

A Study of The Investors Behavior in Making Investment Decision for Post Office with Special Reference on Rural Areas

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Abstract:

In the 21st century of the digital era, due to globalization and economic liberalization lot of business expansions, industrial development and infrastructure changes and growth, an increase in foreign investment and personal financial assets are created rapid growth in investment and which makes a passionate situation for each and every investor who wants to take part in taking a risk in investments, gaining knowledge and capacity to save money and invest in the stock market, gold, real estate, insurance, postoffice, Mutual funds, and others similar different investment opportunities accessible in India for of small investors. There are very few studies that have explored investors' behavior in the field of equity, mutual fund and other avenues. However, the investors' behavior in rural areas is yet to be explored, and this empirical study is an attempt to examine the investors' behavior of various investment avenues in rural areas for this study, Primary data using simple random sampling through questionnaire structured questionnaire was used to collect data as well as secondary data from a wide range of literature from various journal publications were utilized.

KEYWORDS: Investment Behavior, Investment Avenues, Rural Investors.

INTRODUCTION:

Little drops of water make a mighty ocean is an old saying. It means a lot in the coming pages while dealing with the different aspects of savings pattern. Everyone should know the words of valluvan that there is nothing other than wealth which turns a man of no worth into one of the great worth. No one can thrive in the world without money. Money means currency, coins or cheques or any other forms which are generally acceptable either as a medium of exchange or in the settlement of debts. Valluvan says " It is not a great misfortune if one's revenues are limited, provided the expenditure is kept within bounds". Hence, keeping wealth is an important obligation of every human being to perform.

Saving may be simply defined as, " the excess of income over consumption". In economics, personal saving has been defined as personal disposable income minus personal consumption expenditure. In other words, income that is not consumed by immediately buying goods and services is saved. Other kinds of saving can occur, as with corporate retained earnings (profit minus dividend and tax payments) and a government budget surplus.

Saving and investment are only different aspects of the same phenomenon. If we look at it as the part of his income which he does not consume we call it as saving. If we look at it as the addition to this

capital we call it as investment. Every individual's investment is equal to his saving. However, increased saving does not always correspond to increased investment, if savings are stashed in a mattress or otherwise not deposited into a financial intermediary like a bank there is no chance for those savings to be recycled as investment, possibly causing a short-fall of demand rather than to economic growth. This is often called the "paradox of thrift".

The word 'investment' has many interpretations as it means different things to different persons. For a person who has lent money to another, it may be an investment for a return. Similarly, if a person purchases shares of a company, bullion or a real estate for the purpose of a price appreciation, it is also an investment for him. Likewise, an insurance plan or a pension plan is an investment to its purchaser. From these illustrations, it is clear that investment is a commitment of funds for earning additional income. In other words, investment is considered the sacrifice of certain present value of money in anticipation of a reward.

In the present day financial markets, investing money has become a very complex task. Most of the investors are unaware of the fact that investing is both an art and a science.

Why should you invest?

Many people wonder: why invest? Well, the reasons for investments are very clear and simple. Investing or investment makes you to prepare for your future. Nobody wants to work their entire life. Investing is one good option that you can secure your future. Well, you can earn money in two ways by working or by having your assets work for you.

One of the main reasons to invest is that if you keep your money with yourself instead of investing it, your money doesn't work for you. You will only have the money that you have saved. You can invest your money and generate more money by earning interest on what you have put away or by buying and selling assets that increase in value.

People may have a different need to invest. Some people may think that keeping their money in the bank pays them a good interest and why should they bother to find other vehicles for investment? But not all people think in this way, there are lots of people who invest their money and gain profits out of it. If you dream of earning a huge sum of money for your future, you need to invest now. It is never too late to invest. The earlier you invest the better and easier for you to build your nest egg.

You may find a lot of short, intermediate or long term plans. Keep these plans in your mind when you actually think to start investing. Focus on your investment plans and generate more cash for your future. You have many many reasons to invest.

Statement of the Problem:

Investment related variables include, influence of investment decision, sources of investment, percentage of income invested. Sources of information about investment & preference of investment, proportion of income invested in various investment, risk preference of women investors, monitoring period, difficulty investors and level of awareness regarding various aspects in investment.

Indian savings market has been expanding over the period and there is a steady increase of household savings. Moreover, general profile of investors is changing in tune with time. But they lag in various spheres of investment such as awareness and preference of investment so, an attempt has been made by the researcher to identify the factors influencing investors behavior to evaluate the level of awareness among investors.

Objectives of the Study

The following are the main objectives of the study

- To study the demographic profile of the sample respondents.
- To analyze the various savings schemes available for rural investors.
- To find out the saving and investment pattern of rural investors.
- To offer suitable suggestions to improve the saving and investment.

