

A STUDY ON INVESTMENT BEHAVIOUR OF RURAL INVESTORS WITH SPECIAL REFEREMCE TO SIRKALI TALUK.

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Abstract :

One of the most pressing concerns for the economics of the developing world is the need for mobilizing domestic financial resources. Investment means putting our money to work earn more money. Investing even a small amount can produce considerable rewards over the long term. But we need to make decisions of how much to invest and where to invest. To choose wisely, we need to know the investment options thoroughly, and their relative risk exposures. Investment planning is necessary to all individuals to achieve the financial goals. People should plan their investment to fulfill major needs like financial production carrier building asset purchase, marriage children's education, retirement funding etc. Saving is the excess of income over consumption expenditure. Saving are meant to meet contingencies and raise standard of living of individual secures. Domestic savings play an important role in bringing about economic development of backward countries.

KEYWORDS:Investment Behavior,Investment Avenues, Rural investor.

INTRODUCTION:

Little drops of water make a mighty ocean is an old saying. It means a lot in the coming pages while dealing with the different aspects of savings pattern. Everyone should know the words of valluvan that there is nothing other than wealth which turns a man of no worth into one of the great worth. No one can thrive in the world without money. Money means currency, coins or cheques or any other forms which are generally acceptable either as a medium of exchange or in the settlement of debts. Valluvan says “ It is not a great

misfortune if one's revenues are limited, provided the expenditure is kept within bounds".

Hence, keeping wealth is an important obligation of every human being to perform.

Saving may be simply defined as, "the excess of income over consumption". In economics, personal saving has been defined as personal disposable income minus personal consumption expenditure. In other words, income that is not consumed by immediately buying goods and services is saved. Other kinds of saving can occur, as with corporate retained earnings (profit minus dividend and tax payments) and a government budget surplus.

Saving and investment are only different aspects of the same phenomenon. If we look at it as the part of his income which he does not consume we call it as saving. If we look at it as the addition to this capital we call it as investment. Every individual's investment is equal to his saving. However, increased saving does not always correspond to increased investment, if savings are stashed in a mattress or otherwise not deposited into a financial intermediary like a bank there is no chance for those savings to be recycled as investment, possibly causing a short-fall of demand rather than to economic growth. This is often called the "paradox of thrift".

The word 'investment' has many interpretations as it means different things to different persons. For a person who has lent money to another, it may be an investment for a return. Similarly, if a person purchases shares of a company, bullion or a real estate for the purpose of a price appreciation, it is also an investment for him. Likewise, an insurance plan or a pension plan is an investment to its purchaser. From these illustrations, it is clear that investment is a commitment of funds for earning additional income. In other words, investment is considered the sacrifice of certain present value of money in anticipation of a reward.

In the present day financial markets, investing money has become a very complex task. Most of the investors are unaware of the fact that investing is both an art and a science.

Why should you invest?

Many people wonder: why invest? Well, the reasons for investments are very clear and simple. Investing or investment makes you to prepare for your future. Nobody wants to work their entire life. Investing is one good option that you can secure your future. Well, you can earn money in two ways by working or by having your assets work for you.

One of the main reasons to invest is that if you keep your money with yourself instead of investing it, your money doesn't work for you. You will only have the money that you have saved. You can invest your money and generate more money by earning interest on what you have put away or by buying and selling assets that increase in value.

People may have a different need to invest. Some people may think that keeping their money in the bank pays them a good interest and why should they bother to find other vehicles for investment? But not all people think in this way, there lots of people who invest their money and gain profits out of it. If you dream of earning a huge sum of money for your future, you need to invest now. It is never too late to invest. The earlier you invest the better and easier for you to build your nest egg.

You may find a lot of short, intermediate or long term plans. Keep these plans in you mind when you actually think to start investing. Focus on your investment plans and generate more cash for your future. You have may many reasons to invest.

Statement of the Problem:

Investment related variable include, influence of investment decision, sources of investment, percentage of income invested. Sources of information about investment & preference of

investment, proportion of income invested in various investment, risk preference of women investors, monitoring period, difficulty investors and level of awareness regarding various aspects in investment.

Indian savings market has been expanding over the period and there is a steady increase of household savings. Moreover general profile of investors is changing in tune with time. But they lag in various spheres of investment such as awareness and preference of investment so, an attempt has been made by the researcher to identify the factors influencing investors behavior to evaluate the level of awareness among investors.

Objectives of the Study

The following are the main objectives of the study

- To study the demographic profile of the sample respondents.
- To analyze the various savings schemes available for rural investors.
- To find out the saving and investment pattern of rural investors.
- To offer suitable suggestions to improve the saving and investment.

Methodology:

The present study is based on both primary and secondary data. The primary data have been collected from the respondents with the help of interview schedule. The researcher has used simple random sampling method. The size of sample chosen for the study is 100. The secondary data has been collected from various journals, books, magazines and websites.

