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Savings and Investment Pattern of Rural Households in Coimbatore District

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Abstract
In India, investors have a lot of investment avenues to invest their savings. The risk and returns involved in each of these investment avenues differ from one to another. The investors are ready to invest after evaluating the main features of investments such as security of principal amount, liquidity, income stability, easy transferability, etc. Shares, bank, gold and silver, life insurance, postal savings, etc. are the available investment avenues. Usually, investors expect more returns with relatively low risks. The available literature relating to the investors' preference towards investment avenues are not adequate and failed to provide a lot of required information. An attempt has been made in this study to find out the main objective of the investors in Coimbatore District towards making investments and to ascertain the investors' preference towards the investment avenues.

Keywords: Investment, Investor, Preference.

Introduction
Money plays a major role in everyone's life in this modern world. In order to overcome the future problems everyone has to save and invest a part of their earnings. Investment has a major impact on the well-being of the investors' future. There is lot of investment avenues for investors to invest their savings. In India, many investment avenues are available which are marketable and non-marketable and also with high risk and riskless. The investors have to choose the investment avenue which suits them depending upon their specific need, risk preference, and expected returns. Most of the investors, specifically rural investors are aware of investment avenues but savings are not mobilized and invested properly in India.

Review of literature
Parimal Gandhi .K and Ashok Kumar .M(2015) in the study "The investment preference and behavior of individual investor", they found that the bank deposits and gold investments are majorly preferred by the rrespondents.

Bhushan singh and Mohinder singh (2015) examined the rural investors' awareness towards pattern of savings and investment and observed that majority of the investors preferred to make their investment in gold due to its liquidity.

Jaspal Singh and subhash chandler , (2011) , studied the investors' preference for investment in mutual funds and observed that the mutual funds investment were made by the experience of the investors and also found that the advice of the brokers, professionals and financial advisors play a huge role in the investors' investment decision.

Shobana. V.K. and Jayalakshmi. J, (2011), From the study it was observed that real estate, bank deposits and gold were the preferred investments due to high level of awareness among the investors which was not influenced by the age and education of the respondents.

Jayachandran C. (2004) From his study he revealed that there was a moderate level of savings among the households and the majority of the investors have invested in safer financial assets like bank deposits whereas few investors preferred the investment on public issue but they were not aware about the market value of their holdings.

Qamar (2003) examined the investment preferences of households in India and observed that there was a high propensity to save moderate to high proportion of the income.

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Gurunath Jotiba Fagare (2000) revealed that majority of the rural investors prefer to invest in Post office and Bank deposits instead of keeping cash idle.

Ranganathan C. P. (1980) He observed that the most of the rural households invest their savings in physical assets.

Sharma K. S. (1983) He observed that rural households prefer to save in financial assets that is simple, convenient and that can be converted early into money without any loss.

Statement of the problem

Investment preferences among rural households have important socio economic applications. Such preferences influence the direction in which, and the channels through which, rural investors' savings would flow. A developing economy, like India, and needs a growing amount of rural investors' savings to the development of productive sectors. This will happen only if the savings of rural investors invest in proper channel. Hence the emphasis of this study is made on the investment preference of rural households.

Objective of the study

To ascertain the rural investors' preference towards investment.

Research methodology
Data collection

The primary data were collected from the respondents using a questionnaire. The secondary data were collected from the journals, magazines, dailies, books and websites.

Sample design

By adopting convenient sampling method the data have been collected from five hundred and seventy rural investors in Coimbatore district.

Framework of Analysis

The collected data have been analysed by adopting factor analysis.

Analysis and intepretation
Preference towards Investment Avenues – Friedman Rank Test

To identify the investment avenue preferred by rural investors, Friedman rank test is made use of. The following table exhibits about the result of the study.

