

## A Study on Saving Pattern and Investment Opportunities Awareness at Rural Level

- With reference to Nizamabad District, Telangana State.

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Investor's perceptions and attitudes towards savings and investment avenues are influenced by socio-economic environment. Education, income level, values, customs and beliefs and accessibility to financial services determine the investor's behaviour. Investing money has become a very complex task because of the huge number of savings and investment companies and products offered by them, terms and conditions of investments, and prevalent complex rules and regulations. Most of the investors, particularly rural investors, are found to be unaware about investment avenues and rules and regulations. In spite of remarkable growth of our economy and increasing income levels of people, the pace of savings mobilization is lower in India. Rural savings are not mobilized and invested properly. Investment is an economic activity which creates capital required for various sectors of the economy. So, every earning person should be motivated to save and invest his or her money. Present study attempted to find out the levels of awareness of rural investors about various investment avenues, their preferences, and considerations for investing money. A sample of 200 respondents was selected from four villages from Nizamabad district, Telangana. The major focus of the study is on investigating whether there is a difference between investment awareness levels and educational qualifications of rural investors.

### The Objectives:

- (1) To understand the Investment considerations of Rural Investors
- (2) To examine the investors awareness level and their preferences of Investment
- (3) To compare the Investment behaviour of rural male and female investors

### Scope of the study:

The study is confined to the rural investor residing four villages viz., Nyalkal, Neela, Ankapur, Kandakurthifrom Nizamabad District, and Telangana. The study survey was conducted during 2017 with the help of well structured questionnaire consisting of relevant questions. The focus of the study was on understanding the preferences of rural investors with regard to investment avenues, their educational qualifications and investment awareness level.

### Limitations of the Study

The study was confined to a small sample of Investors from four villages of Nizamabad District, Telangana State.

### Source of Data:

The present study is basically based on primary data and secondary data both. Primary data were collected with the help of well constructed questionnaire and partly interviews. Secondary data were collected from books, research journals. The data analysis tools used were simple percentage, ANOVA and Garret ranking method.

### Sample size:

4 villages were selected for the purpose of study. In all 200 sample respondents (134 male and 66 female) was selected on the basis of convenience sampling as shown below.

**Table1. Distribution of Sample Investors**

Sr.no	Village	Male	Female	Total
1	Nyalkal	29	23	52 (26.00)
2	Neela	19	12	31 (15.67)
3	Ankapur	45	16	61 (30.33)
4	Kandakurthi	41	15	56 (28.00)
		134	66	200 (100)

**Source: Field survey, 2017.**

**Hypothesis of the Study:**

**H01:** There is no significance difference between the awareness of rural male and female investors

**H02:** there is no significance difference between the awareness of rural male and female investors having different educational levels.

**Data Analysis and Interpretation**

In order to understand the awareness level, preferences and prime motive of rural investors, the socio-economic characteristics of sample respondents from the village under study were- education, occupation, age, marital status, income and investment. Education has very important role in creating awareness regarding employment, earning and saving money. Most of the respondents were found sufficient awareness about self help groups, credit cooperatives, banks and other financial institutions.

Age is one of the significant factor influencing investment decisions. Generally, young people start investing money after settling down in their occupations. As they get mature about savings and investment avenues, rate of return, they invest money by selecting suitable avenues.

<b>Education wise distribution</b>	<b>No of respondents</b>	<b>Percentage</b>
Illiterate	6	3.00
Primary	62	31.00
Secondary	60	30.00
Graduation	60	30.00
Post Graduation	12	6.00
<b>Occupation wise distribution</b>		
Agriculture	120	60.00
Business	18	9.00
Agriculture labourer	56	28.00
Service	6	3.00
<b>Age wise distribution</b>		
<25 years	8	4
25-35 years	82	41
35-45 years	46	23
45-55 years	40	20
>55 years	24	12
<b>Marital Status</b>		
Unmarried	32	16.00
Married	168	84.00
<b>Monthly Income</b>		
<Rs 15,000	60	30.00
Rs.25,000 – 35,000	28	14.00
> Rs.35,000	26	13.00
<b>Annual Investment</b>		
<Rs 25,000	60	30.00
Rs 25,000 – 45,000	88	44.00
Rs.45,000 – 65,000	32	16.00
Rs.65,000 – 85,000	14	7.00
> Rs.85,000	6	3.00

**Table 3: Investment awareness responses**

<b>Investment awareness responses</b>	<b>Male respondents</b>	<b>Female respondents</b>	<b>Total</b>
Yes	96 (72.00)	42 (64.00)	138 (69%)
No	38 (28.00)	24 (36.00)	62 (31%)
	134 (100)	66 (100)	200

In order to know about investment awareness level of male and female respondents having different educational level from rural areas under study, the responses depicted in the above tableout of 200 respondents, 69 percent respondents were aware about Investments where as 31 percent respondents were found un aware.

