

A Study On Savings And Investment Habits Of Rural People

(With Special Reference To Palladam Taluk)

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Abstract- Government saves money when they run a budget in surplus likewise, rural people saves money when they get profit from their business. Saving constitutes the basis for investment, capital formation, growth and development of country. The main objective of this analysis is to determine the economic factors influencing savings and investment of rural people. Primary data and Secondary data is used for this study. Primary data is collected through Questionnaire and Secondary data is collected previous research studies, Internet, Publication & articles in journal. For a better understanding of the analysis the findings are interpreted in tables. This analysis consist interpretation, findings and suggestions to assists rural people about savings and investment.

Keywords- Saving and Investment, Percentage analysis, Likert scale analysis and Ranking analysis.

I. INTRODUCTION

Savings is one of the most important things for development of rural people. Saving of money refers to income over expenses.

“Savings = Income – Expenses”

Saving can be defined as the income which cannot be spent on current consumption, saving behaviour of rural people is always changing and it depends upon many factors like income, education, culture, inflation, occupation, and awareness level.

They earn money from small & medium scale enterprises, like getting rent from rooms etc., Saving is money reserved for future needs, whereas for some other it is purchase of land, construction of building, etc., The most of population has no experience of modern saving as livestock, stockpiles of gold, grains, goods, jewellery etc.,

Thus, this study tried to examine major determinants of saving behaviour of rural area people in palladam Taluk.

Investment refers to the process of investing funds in capital assets with a view to generate returns. Investment is made to provide returns and help in capital formation. When Risk of investment is high then comparatively returns is also high.

Investment is the act of investing money or capital in order to gain profitable return as interest or appreciation in value. The main objective of investment is earning profit, security, appreciation, income stability.

There are variety of investment where rural people like to invest, they are as follows:

- gold,
- real estate,
- post services,
- mutual funds and so on.

II. STATEMENT OF THE PROBLEM

The financial situation and behavior of Rural people has significant influence on the stability of the financial system and economic growth of the country. The Rural people saving behavior always change because of their educational level, lifestyle and occupation. There is a lack of financial planning among rural people. They are not aware of financial assets like; shares and bonds. Rural people get income mainly from Agricultural activities but, moreover it is a seasonal income so saving from agricultural income is very rare. Against this background the study has been conducted to know the saving and investment behavior of rural people.

III. SCOPE OF THE STUDY

The study focuses on the saving and investment behavior of rural people. The aim of the study is to analyze the

financial needs in the area of savings and Investment. The study aims to explore the factors influencing the rural people in keeping them away from formal source of savings and Investment.

IV. OBJECTIVES OF THE STUDY

- To know the saving and investment pattern of rural people.
- To analyse their attitude towards saving and investment.
- To identify the economic factors influencing savings and investment of rural people.
- To evaluate the choice and saving preference of the rural people.

V. RESEARCH METHODOLOGY

SOURCES OF DATA

The study includes both primary and secondary data.

- Primary data have been collected from the target respondents through structured questionnaire.
- Secondary data have been collected from different sources such as Journals, Internet and Websites.

AREA OF THE STUDY

Study is conducted in Palladamtaluk, Tirupur district only.

SAMPLE SIZE

The sample size taken for the study was 120 respondents.

TOOLS & TECHNIQUES

The statistical tools used for analysis of the study are,

- 1.Simple Percentage method
- 2.Likert scale method
- 3.Ranking method

VI. LIMITATION OF THE STUDY

- The study is Geographically limited to only Palladam taluk.
- The study doesn't cover Urban people.
- The study is based on the information given by respondents, the accuracy of the result depends on their personal opinion.

- This study is discuss only about saving and investment habit of rural people.

VII. REVIEW OF LITERATURE

H.S.Umesh(2019),“Saving and Investment behaviour of Rural Households” the study discusses about the rural household saving is very essential as it provides investment for government & corporate sector and it increases the GDP growth that leads to increase the household income and savings rate. The main objective of this study is to know the demographic profile of rural household. This study is conducted by adopting convenience non probability sampling method. The study is concluded with the government should take measures to provide financial awareness in rural area.

P.Girijaand R.Kalaivani (2018), “The study on saving habit of rural women’s with special reference to Pollachi” In this study they have explained how the attitude of individuals and families towards money and saving pattern of them. The objective of this study is to examine the factors influenced by the saving. The sample size of this study was 500. They concluded with finding inferred the majority of 45% people are aware about saving habit in rural area.

S.Pavithra(2018), “A Study on Savings and Investment Pattern of Salaried Women in Coimbatore District” Women’s role which was confined to Domestic areas has no switched over to the other areas where she is computing with her male counterpart. The main objective of this study is to identify the reason of preferring investment. The data were analysed by using Simple frequency and Friedman rank test techniques. This research is conducted to the salaried women’s investment.

VIII. ANALYSIS & INTERPRETATION

The collected data were grouped, edited, tabulated in a master table and analysed using the following statistical tools.

- Simple Percentage Analysis
- Likert Scale Analysis
- Rank Analysis

TABLE SHOWING LEVEL OF SATISFACTION OF RESPONDENTS IN INVESTMENT OF BANK DEPOSITS

FACTORS	NO. OF RESPONDENTS	LIKERT SCALE	TOTAL SCORE (Fx)
Highly satisfied	42	5	210
Satisfied	45	4	180
Neutral	29	3	87
Dissatisfied	1	2	2
Highly dissatisfied	3	1	3
TOTAL	120	15	482

(Source: Primary Data)

FORMULA:

$$\begin{aligned} \text{Likert scale} &= \frac{\sum(fx)}{\text{Total number respondents}} \\ &= \frac{482}{120} \\ &= 4.00 \end{aligned}$$

INTERPRETATION:

Likert scale value is 4.00, its greater than the mid value (3). Hence the majority of the respondents are satisfied in investing of bank deposits.

