

Rural Investor Behaviour With Particular Reference To Nellore (D.T), Andhra Pradesh

Dr. T. Ravindra Reddy, Professor & Dean

School of Management Sciences, Nalla Narasimha Reddy Education Society's Group of
Institutions, Hyderabad, Telangana-500088, Mail reddymba@rediffmail.com,
Mobile-09949202412

Abstract

Every investor tries to derive maximum economic advantage from his investment activity. After understanding the concept of investment, the investors would like to know how to go about the task of investment, how much to invest at any moment and when to buy or sell the securities. This depends on investment process as investment policy, investment analysis, valuation of securities, portfolio construction and evaluation. Investment decisions are based upon the rate of return, risk and uncertainty, capital appreciation, marketability, tax advantage and convenience of investment. The choice of the best investment options will depend on personal circumstances as well as general market conditions. In most cases, the right investment is a balance of three things that is liquidity, safety and return. The present study is aimed to the preferences of various investments and the influencing factors of rural investors of Nellore district in Andhra Pradesh.

Keywords: *Investment, Rural investor, Securities, Portfolio, Investment options*

1. Introduction

Indian financial markets presents a plethora of avenues to the investors. Investment culture among the people of a country is an essential prerequisite for capital formation and the faster growth of an economy. Investment culture refers to the attitudes, perceptions and willingness of the individuals and institutions in placing their savings in various financial assets. A study in the investors' perceptions and preferences, assumes a greater significance in the formulation of policies for the development and regulation of security markets in general and protection and promotion of small and house hold investors in particular. Savings form an important part of the economy of any nation and the money acts as the driver for growth of the country. An investment can be described as perfect if it satisfies all the needs of investors and perfect investment would examine investor needs. Most investors and advisors spend a great deal of time understanding the merits of the thousands of investments available in India. Most investors have eight common needs from their investments that is Security of original capital, wealth accumulation, comfort factor, tax efficiency, life cover, income, Simplicity, easy of withdrawal, communication. The ideal investment strategy should be a customized one for each investor depending on his risk-return profile, his satisfaction level, his income, and his expectations.

2. Statement of the Problem

The small and house hold investors constitute a vital segment of the Indian security market. Thus the greater understanding of the perception, preferences, and behavior of these investors is very vital in the policy formulation and development and regulation of the securities market. The information available from news papers, television, internet and media may not be sufficient for investment decision making. Generally majority of the investors have limited information about the financial markets. To ensure the promotion and protection of interest of small and house hold investors the study is made to examine investor

awareness on investment avenues, investment objectives of investors and the evaluation of investment by the investors of Nellore district particularly to the rural investors.

3. Objectives

- To study the socio economic profile of investors of Nellore region with a view to assess the impact on the investment habits of people.
- To analyze the awareness, preferences and experiences of small and house hold investors in respect of various investment avenues
- To study the investors objectives, perceptions, and the resultant behavior of investors
- To offer suitable suggestions in evolving better programmes of investor awareness and education.

4. Research Methodology

The research is basically descriptive research design. Descriptive research mainly deals with the detailed survey with the help of structured questionnaires.

Sample Design

The universe of study is Nellore region. The Nellore region divided into three revenue division's viz., Nellore, kavali and Gudur. In order to collect primary data **stratified random sampling technique** is adopted. From each of revenue division a sample of 50 respondents were selected for the study, while selecting sample considerations such as rural, urban back ground, economic status, professional back ground, and educational qualification of respondents were taken into account. On this basis the total respondents of study should have been 150, but some of respondents who did not respond were eliminated from the study.

DATA COLLECTION AND TOOLS

The study is based on primary data and is behavior in nature and other relevant articles used as a secondary data. Questionnaire is used as an important tool for the collection of primary data and analysis is followed by chi square test.

PERIOD OF THE STUDY

The study covered for the period of September 2019 to November 2019 with the help of the structured questionnaires.

5. SCOPE OF THE STUDY

This study is mainly concerned with Nellore district region under the rural area to measure the behavior of the rural investors towards the investment. The study helps policy makers in evolving the suitable to get small and house hold investors in large numbers into capital market operations issues. The present study deals with awareness of investment avenues investment pattern and the most preferred objectives of investment and investment evaluation.

