



# A STUDY ON INVESTMENT BEHAVIOUR OF RURAL INVESTORS IN TIRUVANNAMALAI DISTRICT

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## 1. INTRODUCTION

Investment is very significant component of economy of all the nations across the world. Individuals are investing their money in various investment avenues and it is improving financial statuses of them. Investment is highly contributing to personal and economic growth of nation (Murithi et al 2012). Investment is putting money with the objective of getting additional benefits or growth of its values in future (Nayaki, 2013). It is the act of saving money or shifting existing consumption for attaining benefits in the future periods and it is a future rewarding activity. Investment is the activity that involves in purchasing of financial products with an anticipation of higher future gains (Kaur and Singh, 2018).

In India, there are various investment avenues available to individuals to make their investments and they are having varying degree of risk and liquidity. Individuals are making investment among alternatives based on their personal, family and social needs (Lebbe and Rauf, 2014). Investment behaviour of individuals is not simple process but complex in nature. Investment behaviour is the behaviour of individuals to get information, analyze, assess, and anticipate future incomes and risk for making investments that are diverse in nature (Parimalakanthi and Kumar, 2015). Investment behaviour of individuals exhibits how they allocate their surplus money in to different investment instruments and it includes reasons for investments, amount invested and duration of investment and financial objectives (Wadhwa et al 2019). Hence, it is necessary to study investment behaviour of rural investors.

## 2. REVIEW OF RELATED LITERATURE

Mohanta and Debasish (2011) found that investors were making their investment decision based on returns, risk, regular return, safety and other benefits.

Chaturvedi and Khare (2012) concluded that investors analyzed information from various sources and investment avenues and made investments in high return and low risk investment avenues.

Prakash and Sunder (2013) revealed that most of investors made investment on saving schemes, gold, real estate and deposits on banks and they also made investment based on risk, diversification, returns, liquidity and reliability.

Uma Maheswari and Ashok Kumar (2014) indicated that major proportion of investors invested in the form of fixed deposit in banks then by gold, equity shares and insurance because of liquidity and degree of safety.

Selvi (2015) showed that investors selected high return and safe investment avenues and they choose deposits in banks, insurance, gold and post office savings and they did not want to invest in shares and mutual funds.

Shukla (2016) found that investors made investments on fixed deposits, post office savings, gold, silver and real estate and they made investments after discussion with their friends and family and advisory services.

Mak and Ip (2017) concluded that significant difference was there in investment behaviour of individuals and psychological, demographical and sociological features were predating their investment behaviour.

Sarkar and Sahu (2018) revealed that investors were moderately aware investment avenues and they made investments based on awareness, returns, risk and attitude towards investment.

Dewan et al (2019) indicated that individual investors made their investment mainly on the basis of condition of companies, market and risk and return aspects and they discussed with their family members and friends before making investments.

Madaan and Singh (2020) showed that individual investors made investments according to their objectives, attitude, knowledge, risk and return level and recommendation of friends and family members.

## 3. OBJECTIVES OF THE STUDY

- i) To examine investment behaviour of rural investors.
- ii) To find difference amid investment behaviour of rural investors and their demographics.
- iii) To study relation amid investment behaviour of rural investors and their satisfaction.

## 4. HYPOTHESES OF THE STUDY

- i) There is no significant difference amid investment behaviour of rural investors and their demographics.
- ii) There is no significant relation amid investment behaviour of rural investors and their satisfaction.

## 5. METHODOLOGY

Tiruvannamalai district is chosen for present study. Random sampling method is employed to select rural investors. Data are gathered from 250 rural investors by using structured questionnaire. Demographics of rural investors are examined through percentages. Investment behaviour of rural investors is studied by using mean and standard deviation. Difference amid investment behaviour of rural investors and their demographics is analyzed by applying t-test and ANOVA test. Relation amid investment behaviour of rural investors and their satisfaction is studied by applying simple correlation analysis.