Preference towards Investment Avenues

Options	H	M	L	Total	Mean Rank	Rank
Bank Deposits	220	264	86	570	6.92	1
	(38.60)	(46.30)	(15.10)	(100.00)		
Chit Funds	69	287	214	570	5.19	6
	(12.10)	(50.40)	(37.50)	(100.00)		
Debentures	47	163	360	570	4.01	9
	(8.20)	(28.60)	(63.20)	(100.00)		
Gold	201	291	78	570	6.84	2
	(35.30)	(51.10)	(13.70)	(100.00)		
Insurance	144	322	104	570	6.35	4
	(25.30)	(56.50)	(18.20)	(100.00)		
Mutual Funds	44	225	301	570	4.33	8
	(7.70)	(39.50)	(52.80)	(100.00)		
Post Office Savings	190	274	106	570	6.63	3
	(33.30)	(48.10)	(18.60)	(100.00)		
Provident Fund	86	255	229	570	5.12	7
	(15.10)	(44.70)	(40.20)	(100.00)		
Real Estate	141	236	193	570	5.68	5
	(24.70)	(41.40)	(33.90)	(100.00)		
Share	49	157	364	570	3.92	10
	(8.60)	(27.50)	(63.90)	(100.00)		

From the Friedman rank test, it is identified that majority of rural investors prefers bank deposits followed by gold, post office savings etc.

Preference towards Investment

To identify the prominent reasons that induce investors towards savings and investment, Factor Analysis is employed. The following table illustrates the significant reasons that motivate investors towards savings and

Investment of rural investors. Kaiser-Meyer-Olkin (KMO) and Bartlett's Test of Sphericity has been used as pre-analysis testing for suitability of the entire sample for factor analysis. The result of KMO and Bartlett's Test is found greater than 0.70. Hence, the collected data is fit for employing factor analysis. Further, the large values of Bartlett's sphercity test (2400.18, df: 91, Sig=0.000) and KMO statistics (0.818) indicated the appropriateness of factor analysis i.e., the sample was adequate.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.818
Bartlett's Test of Sphericity	Approx. Chi-Square	2400.18
	Df	91
	Sig.	.000

Preference towards Investment

Statements	1	2	3	4
Save money for the future	0.072	0.194	-0.052	0.822
Savings helps to increase the standard of living	0.080	0.191	0.495	0.593
Savings helps to meet unforeseen contingencies	0.040	0.362	0.638	0.090
Savings helps to take benefit of anticipated changes in the future prices	0.277	0.114	0.700	0.287
Savings helps to conserve the secured life	0.347	0.156	0.695	-0.174
Investment provides tax relief	0.068	0.592	0.397	-0.047
Investment give high rate of return on investment	-0.098	0.723	0.256	0.109
Investment give regular income on investment	0.152	0.621	0.175	0.127
Expectation of value of my appreciation of investment	0.231	0.696	-0.059	0.217
Save money for health care	0.517	-0.010	0.218	0.375
Save money for children education	0.782	-0.017	0.210	0.218
Save money for children marriage	0.728	-0.057	0.357	0.094
Save money for purchase of house	0.789	0.292	-0.002	-0.099
Save money for New House	0.609	0.419	0.023	-0.052
Eigen Values	4.523	1.705	1.179	1.085
% of Variance	32.308	12.177	8.422	7.750
Cumulative % of Variance	32.308	44.485	52.907	60.657

Four factors are identified by locating Eigen values greater than unity. Reasons which have a component loading of 0.7 and above are said to be significant factors that affects rural investors towards savings and investment. From the rotated component matrix it can be seen that majority of the rural public prefers to save and invests money for "purchase of house", "for their children education" and "for their children marriage" have a component loading of 0.7 and above. Hence, these three variables form first factor.

In the second factor, "Investment is made by rural investors for deriving high rate of return on investment" is found to be significant. In the third factor, "To take benefit of anticipated changes in the future prices" is found to be significant. In the fourth factor, "Save money for the future" is found to be significant. Factor one contributes to a tune of 32.308 per cent towards investment. The other factor contributes namely, 12.177, 8.422 and 7.750 towards rural investors towards investments in their order. The total cumulative percentage of contribution by these four factors towards investments accounts for 60.657 per cent.

Findings and suggestions
Findings
From the Friedman rank test, it is identified that majority of rural investors prefers bank deposits followed by gold, post office savings etc.

The result of Factor analysis portrays that majority of the rural public prefers to save and invests money for "purchase of house", "for their children education" and "for their children marriage".

Suggestions
The researcher identified that majority of the investors invest in bank followed by gold and post office savings. Rural investors lack adequate knowledge about shares and mutual funds in which they are not ready to invest. Hence the researcher suggests that more awareness programs should be conducted in rural areas about investing in shares and mutual funds which enable them to invest in future.

Conclusion
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.

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