PATTERN OF SAVING IN RURAL INDIA:

Regarding the saving pattern in rural India, the situation is far from satisfactory because the vast majority of rural people live in abject poverty. It is futile to expect from the rural poor to generate more saving who find it difficult to make both ends meet. In addition

the poor have propensity to consume equal to unity, rising expectations and the operation of opinion regarding the upward trend in income of rural people in some regions under the impact of biological and technological revolution in agriculture, the principal rural economic activity.

But the situation on the saving front in the rural India continues to be dismal because the rapidly rising prices of consumer goods and agriculture inputs have neutralized the increased money income in the case of the majority of the rural people who find it extremely difficult to carry body and soul together.

Avenues of Investment:

- **Gold:** Gold, the shining yellow metal is one of the most popular investment options. It is considered as a safe haven against all national, political and cultural crises. Traditionally gold has been considered as the most favored currency of the world's population. The value of gold is negatively correlated to shares. When the economy is not stable, the price of gold appreciates. The positive of investing in gold is it improves the consistency of the investments.

Investment in gold can be made in two forms – 1) Physical form 2) Non Physical form. Investment in physical gold is in form of Coins/Bars in addition to the jewellery which every household have. Whereas Non physical form of investment should be in the form of Gold Exchange Traded Fund (A Financial product designed to give an opportunity to the investors to invest in gold without taking the physical custody of the yellow metal). Most of the banks are selling gold coins/bars where one can invest. Many banks and few private organizations also provide the option of gold loans.

- **Silver :**

Silver considered as a poor man's gold is one of the attractive investment option. Normally Gold is preferred over Silver by all investors. The silver market is much smaller in value than the gold market. Silver is a better investment in a bull market. Price of silver is driven by speculation and supply and demand. Silver price is significantly volatile. This is because of lower market liquidity, and demand fluctuations between industrial and store of value uses.

Investment of silver is a good option. Silver often tracks the gold price due to store of value demands, although the ratio can vary. Investment in silver can be made in the form of jewellery or silver coins.

- **Paper Gold :**

The term paper gold means you have a piece of paper acting as a substitute for the physical gold. You don't own the gold. You own a promise to receive physical gold. In plain English, it means you are a creditor of the corporation issuing the paper gold certificate, this subject to counterparty risks. Owning the physical gold has no counterparty risk & is fully under your control.

- **Bonds :**

When you buy bonds, you loan money to government or to a company. Bonds are issued for a set period of time during which interest payments are made to the bondholder. The amount of these payments depends on the interest rate established by the issuer of the bond (the Government or Company) when the bond is issued. This is called a coupon rate. Coupon rates can be fixed or Variable. At the end of the set period of time (called the maturity date), the bond issuer is required to repay the par or face value of the bond (the original loan amount).

- **Debentures:**

Debenture includes debenture stock, bonds and any other securities of company, whether constituting a charge on the assets of the company or not. Debenture are generally issued by the private sector companies as a long term promissory note for raising loan capital. The company promises to pay interest and principle as stipulated.

- **Real Estate :**

Real Estate refers to investment in immovable properties which includes land, buildings, flats etc. Investing in real estate involves the purchase of real estate and selling it for a profit. Basically investment in real estate involves a substantial investment and for a long period of time. Majority of the investors invest in real estate in the form of buying a house. But real estate investment is beyond this and the objective behind the investment is to make profits. Before making a real estate investment, the investor should evaluate the risk appetite and investment amount.

- **Mutual Funds :**

Mutual Fund is an investment trust that collects money from investors having a common financial goal. The collected money is invested in various capital market instruments like shares, debentures and other securities. The income earned through these investments is shared with all the investors. It is considered as the most suitable investment for the common man as it offers both diversity and liquidity at a lower cost along with professional management.

- **Bank Fixed Deposits :**

Fixed Deposit (FD) is a financial instrument where an investment is made for a fixed period of time resulting in a higher rate of interest in return. This is best suited for investors with a low risk appetite and who wants to invest a large sum of money to earn a fixed rate of interest.

- **Public Provident Fund :**

Public Provident Fund (PPF) is a statutory scheme by the Central Government of India. It is one of the instruments suitable for long term investment. PPF scheme is for a period of 15 years. The minimum investment required in a PPF account is Rs 500 per year and the maximum investment amount is Rs 70,000 per year. You can take a loan on the PPF account after completion of the third year opening of the account. Partial withdrawal is also applicable after 4 year's completion of account opening.

- **Stock Market:**

Stock Market is one of the interesting investment options. This is the investment option which offers a very high rate of return coupled with maximum risk. There are many factors which affects a stock price fluctuation so it is extremely difficult to predict the future share prices. The reason is stock market runs on probability. Based on information & analysis, future share prices are predicted but the probability of the share prices reaching the target price is always a 50:50 chance.