Methodology:

The present study is based on both primary and secondary data. The primary data have been collected from the respondents with the help of interview schedule. The researcher has used simple random sampling method. The size of sample chosen for the study is 100. The secondary data has been collected from various journals, books, magazines and websites.

PATTERN OF SAVING IN RURAL INDIA:

Regarding the saving pattern in rural India, the situation is far from satisfactory because the vast majority of rural people live in abject poverty. It is futile to expect from the rural poor to generate more saving who find it difficult to make both ends meet. In addition, the poor have propensity to consume equal to unity, rising expectations and the operation of opinion regarding the upward trend in income of rural people in some regions under the impact of biological and technological revolution in agriculture, the principal rural economic activity.

But the situation on the saving front in the rural India continues to be dismal because the rapidly rising prices of consumer goods and agriculture inputs have neutralized the increased money income in the case of the majority of the rural people who find it extremely difficult to carry body and soul together.

Post office is the best Avenue for Investment to the rural people:

Post Office Saving:

Post office savings Bank is the oldest and the largest banking institution in the country. The money collected through Post Office saving is also utilized as investment towards nation-building by the Government and various State Governments. Small savings Schemes Operated at Post offices in the rural areas contributing to the cause of rural development include Post Office Saving Account Post Office Recurring Deposit Account, Post office one, Two, Three- and Five- Years' Time Deposit, Monthly Income Scheme, public Provident Fund, Senior Citizen Savings Scheme and National Savings Certificate. The proposed Post Bank of India will Deliver a host of Value-added services (Micro credit, Insurance etc.) to existing 237 million postal Savings bank Customers and will also provide one shop financial services (Savings, Credit, insurance, Remittance and Pension) to small and medium sized customers.

DATA ANALYSIS AND INTERPRETATION

Table 3.1 Monthly Saving Amount of the respondents

S.NO	Saving Amount	No. of Respondents	Percentage
1	Below 2000	48	48%

2	Rs.2000 to less than Rs.5000	38	38%
3	Rs.5000 to less than Rs.10000	8	8%
4	above Rs.10000	6	6%
Total		100	100%

Source: Primary Data

It has been seen from the above analysis that 48% of the sample respondents are saving below Rs.2000 only 6% of them saving is above Rs.10000.

Table 3.2: Reason for saving

S.NO	Saving Reason	No. of Respondents	Percentage
1	Safe way to keep money	20	20%
2	For future purpose	50	50%
3	Medical emergencies	4	4%
4	Purpose of children Education	24	24%
5	Compulsion	2	2%
Total		100	100%

Source: Primary Data

It is concluded that the majority of respondents 50% prefer for future purpose of the reason for saving.

Table 3.3: List out of the Preference Investment

S.NO	Investment Scheme	No. of Respondents	Percentage
1	Post office	18	18%
2	Bank deposit	30	30%
3	Modern investment	2	2%
4	Insurance	10	10%
5	Gold & Silver	40	40%
Total		100	100%

Source: Primary Data

It is concluded that the majority of respondents 40% prefer Gold & Silver investment scheme.

Table 3.4: Risk Taking Level

S.NO	Risk Taking Level	No. of Respondents	Percentage
1	High	14	14%
2	Balance	56	56%
3	Low	30	30%
	Total	100	100%

Source: Primary Data

It is concluded that the majority of respondents 56% prefer balance level of risk its most of people rural area so convenient to balance of our life.

Table 3.5: Investment Awareness

S.No	Investment Awareness	No. of Respondents	Percentage
1	Yes	32	32%
2	No	68	68%
	Total	100	100%

Source: Primary Data

It is concluded that the majority of respondents 68% not awareness of investment scheme. It's most of the people minimum level of education so no detail of Investment information.

SUGGESTIONS:

- The government agencies must to give an importance to the rural investors.
- The government can offer the various saving and investment scheme to the rural investors.
- The people are concentrating, only post office, banks, insurance, gold and silvers, and other institutions are included and encouraged to people for the savings.
- The government to create awareness and educate rural people in saving and investments.
- To include the rural people to invest in banks.
- The government provide various saving and investment scheme is easily understandable by the rural investors.

CONCLUSIONS:

There is an opportunity for financial institutions and banks to mobilize the income of rural people, which is a greater difficult task. People in rural areas prefer safety and return from their investments and they are having less knowledge in banking and other financial terms. Financial institution can utilize this opportunity by educating the rural people and creating awareness among them on financial services and banking services. Saving and investment habit of rural people includes local chit fund, post office deposit, investment in gold and a very less portion in banks and insurance (LIC) and other small saving. Therefore, the banks, post office and other financial

institutions can encourage the rural people for investing and saving of money, as a resource to improve standard of living and economic development of a country.

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