## 6. RESULTS

### 6.1 DEMOGRAPHICS OF RURAL INVESTORS

The demographics of rural investors are disclosed in Table-1. The results reveal that 52.40 per cent of them are males and 30.80 per cent of them are belonging to 41 – 50 years of age group. The results further show that 36.80 per cent of them are under graduates, 33.20 per cent of them are having an annual income of Rs.3,00,001 – Rs.4,00,000 and 87.60 per cent of them are married.

**Table-1. Demographics of Rural Investors**

Demographics	Number	%
<b>Gender</b>		
Male	131	52.40
Female	119	47.60
<b>Age</b>		
21 – 30 years	54	21.60
31 – 40 years	67	26.80
41 – 50 years	77	30.80
51 – 60 years	52	20.80
<b>Education</b>		
Higher Secondary	24	9.60
Diploma	49	19.60
Under Graduation	92	36.80
Post Graduation	85	34.00
<b>Annual Income</b>		
Rs.2,00,001 – Rs.3,00,000	57	22.80
Rs.3,00,001 – Rs.4,00,000	83	33.20
Rs.4,00,001 – Rs.5,00,000	72	28.80
Rs.5,00,001 – Rs.6,00,000	38	15.20
<b>Marital Status</b>		
Married	219	87.60
Unmarried	31	12.40

## 6.2. INVESTMENT BEHAVIOUR OF RURAL INVESTORS

The investment behaviour of rural investors is disclosed in Table-2.

**Table-2. Investment Behaviour of Rural Investors**

Investment Behaviour	Mean	Standard Deviation
I am looking in to different options for my investment	3.90	0.83
I am continuously watching performance of my investment	3.32	1.11
I am depending on intermediaries for doing my investment	3.80	0.92
I am discussing with my friends and family before making investment	3.84	0.90
I am making investment on the basis of higher returns	3.88	0.86
I am investing in diverse avenues	3.78	0.95
I am investing based on low level of risk	3.73	1.01
I am highly accountable for my investment activities	3.70	1.05
I am equally investing in all investment avenues	3.38	1.08
I am investing to meet family and social needs	3.76	0.98

The rural investors are agreed with they are looking in to different options for their investment, they are depending on intermediaries for doing their investment, they are discussing with their friends and family before making investment, they are making investment on the basis of higher returns, they are investing in diverse avenues, they are investing based on low level of risk, they are highly accountable for their investment activities and they are investing to meet family and social needs, while, they are neutral with they are am continuously watching performance of their investment and they are equally investing in all investment avenues.

### 6.3. INVESTMENT BEHAVIOUR OF RURAL INVESTORS AND THEIR DEMOGRAPHICS

The relation amid investment behaviour of rural investors and their demographics is disclosed below as.

#### 6.3.1. Gender and Investment Behaviour

The relation amid gender of rural investors and their investment behaviour is disclosed in Table-3.

**Table-3. Gender and Investment Behaviour**

Gender	Number	Mean	Standard Deviation	t-Value	Significance
Male	131	39.42	3.26	4.127**	.000
Female	119	36.78	4.14		

\*\* Significant in 1% level

Mean value of investment behaviour for male and female rural investors are 39.42 and 36.78 in succession and it elucidates that investment behaviour of male rural investors is better as compared to female rural investors.

The t-value is 4.127 and it demonstrates that significant difference is there amid gender of rural investors and their investment behaviour.

#### 6.3.2. Age and Investment Behaviour

The relation amid age of rural investors and their investment behaviour is disclosed in Table-4.

**Table-4. Age and Investment Behaviour**

Age	Number	Mean	Standard Deviation	F-Value	Significance
21 – 30 years	54	35.30	4.68	4.758**	.000
31 – 40 years	67	36.82	4.13		
41 – 50 years	77	39.78	3.52		
51 – 60 years	52	37.21	3.96		

\*\* Significant in 1% level

Mean value of investment behaviour for rural investors belonging to 21 – 30 years, 31 – 40 years, 41 – 50 years and 51 – 60 years of age are 35.30, 36.82, 39.78 and 37.21 in succession and it elucidates that investment behaviour of rural investors belonging to 41 – 50 years of age is better as compared to others.