TABLE SHOWING LEVEL OF SATISFACTION OF RESPONDENTS IN INVESTMENT OF GOLD

FACTORS	NO. OF RESPONDENTS	LIKERT SCALE	TOTAL SCORE (Fx)
Highly satisfied	12	5	65
Satisfied	52	4	208
Neutral	21	3	63
Dissatisfied	19	2	38
Highly dissatisfied	15	1	15
TOTAL	120	15	389

(Source: Primary Data)

FORMULA:

$$\begin{aligned} \text{Likert scale} &= \frac{\sum(fx)}{\text{Total number respondents}} \\ &= \frac{389}{120} \\ &= 3.25 \end{aligned}$$

INTERPRETATION:

Likert scale value is 3.25. Hence the majority of the respondents are neutral in investment of gold.

TABLE SHOWING LEVEL OF SATISFACTION OF RESPONDENTS IN INVESTMENT OF REAL ESTATE

FACTORS	NO. OF RESPONDENTS	LIKERT SCALE	TOTAL SCORE (Fx)
Highly satisfied	10	5	50
Satisfied	31	4	124
Neutral	52	3	156
Dissatisfied	16	2	32
Highly dissatisfied	11	1	11
TOTAL	120	15	373

(Source: Primary Data)

FORMULA:

$$\begin{aligned} \text{Likert scale} &= \frac{\sum(fx)}{\text{Total number respondents}} \\ &= \frac{373}{120} \\ &= 3.10 \end{aligned}$$

INTERPRETATION:

Likert scale value is 3.10. Hence the majority of the respondents are moderate in investment of real estate.

TABLE SHOWING LEVEL OF SATISFACTION OF RESPONDENTS IN INVESTMENT OF MUTUAL FUNDS

FACTORS	NO. OF RESPONDENTS	LIKERT SCALE	TOTAL SCORE (Fx)
Highly satisfied	10	5	50
Satisfied	53	4	212
Neutral	37	3	111
Dissatisfied	17	2	34
Highly dissatisfied	3	1	3
TOTAL	120	15	410

(Source: Primary data)

FORMULA:

$$\begin{aligned} \text{Likert scale} &= \frac{\sum(fx)}{\text{Total number respondents}} \\ &= \frac{410}{120} \\ &= 3.42 \end{aligned}$$

INTERPRETATION:

Likert scale value is 3.42 is greater than mid value (3). The majority of the respondents are satisfied in investment of Mutual funds.

TABLE SHOWING THE RANK ANALYSIS OF FACTORS INFLUENCING INVESTMENT

FACTORS	I	II	III	IV	V	TOTAL SCORE	FINAL RANK
Growth	14(5)	21(4)	28(3)	10(2)	17(1)	275	III
Return	18(5)	15(4)	12(3)	14(2)	31(1)	245	V
Low risk	25(5)	13(4)	24(3)	11(2)	17(1)	288	I
Tax benefit	18(5)	16(4)	10(3)	26(2)	20(1)	256	IV
Liquidity	15(5)	25(4)	16(3)	29(2)	5(1)	286	II

(Source: Primary Data)

INTERPRETATION:

The above table reveals that rank analysis of best investment influencing factor had the first rank under Low Risk and the last rank under Return.

Majority of best investment influencing factor of the respondents had given first preference under the Low Risk.

IX. FINDINGS

SIMPLE PERCENTAGE ANALYSIS

- Majority 57% of the respondents are coming under the category of male
- Majority 33% of the respondents are coming under the age group of 31 years – 40 years
- Majority 35% of the respondents are coming under the group of graduate
- Majority 40% of the respondents get investment information from friends & relatives
- Majority 42% of the respondents invest below 10% from their income
- Majority 44% of the respondents invest their savings for wealth creation
- Majority 40% of the respondents had invest their savings in Gold & Real estate
- Majority 49% of the respondents gives priority to 1-5 years investment
- Majority 47% of the respondents take advice of the friends & relatives
- Majority 42% of the respondents get more than adequate information about investment.

LIKERT SCALE ANALYSIS

- Likert scale value is 4.0. so, the respondents are satisfied in making investment in Bank deposit.
- Likert scale value is 3.25. so, the respondents are neutral in investing on gold.
- Likert scale value is 3.10. so, the respondents are moderate in investing on real estate.
- Likert scale value is 3.42. so, the respondents are satisfied in making investment on Mutual funds.

RANK ANALYSIS

- According to the source collected the first preference of factor influencing investment is Low Risk.

X. SUGGESTIONS

- Rather than considering low risk as the important factor for investment, they may also consider other factors.
- There are various platforms for making investment with low risk like, bank deposit. so, the investors can choose other platforms rather than investing in gold and real estate.
- Rural people can take decision with the help of financial advisor instead of consulting their friends and relatives for making investment.

XI. CONCLUSION

The present study was undertaken with the objective to analysis the rural people's savings and investment preference. Selection of a perfect saving way and investment avenue is a difficult task to rural people. This report concentrated to identifying the needs of present and future investors, investors preference towards various investment avenues are identified based on their income. The respondents give priority towards low risk as the most influencing factor to invest their savings. This study is based on primary sources of data which are collected by distribution of questionnaire. The data has analysed using percentage, likert scale and Rank analysis. The respondents had chosen the best savings and investment instrument as their preference towards gold & real estate and friends & relatives as their source of the awareness for the various schemes of investment.

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