **Bonds:** The bonds are preferred form of investment as it provides safety and access to investors along with tax concessions. The returns from Bonds is pre determined by the institutes and it was 8% for the period under study. The total return on bonds investment for the teachers is Rs 475.71 lakh. The total return on bonds investment for the administrative staff is Rs 13.2 lakh which brought them interest income of Rs 1.056 lakh. The real returns are inflation adjusted returns. Here for the period under study the rate of inflation based on wholesale price index was 8.5%. The teachers have received negative returns of -0.05% from FIXED DEPOSIT investment to the tune of -2.38 lakhs as a result of inflation. The administrative staff have received negative returns of -0.05% from FIXED DEPOSIT investment to the tune of Rs 6600 as a result of inflation. On the basis of safety and convenience the Bond investment is better but in terms of real returns it proved as liability rather than asset with negative return of 0.05%.

c) **Returns from Gold** The returns from gold for the period of ten years (2005-2015) was of 285.71% which means investment in gold was nearly three times or gave annual average return of 28.57. For teaching staff the nominal returns from gold for the ten years inflated the portfolio from Rs 872.4 lakh to Rs 3364.97 lakh. The nominal
returns from gold for the ten years inflated the portfolio from Rs 125.88 lakh to Rs 485.53 lakh for the administrative staff. The inflation adjusted return from gold has given 20% return over the period of ten years. The gold has proved to be efficient kind of investment as post inflation or real returns are very high. The returns from gold needs to be taken with caution as the gold in last five years is stagnant giving very low return of just one percent. The gold has proved to be efficient kind of investment as post inflation or real returns are very high. The returns from gold needs to be taken with caution as the gold in last five years is stagnant giving very low return of just one percent.

d) **Real Assets and Returns:** The real assets in the form of land, plot of house and flat is one of the most preferred item. However the measurement of returns from such assets is difficult due to non availability of reliable data. The returns from real assets during the period under study remained positive and high as in nominal terms it was 20% and in real terms it was 11.5%. The real assets occupied smaller share for small portfolio holders and it increase with an increase in size of portfolio. The small portfolio holders earned Rs 3.47 lakh on investment of Rs 17.36 lakh while the real returns were of Rs 2.60 lakh. The medium portfolio holders earned Rs 55.22 lakh on investment of Rs 276.12 lakh while the real returns were of Rs 41.42 lakh. The large portfolio holders earned Rs 293.76 lakh on investment of Rs 1468.8 lakh while the real returns were of Rs 223.2 lakh. The over all returns from real assets earned Rs 352.45 lakh on investment of Rs 1762.26 lakh while the real returns were of Rs 264.34 lakh. The returns from real assets during the period under study remained positive and high as in nominal terms it was 20% and in real terms it was 11.5% for administrative staff. The real assets occupied smaller share for small portfolio holders and it increase with an increase in size of portfolio. The staff with small size benefitted less. The small portfolio holders earned Rs 0.912 lakh on investment of Rs 4.56 lakh while the real returns were of Rs 0.52 lakh. The medium portfolio holders earned Rs 8.4 lakh on investment of Rs 42 lakh
while the real returns were of Rs4.83 lakh. The large portfolio holders earned Rs 84 lakh on investment of Rs16.8 lakh while the real returns were of Rs9.66 lakh. The overall returns from real assets earned Rs 26.11 lakh on investment of Rs 130.56 lakh while the real returns were of Rs 15 lakh.

e) **Returns from Mutual Funds** For Teaching staff shows that nominal returns were of 24.76 % per annum or in total Rs239.2 lakh. The real returns due to inflation lowered the returns by 8.5 % which means the real returns were of 16.26% leading to Rs 157.08 lakh. The mutual fund returns proved to be attractive both in nominal and real terms. The returns of small, Medium and large portfolio holders were directly related to their size of investment. The Mutual Fund Returns for Administrative Staff shows that the mutual funds have given following returns to teachers for the period under study. The nominal returns were of 24.76 % per annum or in total Rs 19.66 lakh. The real returns due to inflation lowered the returns by 8.5 % which means the real returns were of 16.26% leading to Rs 1.29 lakh. The mutual fund returns proved to be attractive both in nominal and real terms. The returns of small, Medium and large portfolio holders were directly related to their size of investment.

f) **Returns from Shares** The share investment involves higher risk and so also returns. The teacher respondents have received nominal returns from shares were of 33.42 % per annum or in total Rs 91.35 lakh. The real returns due to inflation lowered the returns by 8.5 % which means the real returns were of 24.9 % leading to Rs 68.11 lakh. The share returns proved to be most attractive both in nominal and real terms. The returns of small, Medium and large portfolio holders were directly related to their size of portfolio.

