A STUDY ON SAVING AND INVESTMENT OF RURAL HOUSEHOLDS IN ERODE DISTRICT

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ABSTRACT

Investment is one of the first worries of each and every individual financial backer as their little savings of today are to meet the costs of tomorrow. The savings and investments design by individuals fluctuate from one individual to another and even with same individual during two periods because of contrast in thought processes. The current paper makes sense of various reasons of savings and investment, awareness level and relationship between demographic factors and awareness level among provincial households of Erode.75 samples were utilized to look at the targets of the study. Financial backers have given less significance for their advanced age necessities and surprising possibilities and bank stores actually hold higher need among institutional investments in provincial region are the major findings of the study.

Key words: Investment, savings, rural households

INTRODUCTION

Savings and investment are the critical prerequisites for the development and improvement of an economy. For rustic based country like India, the commitment of provincial individuals as their savings and investments assume a huge part in the Indian Economy.

Savings by and large is one of the significant determinants of monetary turn of events. Savings isn't simple spending. It includes a cognizant decision among present and future fulfillment. There are numerous thought processes that force people to take part in savings particularly to fulfill unanticipated possibilities.

Savings is the piece of pay not spent on current necessities yet rather put away to manage weaknesses later on since it is very difficult to sort out what will happen in the next second. Cash should be saved or placed into liquid asset to oversee unforeseen events or emergency, for instance, infirmities and devastating occasions like regular disasters. Savings expects a significant job in making capital for new pursuits at both limited scope and enormous scope levels. Savings has not solely been portrayed as a fundamental money related and monetary issue yet furthermore contrasted with a critical driving gadget of monetary turn of events and improvement.

Savings is left over when the expense of their buyer use is deducted from how much pay acquired. For the people who are monetarily judicious, how much cash left over after private costs have been met can be positive; for the individuals who will generally depend using a credit card and advances to get by, there is no cash left for savings. The degree to which people save is impacted by their inclinations for future over present utilization, their assumptions for future pay and somewhat by the pace of interest.

The savings rate in a country is a basic pointer of improvement in the economy. Regardless, savings is low in most non-industrial countries where need, joblessness, pace of interest and various parts influence the goal to save. Specialists and experts have thusly seen the requirement for good savings actuation in countries with low savings rate.

Saving propensities for an individual differ and rely on different monetary boundaries that are connected with an individual's reasoning to use his/her pay. The facts really confirm that a few countries experience low pay and saving rate in view of the need and unending circle of dejection of the labor force. Close by low saving rate and the ongoing resource for make assets, countries search for more assist with enjoying FDI. It very well may be difficult to overcome issues of low saving rate except if there is a make progress with in saving propensities for families.

Household saving alludes to the saving done by the families and individuals. The benefits of savings are that it helps individuals against unexpected emergency, asset obtainment, adventure, plan for retirement, reimbursement of commitments, getting or change of homes and their prosperity and guidance. Unquestionably, this is the justification behind weight by virtue of the impact of savings on money related headway and the affirmation that countries experiencing monetary improvement have higher savings of their residents.

SAVING HABITS

Household savings in country zones have every one of the reserves of being an irksome variable to check. They are not continually quantifiable. Saving methodologies are dealt with according to the prerequisite for ensuring a long stretch security of the families. One unquestionable requirement, thusly, separate between the saving capacity of the common organization in genuine cash, kind or tamed creatures, etc. The saving potential other than cash is furthermore considered it should be cleared up whether these savings are adjusted through arrangements or remain as fleeting savings in kind. Since the significance of saving isn't solid in formal and relaxed parts, it is critical to see the value in what rural savings and makes them vary.

Household saving way of behaving is tenaciously changing and it is overseen by different parts like pay, getting ready, culture, enlarging, occupation and care level and the impacts of these portions endlessly out vary from metropolitan to rustic regions. It is of remarkable importance to look at the savings of a typical family unit. According to the 2011 statistics, more than 70% of the complete Indian populaces stay in towns. So ordinary family saving is exceptionally fundamental as it offers government and corporates and it expands the GDP development which prompts expansion in the family unit pay and saving rate.

REVIEW OF LITERATURE

Gupta and Gupta (2012) in their study titled "A Study of customer satisfaction in Special Reference to Services provided by Banks and Post-offices in N.C.R" analysed the customer satisfaction regarding banking services provided by Banks and had an overview of the customer satisfaction regarding banking services provided by post offices. A sample of 204 respondents were selected for the study. To analyze the data, a measurement scale was developed to test the proposed research models. Results concluded that people in post offices gave emphasis on security arrangement and interest paid on deposits. Post offices should focus on conduct of its workers towards clients. Representatives ought to be more agreeable and inviting. With the end goal to pull in more clients post offices should start current saving accounts.