6. Limitations

- The study is conducted in to the rural areas of the state of Andhra Pradesh in Nellore region and some of the respondents are not expressing their views freely.

7. Data Analysis And Interpretation

7.1. Investment Awareness

In this an attempt was made to identify how the socio economic variables influence the level of awareness of the investors towards several investments for this purpose "level of awareness of the investors towards several investments " was taken as the dependent variable and the results about the ten investment products are shown below:

TABLE NO: 1. INVESTMENT AWARENESS

INVESTMENT PRODUCTS	AWARENESS			
	Know Very Well	Know Well	Know Some What	Don't Know
Bank Deposits	129	12	5	4
Company Deposits	0	0	13	137
Small Saving Schemes	144	4	2	0
Life Insurance	10	97	36	7
Mutual Funds	0	5	40	105
Bullion	2	8	33	107
Real Estates	5	81	42	22
Corporate Security Bonds	0	0	7	143
Equity Shares	0	0	13	137
Preference Shares	0	0	13	137

Source: Primary Data

The independent variables chosen for the study are socio economic variables such as age, Gender, Education, Occupation and Income. Area survey method is employed to collect the primary data with the help of a well structured questionnaire. The data thus collected are subduced into suitable table forms. Simple Statistical tool Chi-Square test is applied.

7.2. AGE AND LEVEL OF AWARENESS

Age is an important factors that affecting level of awareness of customers. An attempt was made to find out the relationship between age and level of awareness of the investors. For this purpose of the study age has been categorized under five heads i.e., Below 30 years, 31-40 years, 41-50 years, Above 51 years. The distribution of sample investors according to age and level of awareness is shown in the following table

TABLE NO: 2-Age-Distribution of Sample investors

S.No	Age	No of Investors	%
1	Below 30	51	34
2	31-40	62	41.3
3	41-50	28	18.7
4	Above 51	9	6
	Total	150	100.00

Source: Primary Data

The above table shows that 34% investors belongs to age of Below 30 years,41.3% investors belongs to the age group of Between 31-40 years,18.7% investors belongs to the age group of Between 41-50 years and 6% investors belongs to the age of Above 51 years

AGE AND LEVEL OF AWARENESS (CHI-SQUARE TEST)

In order to find the relationship between the age of the investor and the level of awareness of investor towards several investments, Chi-Square test is used and the result of the test is shown in the below table 3

Table no: 3-Age and Level of Awareness (Chi-square test)

Factors	Calculated χ^2 value	Table Value	DF	Asymp.sig	Remarks
Bank Deposits	6.376	21.666	9	0.702	Significant
Company Deposits	9.680	21.666	9	0.377	Significant
Small Saving Schemes	3.015	16.812	6	0.807	Significant
Life Insurance	11.426	21.666	9	0.248	Significant
Mutual Funds	29.448	21.666	9	0.001	Significant
Bullion	11.040	21.666	9	0.273	Significant
Real Estates	16.033	21.666	9	0.066	Significant
Corporate Security Bonds	8.725	21.666	9	0.297	Significant
Equity Shares	10.547	16.812	6	0.190	Significant
Preference Shares	11.770	16.812	6	0.103	Significant

OVERALL SIGNIFICANCE BETWEEN AGE AND LEVEL OF AWARENESS

Factors	Calculated χ^2 value	Table value	DF	Asymp.sig	Remarks
Age	118.06	21.666	9	0.001	Significant at 1%

From the above analysis it is found that the calculated chi-square value is greater than the table value and the result is significant at 1% level. Hence, it is associated and hold good. So it is proved significantly that there is a close relationship between Age and Level of awareness of investors towards several investments.

7.3. GENDER AND LEVEL OF AWARENESS

Gender is an important factors that affecting level of awareness of investors. An attempt is made to find out the relationship between gender and level of awareness. For this propose of study. The gender is divided under two categories i.e., Male and Female. The distribution of sample investors according to gender and level of awareness of investors towards several investments is shown in table no 4

Table no.4-Gender and Level of Awareness-Distribution of Sample investors

S.No	Gender	No of Investors	%
1	Male	99	66
2	Female	51	34
	Total	150	100.0

Source: Primary Data

The above table shows that Maximum level of awareness about investment is among Male 66%, Whereas Female investors are 34 % only.