The F-value is 4.758 and it demonstrates that significant difference is there amid age of rural investors and their investment behaviour.

### 6.3.3. Education and Investment Behaviour

The relation amid education of rural investors and their investment behaviour is disclosed in Table-5.

**Table-5. Education and Investment Behaviour**

Education	Number	Mean	Standard Deviation	F-Value	Significance
Higher Secondary	24	39.46	3.89	5.103**	.006
Diploma	49	35.92	4.56		
Under Graduation	92	38.49	4.12		
Post Graduation	85	36.94	4.38		

\*\* Significant in 1% level

Mean value of investment behaviour for rural investors having higher secondary, diploma, under graduation and post graduation are 39.46, 35.92, 38.49 and 36.94 in succession and it elucidates that investment behaviour of rural investors having secondary education is better as compared to others.

The F-value is 5.103 and it demonstrates that significant difference is there amid education of rural investors and their investment behaviour.

### 6.3.4. Annual Income and Investment Behaviour

The relation amid annual income of rural investors and their investment behaviour is disclosed in Table-6.

**Table-6. Annual Income and Investment Behaviour**

Annual Income	Number	Mean	Standard Deviation	F-Value	Significance
Rs.2,00,001 – Rs.3,00,000	57	40.30	3.55	6.442**	.000
Rs.3,00,001 – Rs.4,00,000	83	37.49	4.58		
Rs.4,00,001 – Rs.5,00,000	72	38.53	4.04		
Rs.5,00,001 – Rs.6,00,000	38	36.11	4.62		

\*\* Significant in 1% level

Mean value of investment behaviour for rural investors having an annual income of Rs.2,00,001 – Rs.3,00,000, Rs.3,00,001 – Rs.4,00,000, Rs.4,00,001 – Rs.5,00,000 and Rs.5,00,001 – Rs.6,00,000 are 40.30, 37.49, 38.53 and 36.11 in succession and it elucidates that investment behaviour of rural investors having an annual income of Rs.2,00,001 – Rs.3,00,000 is better as compared to others.

The F-value is 6.442 and it demonstrates that significant difference is there amid annual income of rural investors and their investment behaviour.

### 6.3.5. Marital Status and Investment Behaviour

The relation amid marital status of rural investors and their investment behaviour is disclosed in Table-7.

**Table-7. Marital Status and Investment Behaviour**

Marital Status	Number	Mean	Standard Deviation	t-Value	Significance
Married	219	36.91	4.60	3.936**	.000
Unmarried	31	39.29	3.57		

\*\* Significant in 1% level

Mean value of investment behaviour for married and unmarried rural investors are 36.91 and 39.29 in succession and it elucidates that investment behaviour of unmarried rural investors is better as compared to married rural investors.

The t-value is 3.936 and it demonstrates that significant difference is there amid marital status of rural investors and their investment behaviour.

### 6.4. RELATION AMID INVESTMENT BEHAVIOUR OF RURAL INVESTORS AND THEIR SATISFACTION

The correlation analysis is employed to study relation amid investment behaviour of rural investors and their satisfaction and the result is disclosed in Table-8.

**Table-8. Investment Behaviour of Rural Investors and their Satisfaction**

Particulars	Correlation Coefficient
Investment Behaviour of Rural Investors and their Satisfaction	0.54**

\*\* Significant in 1% level

The correlation coefficient amid investment behaviour of rural investors and their satisfaction is 0.54 and it explains that they are positively and moderately related with each other.

## 7. CONCLUSION

The findings of this study explicates that the rural investors are agreed with they are looking in to different options for their investment, they are depending on intermediaries for doing their investment, they are discussing with their friends and family before making investment, they are making investment on the basis of higher returns, they are investing in diverse avenues, they are investing based on low level of risk, they are highly accountable for their investment activities and they are investing to meet family and social needs. Significant difference is there amid investment behaviour of rural investors and their demographics. Investment behaviour of rural investors is significantly, positively and moderately related with their satisfaction. Therefore, rural investors should continuously watch performance of their investment and they must equally invest in all investment avenues with the objective of maximization of benefits.

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