

A Study on Rural Investors Awareness and Perception on Savings and Investment Avenues: A Review of Literature

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Abstract - The diversification of the financial services sector has provided the individual investor with a wide range of opportunities to invest. Savings are the mantras that any investment advisor will recite. Savings are the difference between the amount investor earns and the amount investor spends. One reason could be that there are certain materials goals that they want to save for. Indian investor's Behavior has been changing drastically in the post-economic reforms era in investment activity, preferences in selecting various financial instruments, evaluating and in analyzing the investment avenues. In this paper the diverse literature available worldwide on individual investor behavior has been explored. Its main objective is to understand individual investor behavior. In order to review the literature, research papers have been collected from various referred journals related to individual investors' behavior. There are lots of investment alternatives where investor can invest such as Gold, silver, real estate, bank deposits, PPF, shares, derivatives, etc. For studying the savings and investment patterns of an individual it is very importer for the researchers to figure out the settlement area of the individual because the area where he resides determines the social and economic surroundings.

Index Terms - Investment, Investment behavior, rural investor, investment pattern and financial market Socio-economic factors, Savings and Investment, Investment decisions, Investors' awareness level.

I. INTRODUCTION

In India Rural Investors have lot of Investment avenues to invest their savings. The risk and returns involved in each of these Invest avenues differ from one to another. The Investors are ready to invest after evaluating the main features of investment such as security of Principal amount, liquidity, income stability, easy transferability etc. Shares, FD, gold, silver, life insurance and postal savings are the main investment avenues of Rural Investors

The principal objective of the study

To understand the investment considerations of rural investors.

II. THE REVIEW OF LITERATURE

Abhaykumar Gasti(2017) The present research states many avenues of investments available for investors to invest their savings in the presents scenario of market but these avenues have econ centrated more on urban areas. In view of this, the rural investors are not coming forward to invest their savings due to lack of knowledge to manage their investment portfolio to maximize their return and to minimize risk. Education through various awareness schemes and entry of institutional agencies to rural area can help the rural folk to improve their financial health and standard of livings. Therefore, the Government and nongovernmental agencies should take care in bringing awareness and educating the rural population to save some portion of their earnings and invest judiciously.

S. Amsaveni, S. Vasantha(2018) The present research focused Majority of the investors concentrate in investing their savings for their children's marriage, education, etc. and so they prefer to invest in banks and post offices. If they were aware of shares and mutual funds which give greater return in long term they would invest in these kinds of investment patterns. If rural investors started to invest in shares and mutual funds the growth of productive sectors will increase which leads to the development of our economy.

Abhishek Sachan¹, Pawan Kumar Chugan² (2020) Availability bias suggests that investors give more weight to the information which is easily recallable, although the information may be wrong, or the weight assigned to the information may be incorrect. The

results suggest that availability bias has strong presence among Indian investors, but it is stronger in rural regions. Wealth managers may take cues from this study that about 78% of their prospective or current investors have availability bias and may require respective counseling and correction efforts. Government agencies may also use this input for investor awareness, by making available events and examples to facilitate correct decision making by investors. Regulatory authorities may on the other hand monitor and check that information which may distort availability heuristics of investors.

Dr. T. Ravindra Reddy(2020) The study reveals that majority of investors are male investors. Since the economic independence is very low in females and they have less participation in the investment decisions. The investors those who belong to the age level of 31-40, they invested more and then below 30 years people. The rural investors are more seeking for Interest and other reasons of education and marriage of Children. More number of rural investors chooses the Security of original Capital. The analysis indicates that the rate of return and risk and uncertainty plays an important role in the evaluation of investment opportunities. It is found that majority of investors are quite unaware of corporate investment avenues like equity shares and preference shares, mutual funds, corporate securities and deposits and they are highly aware about traditional investments avenues like Bank deposits, Small Saving Schemes, Insurance and Bullion.

Hari Sundar G. Prashob Jacob(2009) The study found that for India Post, there is no alternative than to leverage its infrastructure, trust, and related services into a much larger role e-commerce and e-government. To be successful in competition with other (Private competitors, it must be ready to offer high-quality IT-related services. More awareness must be created among the people about the schemes introduced and the reach of the schemes must be checked. This will also represent a significant growth opportunity for India Post beyond its current business base. Technology will continue to remain a key driver of its business practices across the country. Its postal value proposition will be stronger with appropriate institutional structure and partnerships with technology companies.

Dr.Yathish Kumar(2019) The above study it may conclude that the investment behavior of one class of

people is different from another class of people, it may be in the form of risk perception level, awareness of various investment. Bank deposits are the one of the preferred investment avenues of all class of people. This point states that in India still people are depending on traditional investment avenues. Knowledge is the key power to invest in stock market, therefore by conducting several Investors' awareness programs can remove fear in the minds of potential investors.