GENDER AND LEVEL OF AWARENESS (CHI-SQUARE TEST)

In order to find the relationship between the gender and the level of awareness of investor towards several investments, Chi-Square test is used and the result of the test is shown in the below table 5

Table no: 5-Gender and Level of Awareness (Chi-square test)

Factors	Calculated χ^2 value	Table Value	DF	Asymp.sig	Remarks
Bank Deposits	4.109	11.341	3	0.250	Significant
Company Deposits	1.005	11.341	3	0.800	Significant
Small Saving Schemes	2.686	9.210	2	0.26	Significant
Life Insurance	2.507	11.341	3	0.474	Significant
Mutual Funds	2.264	11.341	3	0.520	Significant
Bullion	0.211	11.341	3	0.976	Significant
Real Estates	8.795	11.341	3	0.032	Significant
Corporate Security Bonds	2.752	21.666	2	0.253	Significant
Equity Shares	0.592	9.210	2	0.744	Significant
Preference Shares	0.675	9.210	2	0.714	Significant

Source: Primary Data

OVERALL SIGNIFICANCE BETWEEN GENDER AND LEVEL OF AWARENESS

Factors	Calculated χ^2 value	Table value	DF	Asymp.sig	Remarks
Gender	25.596	11.341	3	0.250	Significant at 1%

From the above analysis it is found that the calculated chi-square value is greater than the table value and the result is significant at 1% level. Hence, it is associated and hold good.

So it is proved significantly that there is a close relationship between Gender and Level of awareness of investors towards several investments.

7.4. EDUCATION AND LEVEL OF AWARENESS

Education is an important factors that affecting level of awareness of customers. An attempt was made to find out the relationship between Education and level of awareness of the investors. For this purpose of the study Education has been categorized under four heads i.e., PG, Graduate, Intermediate, SSC and No Formal Education. The distribution of sample investors according to Education and level of awareness is shown in the following table

TABLE NO: 6-Education and Level of Awareness-Distribution of Sample investors

S.No	Education	No of Investors	%
1	PG	28	18.7
2	Graduate	66	44
3	Intermediate	3	2
4	SSC	10	6.6
5	No Formal Education	43	28.7
	Total	150	100.0

Source: Primary Data

The above table shows that 18.7% investors having PG Education, 28.7% investors are Graduates, 2% of investors having Intermediate, 6.6% of them are SSC qualified investors and 44% of them have no formal education.

EDUCATION AND LEVEL OF AWARENESS (CHI-SQUARE TEST)

In order to find the relationship between the Education and the level of awareness of investor towards several investments, Chi-Square test is used and the result of the test is shown in the below table 7

Table no:7-Education and Level of Awareness (Chi-square test)

Factors	Calculated χ^2 value	Table Value	DF	Asymp.sig	Remarks
Bank Deposits	28.994	26.217	12	0.004	Significant
Company Deposits	43.124	26.217	12	0.000	Significant
Small Saving Schemes	11.215	20.090	8	0.190	Significant
Life Insurance	26.544	26.217	12	0.009	Significant
Mutual Funds	68.635	26.217	12	0.000	Significant
Bullion	34.536	26.217	12	0.001	Significant
Real Estates	21.702	26.217	12	0.041	Significant
Corporate Security Bonds	16.111	20.090	8	0.041	Significant
Equity Shares	33.881	20.090	8	0.000	Significant
Preference Shares	30.017	20.090	8	0.000	Significant

OVERALL SIGNIFICANCE BETWEEN EDUCATION AND LEVEL OF AWARENESS

Factors	Calculated χ^2 value	Table value	DF	Asymp.sig	Remarks
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Education	314.759	26.217	12	0.004	Significant at 1%
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From the above analysis it is found that the calculated chi-square value is greater than the table value and the result is significant at 1% level. Hence, it is associated and hold good. So it is proved significantly that there is a close relationship between Education and Level of awareness of investors towards several investments.