g) **Postal Deposits**: The overall returns from postal deposits achieved Rs 21.92 lakh at 8.5 %. The returns were higher to large portfolio holders as compared to small and medium portfolio holders of teaching staff. The real returns from post office schemes turned zero as the returns were wiped out by inflation which was equal to rate of returns. The investment in post office in the form of provident fund account or
various saving related scheme are preferred due to convenience and safety the returns. It shows that for administrative staff the overall returns from postal deposits achieved Rs 5.80 lakh at 8.5 %. The returns were higher to large portfolio holders as compared to small and medium portfolio holders. The real returns from post office schemes turned zero as the returns were wiped out by inflation which was equal to rate of returns. The investment in post office scheme proved as dead investment in real terms.

h) **Insurance**: The general misconception of treating insurance as investment is prevalent in all classes. This has resulted in misspelling and wrong selection of policies. As the respondents have selected the policies with some returns assured they considered it as investment. The premium they paid could have fetched better returns with same protection and lower cost. The actual returns were in the range of 5 %. The returns from insurance investment on the corpus of Rs 505.85 lakh have resulted in nominal returns of Rs 25.29 lakh for teaching staff. The real returns turn out to -3.5 % on total investment causing a loss of Rs 17.7 lakh. The better choice of insurance product would have saved this loss or with the same cost the insurance cover could have enhanced.

**Insurance Returns for Administrative Staff shows that** the returns from insurance investment on the corpus of Rs 505.85 lakh have resulted in nominal returns of Rs 25.29 lakh. The real returns turn out to -3.5 % on total investment causing a loss of Rs 17.7 lakh. The better choice of insurance product would have saved this loss or with the same cost the insurance cover could have enhanced.

6.2.42) **Aggregate Returns for teachers with small size portfolio** The small size portfolio holders are the young teachers with an average portfolio of Rs 7 lakh. This class of small portfolio holders with total investment of Rs 217 lakh have earned average nominal returns of 15.77 %. The total returns stood at Rs 34.24 lakh. The inflation adjusted or real returns were 7.27 % with earnings of 15.77 lakh. The bank FIXED DEPOSIT and insurance product have reduced the returns due to negative returns from it. The best performing investment is share investment followed by gold, mutual fund and real estate.
6.2.43) Aggregate Returns for Administrative Staff with small size portfolio

The small size portfolio holders are with an average portfolio of Rs 3 lakh. This class of small portfolio holders with total investment of Rs 114 lakh have earned average nominal returns of 13.57%. The total returns stood at Rs 15.48 lakh. The inflation adjusted or real returns were 5.07% with earnings of 5.78 lakh. The bank fixed deposit and insurance product have reduced the returns due to negative returns from it. The best performing investment is share investment followed by gold, mutual fund and real estate.

6.2.44) Aggregate Returns for teachers with Medium size portfolio

The medium portfolio holders with total investment of Rs 1062 lakh have earned average nominal returns of 16.63%. The total returns stood at Rs 176.62 lakh. The inflation adjusted or real returns were 8.1% with earnings of Rs 86.02 lakh. The bank fixed deposit and insurance product have reduced the returns due to negative returns from it. The best performing investment is share investment followed by gold, mutual fund and real estate. The returns for medium size portfolio holders have shown improvement over small size portfolio holders. The returns improved from 15.77 to 16.3 in nominal returns.

6.2.45) Aggregate Returns for Administrative Staff with Medium size portfolio

This class of medium portfolio holders with total investment of Rs 210 lakh have earned average nominal returns of 15.42%. The total returns stood at Rs 32.42 lakh. The inflation adjusted or real returns were 6.92% with earnings of Rs 14.54 lakh. The bank fixed deposit and insurance product have reduced the returns due to negative returns from it. The best performing investment is share investment followed by gold, mutual fund and real estate. The returns for medium size portfolio holders have shown improvement over small size portfolio holders.

6.2.46) Returns for teachers with Large size portfolio

The large portfolio holders with total investment of Rs 4320 lakh have earned average nominal returns of 19.28%. The total returns stood at Rs 832.98 lakh. The inflation adjusted or real returns were 10.76% with earnings of
Rs 464.7 lakh. The bank FIXED DEPOSIT and insurance product have reduced the returns due to negative returns from it is applicable here too. The best performing investment is share investment followed by gold, mutual fund and real estate. The returns for large size portfolio holders have shown improvement over small size and medium size portfolio holders. The returns improved to 19.28% compared to 15.77 to 16.3 in nominal returns of small and medium portfolio holders.