- **Antique :**

Investing in antique is quite difficult for an average investor. Antiques are extremely vulnerable to fluctuations in public demand, so they are considered high-risk, speculative investments. There are instances where a painting was sold at an exorbitant price. Antiques have always been a solid investment. In many categories it has outperformed the stock market, but like any investment one can make mistakes without good knowledge

Investing in antiques can be profitable with the added advantage that you can enjoy their beauty while you own them, unlike stocks and shares. In the medium to long term, most good quality art and antiques do appreciate in value.

- **Unit Linked Insurance plan**

Unit Linked Insurance Plans, popularly known as “ULIPs”, it is an investment option provided by Insurance Companies. It is a single contract comprising of insurance cover with an investment benefit. The insurance company allots units to the ULIP investors and the net asset value (NAV) is calculated and declared on a daily basis. An investment in ULIP is divided into two parts – a) Life Cover Premium b) Investment. Premium paid in ULIP, certain portion goes for life cover and the remaining portion goes for investment.

- **Post Office Saving:**

Post office savings Bank is the oldest and the largest banking institution in the country. The money collected through Post Office saving is also utilized as investment towards nation-building by the Government and various State Governments. Small savings Schemes Operated at Post offices in the rural areas contributing to the cause of rural development include Post Office Saving Account Post office Recurring Deposit Account, Post office one, Two, Three and Five Years Time Deposit, Monthly Income Scheme, public Provident Fund, Senior Citizen Savings Scheme and National Savings Certificate. The proposed Post Bank of India will Deliver a host of Value added services(Micro credit, Insurance etc.) to existing 237 million postal Savings bank Customers and will also provide one shop financial services (Savings, Credit, insurance ,Remittance and Pension) to small and medium sized customers.

Table 3.1:

Monthly Saving Amount of the respondents

S.NO	Saving Amount	No. of Respondents	Percentage
1	Below 2000	48	48%
2	Rs.2000 to less than Rs.5000	38	38%
3	Rs.5000 to less than Rs.10000	8	8%
4	above Rs.10000	6	6%
	Total	100	100%

Source: Primary Data

It has been seen from the above analysis that 48% of the sample respondents are saving below Rs.2000 only 6% of them saving is above Rs.10000.

Table 3.2:**Reason for saving**

S.NO	Saving Reason	No. of Respondents	Percentage
1	Safe way to keep money	20	20%
2	For future purpose	50	50%
3	Medical emergencies	4	4%
4	Purpose of children education	24	24%
5	Compulsion	2	2%
	Total	100	100%

Source: Primary Data

It is concluded that the majority of respondents 50% prefer for future purpose of the reason for saving.

Table 3.3:**List out of the Preference Investment**

S.NO	Investment Scheme	No. of Respondents	Percentage
1	Post office	18	18%
2	Bank deposit	30	30%
3	Modern investment	2	2%
4	Insurance	10	10%
5	Gold & Silver	40	40%
	Total	100	100%

Source: Primary Data

It is concluded that the majority of respondents 40% prefer Gold & Silver investment scheme.

Table 3.4:**Risk Taking Level**

S.NO	Risk Taking Level	No. of Respondents	Percentage
1	High	14	14%
2	Balance	56	56%
3	Low	30	30%
	Total	100	100%

Source : Primary Data

It is concluded that the majority of respondents 56% prefer balance level of risk its most of people rural area so convenient to balance of our life.

Table 3.5:**Investment Awareness**

S.No	Investment Awareness	No. of Respondents	Percentage
1	Yes	32	32%
2	No	68	68%
	Total	100	100%

Source: Primary Data

It is concluded that the majority of respondents 68% not awareness of investment scheme. Its most of the people minimum level of education so no detail of Investment information.

SUGGESTIONS:

- The government agencies must to give an importance to the rural investors.
- The government can offer the various saving and investment scheme to the rural investors.
- The people is concentrate, only post office, banks, insurance, gold and silvers, and other institutions are included and encouraged to people for the savings.
- The government to create awareness and educate rural people in saving and investments.

- To include the rural people to invest in banks.
- The government provide various saving and investment scheme is easily understandable by the rural investors.

CONCLUSIONS :

There is an opportunity for financial institutions and banks to mobilize the income of rural people, which is a greater difficult task. People in rural areas prefer safety and return from their investments and they are having less knowledge in banking and other financial terms. Financial institution can utilize this opportunity by educating the rural people and creating awareness among them on financial services and banking services. Saving and investment habit of rural people includes local chit fund, post office deposit, investment in gold and a very less portion in banks and insurance(LIC) and other small saving. Therefore, the banks, post office and other financial institutions can encourage the rural people for investing and saving of money, as a resource to improve standard of living and economic development of a country.

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