7.5. OCCUPATION AND LEVEL OF AWARENESS

Occupation is an important factors that affecting level of awareness of customers. An attempt was made to find out the relationship between occupation and level of awareness of the investors. For this purpose of the study occupation has been categorized under three heads i.e., Self-Employed, Full time Salaried and Retired person. The distribution of sample investors according to occupation and level of awareness is shown in the following table:

TABLE NO: 8-Occupation and Level of Awareness-Distribution of Sample investors

S.No	Occupation	No of Investors	Percentage
1	Self-Employed	92	61.3
2	Full time salaried	58	38.7
3	Retired persons	0	0
	Total	150	100.0

Source: Primary Data

The above table shows that maximum level of awareness towards several investments is among the Self-Employed (61.3%) and 38.7 % from full time Salaried.

OCCUPATION AND LEVEL OF AWARENESS (CHI-SQUARE TEST)

In order to find the relationship between the occupation and the level of awareness of investor towards several investments, Chi-Square test is used and the result of the test is shown in the below table 9

Table no: 9-Occupation and Level of Awareness (Chi-square test)

Factors	Calculated χ^2 value	Table Value	DF	Asymp.sig	Remarks
Bank Deposits	12.899	11.341	3	0.005	Significant
Company Deposits	12.669	11.341	3	0.006	Significant
Small Saving Schemes	4.456	9.210	2	0.108	Significant
Life Insurance	9.545	11.341	3	0.023	Significant
Mutual Funds	13.919	11.341	3	0.003	Significant
Bullion	28.993	11.341	3	0.000	Significant
Real Estates	1.672	11.341	3	0.643	Significant
Corporate Security Bonds	10.242	9.210	2	0.006	Significant
Equity Shares	16.272	9.210	2	0.000	Significant
Preference Shares	13.853	9.210	2	0.001	Significant

OVERALL SIGNIFICANCE BETWEEN OCCUPATION AND LEVEL OF AWARENESS

Factors	Calculated χ^2 value	Table value	DF	Asymp.sig	Remarks
Occupation	124.52	11.341	3	0.005	Significant at

					1%
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From the above analysis it is found that the calculated chi-square value is greater than the table value and the result is significant at 1% level. Hence, it is associated and hold good. So it is proved significantly that there is a close relationship between Occupation and Level of awareness of investors towards several investments.

7.6. INCOME AND LEVEL OF AWARENESS

Income is an important factors that affecting level of awareness of investors. An attempt was made to find out the relationship between income and level of awareness. For this propose of study income is divided under four categories i.e., ≤ 10000 , 10001-20000, 20001-30000 and ≥ 30001 . The distribution of sample investors according to income and level of awareness of investors towards several investments is shown in table no 10

Table No: 10-Income and Level of Awareness-Distribution of Sample investors

S.No	Income	No of Investors	%
1	Less than or equal to 10000	41	27.3
2	10001-20000	54	36
3	20001-30000	49	32.7
4	Above 30001	6	4
	Total	150	100.0

Source: Primary Data

The above table shows that 36% investors are from 10001-20000 income group, 32.7% investors belongs to 20001-30000, 27.3% investors belongs to ≤ 10000 and 4% investors belongs to above 30001 rupees.

INCOME AND LEVEL OF AWARENESS (CHI-SQUARE TEST)

In order to find the relationship between the income and the level of awareness of investor towards several investments, Chi-Square test is used and the result of the test is shown in the below table

Table no: 11-Income and Level of Awareness (Chi-square test)

Factors	Calculated χ^2 value	Table Value	DF	Asymp.sig	Remarks
Bank Deposits	27.540	21.666	9	0.001	Significant
Company Deposits	20.398	21.666	9	0.016	Significant
Small Saving Schemes	8.559	16.812	6	0.200	Significant
Life Insurance	44.874	21.666	9	0.000	Significant
Mutual Funds	19.042	21.666	9	0.025	Significant
Bullion	11.830	21.666	9	0.223	Significant
Real Estates	39.841	21.666	9	0.000	Significant
Corporate Security Bonds	9.589	16.812	6	0.143	Significant
Equity Shares	10.093	16.812	6	0.121	Significant
Preference Shares	10.890	16.812	6	0.092	Significant

OVERALL SIGNIFICANCE BETWEEN INCOME AND LEVEL OF AWARENESS

Factors	Calculated χ^2	Table value	DF	Asymp.sig	Remarks
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	value				
Income	202.656	21.666	9	0.016	Significant at 1%

From the above analysis it is found that the calculated chi-square value is greater than the table value and the result is significant at 1% level. Hence, it is associated and hold good. So it is proved significantly that there is a close relationship between Income and Level of awareness of investors towards several investments.