**Educational level and investment awareness of the respondents:**

To test the null (H01) there is no significant difference between the awareness of rural male and female investors and (H02) there is no significant difference between the awareness level of rural male and female investors and their educational levels, tow way ANOVA is applied. The results are depicted in the table 4 and 5.

**Table 4. Educational level and Investment awareness of the Respondents**

Educational level	No.Rural investors having investment awareness		Total respondents
	Male respondents	Female respondents	
Primary	39	16	55
Secondary	28	13	41
Graduation	20	8	28
Post graduation	8	6	14
	96	42	138

Source: Field survey

**Steps for computing ANOVA**

- 1) Correlation factor =  $T^2/n$  =  $(138)^2/8 = 2380$
- 2) SSC (sum squares between columns) =  $(\sum C1)^2/n1 + (\sum C2)^2/n1 - C.F$   
 =  $(96)^2/4 + (42)^2/4 - 2380$   
 =  $2304 + 441 - 2380$   
 = 365
- 3) Degree of Freedom =  $(C-1)$  =  $(2-1) 1$
- 4) MSC (Mean Square between Columns) =  $SSC/C-1$   
 =  $365/1$   
 = 365
- 5) SSR(Sum Square between Rows) =  $(\sum r1)^2/n1 + (\sum r2)^2/n2 + (\sum r3)^2/n3 + (\sum r4)^2/n4) - (C.F)$   
 =  $((55)^2/2 + (41)^2/2 + (28)^2/2 + (14)^2/2) - (2380)$   
 =  $(1512.5 + 840.5 + 392 + 98) - (2380)$   
 =  $2843 - 2380$   
 = 463
- 6) DF (Degree of Freedom) =  $(R-1)$   
 =  $(4-1) = 3$
- 7) MSR ( Mean Square between Rows) =  $SSR/R-1$   
 =  $463/3$   
 = 154.33
- 8) SSE (Sum square between errors) =  $SST - (SSR + SSC)$   
 SST =  $(R1)^2 + (R1)^2 + (R1)^2 + (R1)^2 + (R1)^2 + (R1)^2 + (R1)^2 - (C.F)$   
 SST =  $((39)^2 + (16)^2 + (28)^2 + (13)^2 + (20)^2 + (8)^2 + (8)^2 + (6)^2) - (2380)$

$$\begin{aligned}
 SST &= (1521+256+784+169+400+64+64+36) - (2380) \\
 SST &= 3294 - 2380 \\
 SST &= 914 \\
 SSE &= SST - (SSR+SSC) \\
 SSE &= 914 - (463+365) \\
 SSE &= 914 - 828 \\
 SSE &= 86 \\
 9) \text{ MSE ( Mean Square between Errors)} &= SSE/(C-1) (R-1) \\
 &= 86/ (2-1) (4-1) \\
 &= 86 / 3 \\
 &= 28.67
 \end{aligned}$$

**Table 5. ANOVA**

Sources of variations	Sum squares	Degree of freedom	Mean squares	F c a l v a l u e	F <sub>critical</sub> Vale at 5%
Between columns	365	2-1=1	365/1 = 365	F1=365/28.67=12.73	F1 (1,3) 10.13
Between rows	463	4-1=3	463/3 = 154.33	F2=154.33/28.67=5.38	F2 (3,3) 9.28
Residual error	86	(2-1) (4-1) = 3	86/3 = 28.67		
Total	914	8-1=7			

(1) As shown in the table 5 the calculated value of F1 is 12.73, which is greater than its critical value i.e., 10.13 (for 1 and 3 degrees) as 5% level of significance, hence Null Hypothesis (H<sub>0</sub>1) that there is no significance difference between the awareness level of rural male and female investors, is Rejected. Hence it is inferred that the awareness level of rural male and female investors is not similar.

(2) As depicted in the table 5, the calculated value of F1 is 5.38, which is less than its critical value i.e., 9.28 (for 3 and 3 degrees) at 5% level of Significance, hence null Hypothesis, (H<sub>0</sub>2) that there is no significance difference between the awareness level of rural male and female investors having the different educational qualifications, is accepted. Hence it is concluded that the awareness level or rural male and female investors, having different educational qualifications, is similar.

**Investment avenues preferred by the respondents**

For the purpose of understanding the investment preferences of the respondents ranking method is used. The respondents were asked to give rank wise (I , II , III , IV, V, VI, VII, VIII) responses to the investment avenues viz., shares debentures, bank deposits, gold & jewelleryes, real estate, postal scheme, mutual fund, insurance. The garret score are given in the table 6.