Dr.S.Ramji(2019) This research will help to promote the saving habits of the rural people; it will create the financial stability of everyone individual customer strength. Bank saving is the one of the important way to mobilize the fund in correct way and it is helpful for both customer and country. Generally rural people are not aware about the importance of savings, due to this issue they have facing many problems in their life. Some people are suffered by some fraudulent finance and chit fund companies for the expectation of more interest. In this regard this research will reshape their behavior to promote the saving habit.

Dr.K.Srinivasan, 1Mrs.R.Nirmala, 2 Mr.K. Venkatesan, (2020) It is found from the empirical research that in Thiruvannamalai District the households, are highly meticulous for their futuristic investment. They always plan for the future and they concentrate on maximum returns within the short duration of time. They never table right in their investment. As far as the behavior of regiments are covered they have only moderate awareness on sound investment avenues, and they prefer the average with an assumed investment with one handed present risks free investments. They are moderate in taking their dynamic decision making and highly satisfied with their investment . It is concluded from the research that the demographic background of households in Thiruvannamalai District plays a very important vital role to decide their futuristic financial planning and the their behavior. There is no erratic behavior of both made and fascinate investors in investing their money for their future benefits.

Jayanthi, M.* | Rau, S.S.(2019) The research found that demographic variables are highly positively related towards the financial literacy. We have found that Education and marital status are positive predictors of respondents financial literacy. A higher level of education leads to good in financial literacy [24]. Also, family size and type of family is positively

related to financial literacy. This confirms findings of previous study by Agarwalla [21]. This means that one critical source of information and education on the financial issue for the rural respondents is family. However, Age, Gender, occupation, and Dependent family members were all not significantly correlated with financial literacy. The findings showed that male and female rural household respondents demonstrate an equal level of financial literacy.

Vishnu Prasad, Anand Sahasranaman, Santadarshan Sadhu, Rachit Khaitan (2019) The above study find that almost the entire asset portfolio (93%) of the average rural household in our sample is composed of two assets - housing and jewellery. Furthermore, three assets- land, livestock and jewellery (gold) - constitute the suite of investment assets available to these households. Depending on the proportion of these assets in the portfolio, rural households earn a level of return ranging from 6.86% (salaried-agriculture households) to 14.62% (labour-only households) at levels of risk ranging from 5.48% to 18.60%. A comparison with a hypothetical portfolio composed of a limited suite of six financial assets reveals that there are large and significant efficiency losses for rural households as a result of their exclusion from the formal financial system. Our estimates reveal that households could earn a significantly higher level of return, ranging from 10.05% (salaried-agriculture households) to 16.64% (labour-only households) at the same level of risk that they presently hold. The efficiency frontier of the portfolio of financial assets completely dominates the frontier of physical assets. On the introduction of an additional long-term pensions product (investment in which is equated to 20% of the households' total assets), households earn a level of return that is higher compared to both the limited suite of financial assets and the initial portfolio of physical assets.

Jain Priyanka^{1*} and Tripathi L.K.²(2019) From the review of the literature given in table researchers found the investors irrational in taking decisions regarding investments. There are various factors identified which influence their decisions to save and invest. There are various demographic factors like age, income, marital status, educational qualification which govern the investment pattern of the individual investors. The factors which affect the investor while making investments vary with the area of the study. The risk bearing capacity, liquidity preferences,

investment experience, lifestyle, level of confidence was the major propounded affecting factors of investments. Firm's position and performance, investment return and economic condition, diversification and loss minimization, third party opinion, the goodwill of the firm and accounting information, perception towards firm environmental factors,

Dr. R. VENKATESAN(2019) The above study states that Investors are generally high awareness about their investment and satisfaction of mutual funds. Investors are expecting moderately accepting risk and highly expecting returns from their mutual fund investments. The results shows investors invest their funds in equity and debt fund equally. The study finds investors made investment for the purpose of savings for future, expecting high returns and safety. The study reveals that most the investors are small investor; they made investment less than a lakh rupee per year. Most of the investors preferred banking channel for buying mutual funds and direct approach. Investors are highly aware about financial literacy through media, friends and other family circle. No doubt, Banking channels are positive effect on mutual fund investor literacy (Alexander et al., 2001). Investment portfolio and fund characters differs investors (Bailey et al., 2011). Comparative financial portfolio performance will helpful for good decision making for best investment (Prabhavathi & Kishore, 2013)

1Prashant Kumar, 2Dr. Sanjeet Kumar(2019) The present research focused on various previous empirical studies on investment behavior of women which suggest the suitable investment strategies for the women investors because a thoughtful investment decision in stock market is essential for growth and development of an economy. The analysis of previous studies will help the future researchers in accurately measuring the behavior of investors about the investment options and the need of investors.

III. CONCLUSION

When people possess enough knowledge on financial services they will become financially literate, they are more likely to explore the products and services offered by banks and use them for their benefits. This accelerates the pace of financial inclusion, where everyone can access the basic banking facilities rather than relying on the orthodox systems of money market

like borrowing from money lenders. This not investors concentrate in investing their savings for their children's marriage, education, etc. and so they prefer to invest in banks and post offices. If they were aware of shares and mutual funds which give greater return f the people but also helps to generate the economic growth engine towards Economic development.

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