7.7. INVESTORS INVESTED IN SEVERAL INVESTMENT OPPORTUNITIES

Under this, it is analyzed that where investors had already invested with the help of 10 investment opportunities i.e., Bank Deposits, Company Deposit, Small Saving Schemes, Life Insurance, Mutual Funds, Bullion, Real Estates, corporate Security Bonds, Equity Shares and Preference Shares. The result after analyzing the previous investments made by the investors are tabulate in the below table no 12

Table no: 12- Investors previously Invested-Distribution of Sample Investors

S.no	Investors previously Invested	No of Investors
1	Bank Deposit	103
2	Company Deposit	0
3	Small Saving Schemes	126
4	Life Insurance	23
5	Mutual Funds	0
6	Bullion	4
7	Real estates	27
8	Corporate Security Bonds	0
9	Equity Shares	0
10	Preference Shares	0

Source: Primary Data

The above table shows that there are Bank deposits , Small Saving schemes , life Insurance, Real Estates has most preferred areas in the previous investments by the investors.

7.8. MOTIVES OF INVESTMENT

Motives of the investment are very important. It determines which factor leads the investor to move towards a particular investment.

For this analysis it is categorized into six heads i.e., interest, capital gains, tax savings, speculative gains, insurance and other education & marriage of children. The for them are tabulated in the below table no 13

Table No: 13-Motives of Investment-Distribution of Sample Investors

S.No	Motives of Investment	No of Investors
1	Interest	118
2	Capital Gains	8
3	Tax Savings	0
4	Speculative Gains	4
5	Insurance	16

6	Other Education & Marriage of Children	68
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Source: Primary Data

The table shows investor investing in investments with motives of interest and education and marriage of children.

7.9. EVALUATION CRITERIA

Evaluation criteria are the major factor that determines the investment decisions and it also indicates what are the evaluation criteria for the investors to utilize several investments opportunities and their expectations. For the analysis purpose, the evaluation criteria are divided into five heads i.e., Rate of Return, Risk and Uncertainty, Capital Appreciation, Marketability and Convenience of Investment. The results are tabulated in below table

Table No.14-Evaluation Criteria-Distribution of Sample Investors

S.No	Evaluation Criteria	No of Investors
1	Rate of Return	131
2	Risk and Uncertainty	4
3	Capital Appreciation	51

Source: Primary Data

The above table shows that the priority level in the order of Rate of return, Risk and uncertainty and Capital appreciation.

7.10. FACTORS INFLUENCING FOR INVESTMENT DECISION

S.No	FACTORS INFLUENCED FOR INVESTMENTS	NO OF INVESTORS
1	SECURITY OF ORIGINAL CAPITAL	118
2	WEALTH ACCUMULATION	73
3	COMFORT FACTOR	1
4	TAX EFFICIENCY	0
5	INCOME	34
6	LIFE COVER	17
7	EASE OF WITHDRAWAL	79
8	COMMUNICATION	0

Source: Primary Data

The factors influenced the investors to take such investment decision and is studied with the help of eight factors i.e., Security of Original Capital, Wealth Accumulation, Comfort Factor, Tax Efficiency, Income, Life cover, Ease of Withdrawal and Communication.

Table No 15 -Factors Influencing for Investment decision-Distribution of Sample Investors

The above table shows that there majority of the investors preferred for Security of their original capital, ease of withdrawal, wealth Accumulation and income.

8. FINDINGS

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.

9. CONCLUSION

In olden days, investing funds is confined to rich and business people. But, now a day it has become a household word and is very popular with the people. The objective of motivating the public to invest in their savings in the stock market will be achieved only if the regulatory authorities succeed in providing a manipulation free stock market. The Corporate companies should conduct several awareness programs and camps about various investment opportunities for the rural investors. Corporate must create trust towards their companies and mobilize funds with the help of several investment plans. More banks have high deposits in rural areas also due to its trustiness and security. The government has to take steps regarding misuse of funds of rural investors. Stock market should be transparent and government has to take steps to eradicate scams. The present study concludes that there is a good relation between socio economic variables and the investor's level of awareness towards several investment avenues in rural areas.

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