The formula of Garret Ranking is as follows:

$$\text{Percentage position} = 100(R_{ij} - 0.5) / N_j$$

where as R<sub>ij</sub> = Rank given for ith variable (factor) by the jth respondent

N<sub>j</sub>= number of variables (factors) ranked by the respondent.

**Table 6. Garret Score**

*Garret ranking conversion table is used to locate the calculated value and accordingly Garret score is found)*

$100(R_{ij} - 0.5) / N_j$	Calculated Value	Garret Score
100 (1-0.5)/8	6.25	80
100 (2-0.5)/8	18.75	68
100 (3-0.5)/8	31.25	50
100 (4-0.5)/8	43.75	53
100 (5-0.5)/8	56.25	47
100 (6-0.5)/8	68.75	40
100 (7-0.5)/8	81.25	32
100 (8-0.5)/8	93.75	20

Source: compiled on the basis of Garret Table

**Table 7. Investment Avenues, Responses and Ranks.**

S. No	Investment avenues	R a n k w i s e r e s p o n s e s								Total	Garret score	Mean score	Garret rank		
		I	II	III	IV	V	VI	VII	VIII						
1	<b>S h a r e s</b>	1	0	19	20	29	27	16	35	4	4	<b>200</b>	8538	42.69	V I I
2	<b>Debentures</b>	0	6	07	16	36	29	21	38	4	7	<b>200</b>	8023	40.12	V I I I
3	<b>Bank deposits</b>	5	0	45	31	27	19	09	13	0	6	<b>200</b>	11830	59.15	I
4	<b>Gold and jewellery</b>	4	3	39	22	18	21	23	19	1	5	<b>200</b>	10961	54.81	I I
5	<b>Real estate</b>	4	1	26	29	24	17	35	22	0	6	<b>200</b>	10793	53.97	I I I
6	<b>Postal scheme</b>	2	2	30	34	15	23	37	25	1	4	<b>200</b>	9936	49.68	I V
7	<b>Mutual fund</b>	1	1	20	22	21	33	31	28	3	4	<b>200</b>	8820	44.10	V I
8	<b>insurance</b>	1	6	13	26	31	31	27	21	3	5	<b>200</b>	9016	45.08	V

Table 7 depicts the Garret Score, mean scores and Garret ranks. The Investment avenues ranked by the respondents indicated towards investment behaviour of the rural investors. Bank Deposits were given the first rank by the investors. They explained that deposits were safe and liquid. The second rank to gold and jewellery indicated that still yellow metal is popular among rural investors. They perceived that holding gold jewellery is a status symbol and liquid. Further they ranked real estate at third place and postal schemes at fourth place. Insurance was given fifth rank. Mutual funds, shares and debentures were ranked sixth, seventh and eighth ranks respectively which indicate the rural investors did not like to invest in securities.

**Table 8. Awareness about Investment Principles**

Responses	No.of Respondents	Percentage
Aware	192	96.00
Not Aware	08	04.00
Total	200	100.00

**Source:** Field Survey, 2017-18

With regards to the awareness of the respondents about basic principles of investment, 192 respondents said that they are aware about basic principles of investments viz., safety, liquidity, profitability and transparency. Whereas 08 respondents were found un aware about basic principles of investment.

In order to understand the awareness of the respondents about basic principle of investment, they were asked to give their responses by giving ranks to safety, liquidity, high returns and transparency. The responses collected and analyzed with the help of Garret Ranking technique in the following tables—

**Table 9. Garret Score**

$100(R_{ij} - 0.5) / N_j$	Calculated value	Garret Score
100 (1-0.5)/4	12.50	73
100 (2-0.5)/4	37.50	57
100 (3-0.5)/4	62.50	44
100 (4-0.5)/4	87.50	28

**Table 10. Investment Principles, Garret Score and Garret Ranks**

Investment principles	No.of Respondents				Total	Garret Score	Mean Score	Garret Rank
	I	II	III	IV				
Liquidity	52	50	35	55	192	9726	50.66	II
Safety	56	63	61	12	192	10699	55.72	I
High returns	38	52	31	71	192	9090	47.34	IV
Transparency	44	29	63	56	192	9205	47.94	III

They have given first rank to safety, second to liquidity third to transparency and it was interesting to note that the respondents ranked high returns on the fourth position.

### Conclusion

The first rank given by majority of the investors under the study supports that rural investors trust more in government banks offerings. It was also revealed that gold and jewellery was the second preference. The third preference is given to the real estate and postal scheme at fourth. Insurance was given fifth rank by the respondents. As per the estimation, insurance cover in rural area is hardly 15 percent because or lower reach out of insurance companies. Mostly life insurance policies are preferred by salaried and business persons. Mutual funds, shares, Debentures were ranked sixth, seventh and eighth ranks respectively, which indicates rural investors did not like to invest in securities.

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