Bhardwaj et al. (2013) analyzed, "Income, Saving and Investment pattern of Employees of Bahra University, Solan". They studied the income, consumption and savings pattern of employees, analyzed pattern of investment, examined in depth the most popular investment avenues, evaluated the awareness level about investment in industrial securities and scanned the preferences and possibilities of new investment avenues as the main objectives. A sample of 50 employees was taken up for the study. For ascertaining information regarding different aspects of the present research problem, an interview schedule was designed. The frequencies for each item was counted and tabulated accordingly. The main findings inferred that majority of the employees (80%) had knowledge about the industrial securities, but only 8% of them invested in it. Thus at last, it could be concluded that most of the employees were aware of investments in securities but they were not investing in it as they considered it as an unsafe investment.

Kothari (2013) in his study titled "A Study on Factors Affecting Individuals Investment towards Life Insurance Policies" explored the various factors influencing individual investment decision in life insurance. The study used a sample of 100 respondents through convenient random sampling method. The tools as KMO (Kaiser-Meyer-Olkin) and Bartlett's test were applied through statistical software SPSS 19 (principal Component with varimax rotation) through which twenty components were reduced to five influential factors. The findings of the study provided the individual perception including service benefits, awareness, risk and returns, tax benefit, influence to purchase the insurance policies.

Abiara and AroSanyin (2014) in their study titled "Determinants of personal saving in Nigeria: A case study of Ilorin metropolis" examined the saving culture; if people save or not, the places of saving and examined the determinants of personal savings in Ilorin metropolis in order to encourage savings by individuals towards national development. A sample of 300 respondents were selected for the study. This

was a descriptive cross-sectional study on the determinants of personal savings among civil servants in Ilorin Metropolis in which quantitative techniques were used and survey method was adopted. The modified logit model and Ordinary Least Square (OLS) was used for analysis. It was concluded that age distribution, income and wealth were directly proportional to personal savings in Ilorin metropolis. The income level and socio-economic variables were positively correlated to the places of saving.

STATEMENT OF THE PROBLEM

The monetary development of our nation essentially relies upon savings particularly in rustic regions. Be that as it may, there is a low pace of savings in rustic regions in light of their saving perspectives and they don't get more information on savings to pick a specific other option.

Working on the saving propensities for the provincial individuals helps in the upliftment of their norm of life. Numerous savings related programs are started by the public authority, yet it is less compelling. It has not contacted every one of the rustic individuals. Once in a while they are not in that frame of mind to pick the best other option. They feel return and wellbeing of savings as their chief goal. They incline toward greatest return with less gambles while picking saving other options. There are numerous provincial saving projects presented by government yet they have not contacted every one individuals in rustic regions. The essential co-employable and agrarian banks need to invest more energy to teach individuals in provincial regions.

SCOPE OF THE STUDY

The review is restricted exclusively to rustic areas of household savings and investment options in LIC, bank stores, post office savings, gold, chits and real estates. Thusly, the scientist felt that the choice of the point would be more helpful to evaluate the effect of the savings in country regions and what the propensities for the provincial individuals meant for the saving options for their requirements and the variables influencing the saving propensities and the issues looked by them.

OBJECTIVES OF THE STUDY

The objectives of the present study are

➢ To draw out the demographic profile of the sample respondents.

➢ To analyze the level of awareness of rural households towards investment opportunities.

➢ To identify the various problems faced by the sample respondents.

METHODOLOGY AND RESEARCH DESIGN

In view of the targets outlined, a concentrate on saving habits and investment sample of provincial households in Erode District, Tamilnadu has been endeavored. The review depends on primary and secondary information.

The examining configuration is figured out with the end goal of assortment of primary information. Dissolve is chosen purposively since it has more country households. They put their savings in various saving roads and it is useful for gathering information. The methodology took in the current review is through configuration, wellsprings of information and structure of examination.

SAMPLING DESIGN

The study is an empirical study, a survey was conducted with the rural households of Erode District. For the present study, the universe comprises of rural households who are making savings in various investment alternatives in Erode district. Multistage sampling technique has been used in the study for collection of data.

SOURCE OF DATA

Data collection enables to formulate and test the assumption about the process and develop information that will lead to improvement of the key characteristics of the product or service. The primary information have been gathered from the respondents by taking the techniques by interview schedules. To inspire the necessary data, a very much organized interview plan has been planned with reasonable inquiries. The meeting plan has been arranged in a basic and effectively reasonable manner in order to empower the respondents to offer their viewpoints openly and honestly. Different plain and graphical portrayals have been utilized for the significant translations of the raw numbers. The secondary information relating to the review have been assembled from books, journals, articles, internet, newspapers and by using the exceptional college libraries. Various standard reading material have been alluded to get the relevant writing on the saving propensities and venture design. The information have likewise been gathered from different banks, LIC, mail centers, realtors, chit reserve, gold dealers and so on.

FRAMEWORK OF ANALYSIS

The data collected from the respondents have been tabulated and analyzed. The collected data have been coded, edited, consolidated and entered into a master table. Sub tables have been prepared from the master table. The following statistical tools have been used for analysis of data such as percentage analysis, chi-square analysis and Henry Garrett Ranking method.