6.2.47) Aggregate Returns for Administrative Staff with Large size portfolio
The large portfolio holders with total investment of Rs 336 lakh have earned average nominal returns of 18.4%. The total returns stood at Rs 61.83 lakh. The inflation adjusted or real returns were 9.88% with earnings of Rs 33.22 lakh. The bank FIXED DEPOSIT and insurance product have reduced the returns due to negative returns from it is applicable here too. The best performing investment is share investment followed by gold, mutual fund and real estate. The returns for large size portfolio holders have shown improvement over small size and medium size portfolio holders.

6.2.48) Aggregate Returns for teachers on portfolio
The total portfolio of Rs 5599 lakh has given average returns of 18.64% with nominal returns. The real returns on the total portfolio is 10.11% with returns of Rs 566.59 lakh. The highest return were on share and gold which stood at 33.9 and 28.5 respectively. As an investment option the lowest returns are observed for insurance investment with 5% average returns and bank Fixed Deposits and bonds with 8% returns. The real returns on investment were positive for shares, mutual funds, gold, real estate and negative for insurance, bank FIXED DEPOSIT, bonds and it was zero for post office deposits.

6.2.49) Aggregate Returns for Administrative Staff on portfolio
The aggregate returns from total portfolio of the Administrative staff shows that the total portfolio of Rs 660 lakh has given average returns of 16.62 with nominal returns. The real returns on the total portfolio is 8.11% with returns of Rs 53.54 lakh. The highest return were on share and gold which stood at 33.9 and 28.5 respectively. This has given them Rs 35.88 lakh and 6.33 lakh in nominal terms. As an investment
option the lowest returns are observed for insurance investment with 5% average returns and bank Fixed Deposits and bonds with 8% returns. The real returns on investment were positive for shares, mutual funds, gold, and real estate. It was negative for insurance, bank FIXED DEPOSIT, bonds and it was zero for post office deposits.

6.2.50) **Imbalances in Portfolio**: The portfolio structure and the returns indicates imbalance for FIXED DEPOSIT, Insurance and bonds investment. The allocations shows two types of distortions. The first one is more allocation of funds for the products giving low returns such as bank Fixed Deposits, Bonds and insurance. Another distortion is found in less allocation of funds for the assets giving higher returns which includes shares and mutual funds. This imbalance in allocation calls for restructuring of portfolio.
6.3 Suggestions:

6.3.1) Need of Portfolio restructuring
The choice of portfolio is the result of awareness about investment avenues, availability of surplus funds and attitude towards risk. Despite availability of better options the respondents have lost their potential returns. If the portfolio is restructured by reducing investment in low or negative returns assets the overall improvement in returns will be seen. The respondents needs to restructure their portfolio with full understanding of nature of the asset. The present portfolio is heavily tilted towards safety and security at the cost of returns. The structural imbalance of allocating more funds to assets with low returns and less allocation of funds with better and stable returns needs to be corrected.

6.3.2) Need to create financial awareness
The financial literacy index is weak for all categories. This calls for launching the program of financial awareness or financial education program. The national drive fro financial literacy is already in operation by Securities Exchange Board of India. Through this program free training is given to the participants along with booklets on financial education. For this purpose SEBI has appointed empanelled resource persons on financial literacy. Every year nearly 15000 programs are being conducted. The teaching and administrative staff needs to be trained through such programs. The premier financial institutes like Reserve Bank of India and Ministry of Corporate Affairs also putting its efforts to spread the financial awareness.

6.3.3) Expanding information
In the era of information communication technology revolution the financial information needs to be provided in regional language. At national level the television channels like Money control, India TV profit , CNBC Awaz and various websites are providing the updates on financial matters. However, this information needs to be provided in regional languages. There is paucity of magazines and journals dedicated to financial matters. The financial information must reach to large sections of society at reasonable cost. The smart phones can act as an important mediator in this task. The apps like My Portfolio developed by Money control and the stock games as available on internet such as Moneybhai are also helpful for this task.
6.3.4) Rural and female focus
The aggregate financial index is not only low but it also exhibits significant inequality. The gap between rural and urban as well as male and female respondents for financial knowledge and application is significant. The special programs designed to rural people as well as for female respondents needs to be planned. The financial matters are difficult to grasp and act. Hence it is necessary to design the structure of such programs where the content reaches to the target group. The use of local information, inclusion of audio visuals in presentation, participatory workshops can help in this respect.

6.3.5) Preparing budget
The surplus of funds available or investment depends on income and expenditure. If the family adopts concept of Family Budget the rate of saving can be increased. Here, everyone in the family plans his expenditure on the basis of priority and avoid or postpone the expenses the savings will increase. This also reduces the need to borrow for minor expenses. The monthly check on expenses can act as effective tool to reduce the expenditure and develop the habit of financial discipline.

6.3.6) Review of portfolio
The portfolio needs to be reviewed at least once in year. The review of portfolio will help to identify which are the assets giving high returns and which are in the red zone. The assets with negative returns needs to be restructured and the future investment in such assets can be stopped. The earlier investment can be redirected for better quality assets. This review helps in attaining the financial goals of the family.

6.3.7) Risk return analysis
The portfolio needs to be evaluated with risk and return analysis. The risk appetite of everyone differs and so the choice of portfolio too. The proper understanding of basic elements of investment such as time value of money, benefits of compounding, real returns and nominal returns etc. In the absence of proper risk return analysis the hard earned savings deplete with inflation in real terms.

6.3.8) Portfolio Management Services:
The portfolio management services (PMS) are available from certified investment advisors. Though these services are available at price it is always
in the interest of investor. The PMS at micro level are not yet in full stream. But the spread of internet and emergence of newly trained class of financial advisors can be used. The total scanning of assets and liabilities and fixing of financial goals is done in the portfolio management service which help in avoiding future financial crisis.

6.3.9) Systematic Investment Planning

The new option available for portfolio management is the facility of Systematic Investment Planning. Systematic Investment Plan (SIP) is a smart financial planning tool that helps you to create wealth, by investing small sums of money every month, over a period of time. The biggest advantage of SIP is that one need not time the market. In timing the market, one can miss the larger rally and may stay out while markets were doing well or may enter at a wrong time when either valuation have peaked or markets are on the verge of declining. Rather than timing the market, investing every month will ensure that one is invested at the high and the low, and make the best out of an opportunity that could be tough to predict in advance. SIPs thus make the volatility in the market work in favour of an investor and help in averaging out the cost called “Rupee Cost Averaging”. For example, with Rs 1000 one can buy 50 units at Rs 20 per unit or 100 units at Rs.10 per unit depending upon whether the market is up or down. Thus, more units are purchased when a scheme’s NAV is low and fewer units when the NAV is high. Hence, when the two cases are taken together, cost is averaged out. The longer the time-frame, the larger are the benefits of averaging. SIPs also help in availing benefits of compounding. This means the earlier one starts an SIP and longer the investment horizon, the larger the benefits. The reason being, each rupee one invests earns a return, which ends up as more rupees to earn a return, allowing investment to grow at a fast pace. Higher rates of return or longer investment time periods increase the principal amount in geometric proportions. This is the single most important reason for investors to start investing early and keep on investing on a regular basis to achieve the long-term financial goals.

6.3.10) Financial Planning

It is the universal truth that many people often have infinite financial goals with limited income. They don’t know where to start from for achieving these
goals and which path to follow. The financial need of buying a home, a car, children’s education, their marriage, travelling abroad for leisure, retirement, amongst host of others needs financial planning. The first step in financial planning is Assessing Risk Profile and assessing Contingency Requirement. After this careful assessment of insurance policies, existing liabilities and flow of cash is analysed. Finally financial plan is prepared and implemented. This kind of exercise is rarely done at present and so we strongly suggest to adopt financial planning.

6.3.11) Retirement planning

Retirement planning, in a financial context, refers to the allocation of savings or revenue for retirement. The goal of retirement planning is to achieve financial independence. The process of retirement planning aims to assess readiness-to-retire given a desired retirement age and lifestyle, i.e., whether one has enough money to retire. It also identify actions to improve readiness-to-retire and encourage saving practices. In this respect it is observed that short term financial needs override the long term goals. The new policies related to pension are basically market oriented in nature and the support from government is progressively reduced. It is high time that proper retirement planning is as essential as buying a house.

6.3.12) Adequate Insurance

The respondents approach towards insurance shows that they were considering insurance as investment product rather than risk cover. This has lead them to get inadequate insurance cover with high cost. A life insurance policy is meant for take care of the family's well-being in a case of loss of bread earner. The ideal figure, for such risk is at least 10 times the annual salary. This will give the family a cushion of ten years to adjust to the new financial reality. It is better to buy a term insurance policy as soon as one can. Sufficient cover in terms of health insurance, property insurance, and disability insurance is a must.

6.3.13) Avoid Procrastination

The most common trait observed in the investor is the procrastination. It leads to lose time value of money and power of compounding both. Let's look at the cost of delay: Mr. A is 25 and invests Rs. 5,000 per month. He is investing into equity mutual funds and will likely earn about 15% per annum over the
next 25 years, until he turns 50. Mr. B is 35, and invests Rs. 15,000 per month. He is also investing into equity mutual funds and expects the same rate of return for the remaining 15 years, until he turns 50. Mr. A achieves a corpus of Rs. 1.62 crores. Mr. B achieves a corpus of Rs. 1 crore. The solution is simple. You want to be an investor as early as possible, even if the amount is small. You must save, invest, and save some more and invest some more, and in doing so, you will build up your wealth.