FINDINGS

Simple Percentage

➢ Majority (62.67%) of the respondents are male.

➢ It is concluded that 44% of the respondents belong to the age group of below 30 years.

➢ 41.33% of the respondents are graduates.

➢ From the analysis, it is seen that 40% of the respondents come under the category of employees.

➢ 34.67% of the respondents earn below Rs.10000 as monthly income.

➢ It is revealed from the analysis that 72% of the respondents are married people.

➢ Majority (66.67%) of the respondents are in nuclear family.

➢ It is inferred that 62.67% of the respondents have 3 to 5 members in their family.

➢ Majority (56%) of the respondents earn the income from their salary.

➢ 40% of the respondents save in bank deposits for future.

Chi-Square Analysis

➤ There is no significant relationship between gender, educational qualification, occupation, monthly income, marital status, family type, family size and the factor influencing saving decision.

➤ There is close relationship between age group and factor influencing saving decision.

Henry Garrett Ranking

➤ It is observed that majority of the respondents preferred "Bank Deposit" as best saving option which is ranked first with the total score of 26910 points.

SUGGESTIONS

The analyst has given the accompanying ideas in light of the review attempted on saving propensities and venture of rustic households in Erode locale. Saving demeanor impact the pace of savings more in country households. The country household individuals are anxious to save their sum for each need of their life like advanced age, youngsters' schooling and marriage, well being related costs, buying actual resources, house development and so on. These are undeniably satisfied by the savings from their prior stages. They save just when they have an adequate sum with them. The savings makes ready for the country's development and helps in the financial improvement of the country. They ought to be taught by the states about the saving roads and assist individuals with elevating their life by fostering the saving propensities all the more particularly in provincial households.

Farming with other training programme should be improved by the state run administrations to assist individuals with expanding their household pay and it would assist with activating the savings at an expanded rate. The states ought to present new plans of savings and different saving roads to advance savings by individuals. It ought to follow appropriate guidelines in banking sector, post offices, LIC, gold savings, real estate sectors and in chits and monetary foundations. The financing cost ought to be high to advance the savings of the rustic households. It ought to go to vital lengths to further develop the savings mentalities and to build the expectation for everyday comforts of the life.

CONCLUSION

Savings assume a significant part in every single individual/group of our country especially in rural areas. The savings and investment behaviour of rural families in India can't be portrayed as the best. The age of the general population, joined with the compensation levels of the families, is an essential determinant of the savings of the families nearby under study. The nuclear family head at any rate influences the families' revenue in startling costs apparently to moor the possible destiny of different family members in the event of death of the head.

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Table 1

Demographic Profile

		No. of Respondents	Percentage
Gender	Male	47	62.67
	Female	28	37.33
Age Group	Below 30 Years	33	44.00
	30 – 40 Years	23	30.67
	40 – 50 Years	14	18.67
	Above 50 Years	5	6.67
Education	SSLC	14	18.67
	HSC	13	17.33
	Graduate	31	41.33
	Professional	7	9.33
	Illiterate	5	6.67
	Others	5	6.67
Occupation	Employee	30	40.00
	Professional	11	14.67
	House wife	8	10.67
	Agriculture	11	14.67
	Business	11	14.67
	Others	4	5.33
Monthly Income	Below Rs.10000	26	34.67
	Rs.10000 - Rs.20000	24	32.00
	Rs.20000 - Rs.30000	15	20.00
	Above Rs.30000	10	13.33
Marital Status	Married	54	72.00
	Unmarried	21	28.00
Type of Family	Nuclear Family	50	66.67

	Joint Family	25	33.33
Family Size	Less than 3 Members	17	22.67
	3 – 5 Members	47	62.67
	More than 5 Members	11	14.67
Source of Income	Agriculture	16	21.33
	Salary	42	56.00
	Business Income	14	18.67
	Others	3	4.00
Investment Pattern	Bank deposits	30	40.00
	Life insurance	18	24.00
	Post office savings	9	12.00
	Gold	9	12.00
	Real estate	5	6.67
	Private chits	3	4.00
	Shares	1	1.33

Table 2

Chi-Square Table

Factors	Calculated χ^2 value	Table Value	Degree of Freedom	Remark
Gender	1.248	5.991	2	Not Significant
Age Group	14.187	12.592	6	Significant
Educational Qualification	7.091	18.307	10	Not Significant
Occupation	9.437	18.307	10	Not Significant
Monthly Income	11.794	12.592	6	Not Significant
Marital Status	3.398	5.991	2	Not Significant
Family Type	5.136	5.991	2	Not Significant
Family Size	6.747	9.488	4	Not Significant

Table 3

Mode of Savings

Sl. No	Saving Opportunities	Total Score	Mean Score	Rank
1	Bank deposits	26910	35.88	1
2	Real estate	17730	23.64	5
3	Shares	15817	21.09	6
4	Life insurance	23400	31.20	2
5	Post office savings	20827	27.77	4
6	Gold	21022	28.03	3
7	Chits	14437	19.25	7
8	Others	9900	13.20	8