

PERCEPTION OF RURAL INVESTORS ON SHARE
INVESTMENT- A STUDY WITH SPECIAL REFERENCE TO
ALAPPUZHA DISTRICT

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Executive summary

Investors are the backbone of a nation. The investment habits of people vary according to their requirements. In India there are so many investment avenues available to the people such as shares, debentures, Govt. bonds, Chit funds, bank deposit schemes, real estate etc. In order to make a fruitful investment the investors must have some awareness about these investment avenues. The stock exchanges play an important role in the economic development of a country because it acts as a nexus between savings and investment. It mobilizes and channelizes the savings of community for investment into those sectors which are favoured by the community in large. Therefore the importance of investor awareness and protection is more necessary. So here a detailed study is conducted by the investigator as to the perception of rural investors on share investment.

The attitudes of an investor hold a significant impact on investing in shares. One of the main factors affecting the investment is the degree of risk involved in a particular investment. The risk can be minimised only through holding detailed awareness about risk. This awareness can be earned through experience or with the help of investment participant. These are the traditional awareness about the share market; but in this scenario there are so many other classifications regarding the ownership securities. Different types of shares are issued to suit the requirements of the investors. Some investors prefer regular income while some others prefer higher return and ready to face risk. Thus a good awareness about the share market is required by the people for wisely investing their savings.

SIGNIFICANCE OF THE STUDY

The investment pattern of people has been changed due to the liberalized business environment. They are in search of new financial instruments, which will provide them highest return. Investment in share market is the right option in this context. It offers attractive return in the form of dividend and capital appreciation. For raising funds, the corporates need to understand the investment habits, motivational factors to be undertaken, awareness level of the public related to share investment and perception of the society, especially the rural sector towards such investments etc. This study aims to provide such information.

OBJECTIVES OF THE STUDY

The Objectives of this study are as follows:

- To understand the awareness and perception of rural investors towards stock market investment.
- To study the investment schemes most opted by the rural investors.
- To analyse the various factors that influences the Share investment decisions.
- To give suggestions and conclusions based on the study so as to promote savings and motivate them to invest in share business.

FINDINGS

Some of the findings of the study are:

- Major portion of the respondents are aware of the share broking agencies.
- 40% of the respondents are not familiar with the derivative trading, ie they are not at all aware of the futures and option schemes in security trading.
- A good sum of respondents are not at all aware of the day trading activities and about the guidelines, rules and regulations laid down by SEBI, but a satisfactory portion of the respondents are aware of the activities of stock exchange and its role played in the economic development of the nation.
- Though most of the respondents know about stock exchanges, its activities, role of share broking agencies, yet many of them are very much afraid to get into share investment for fear of risk.
- A large group of respondents invested their savings in equity shares when compared to people invested in preference shares as because of the fear in return and most of the respondents buy or sell securities instantly when they feel that the market tends to move in an unfavourable position.
- Age and investment are very much correlated as because, people of the age group of 31- 40 are more prone to invest in shares than people of other ages and not only

that that gender of the respondents is dependent with the preference in investing in Shares. Here mostly male respondents invest in shares.

- The income level of the respondents and Gender of respondents have some correlation with the investment in securities, ie more the income more the tendency to invest in securities and males are predominant in investing funds in securities.
- Occupation and investment in securities are independent. Share investment is done by all the sections more or less equally. Only the investment by farmers is comparatively less and the level of education and the investment in securities are dependent.
- It is found that age and the attitude of taking risk are very much dependent. ie, about 70% of the investors comes under the category of below 40 yrs of age.
- Educational qualification has a strong bearing upon the attitude of investors to face risk, specially with regard to investment in securities. Here about 70% of the investors are of the categories belonging to post graduates and graduates.
- The attitude of investors in taking risk has greater influence upon the decision taken regarding the type of investment.
- Lack of awareness on share broking agencies, derivative trading, day trading activities, SEBI guidelines and regulations are a major reason behind the fear of investors in taking risk as well as the stand taken by them when the market shows a slight unfavourable trend.
- The primary investment objective of most of the respondents is capital appreciation.
- Most of the respondents commented that Lack of awareness and fear of risk as the major problems they face while investing in shares.
- Complicated procedures, fluctuation in prices, and fear of getting returns are also been pointed by the respondents as problems faced while investment.
- A minute portion of the respondents resort to the practice of derivative trading such as through option, futures and some use speculative trading, while a satisfactory share of people sometimes avail day trading facility to transact on their investments.

CONCLUSION

It is no doubt that an individual's financial security depends strongly on how far he has saved. Therefore savings form an undisputed aspect in the financial planning of one's life. Our economy is offering enormous investment avenues, such as investment in various Banks, Financial Enterprises, Insurance companies, real estates, stock market, gold etc. Selection of suitable investment project depends on one's ability to track out the best one which suits him most. India's development widely depends upon the development of rural sector. Majority of the Indian population resides and employs in

rural sector. Our policy makers and financial system clearly demands for a vital need of flow of savings from rural sector to corporate sector.

From the present study on the perception of investors on share investment, it can be concluded though the ruralites of Alappuzha have transformed their mind set towards security investment substantially when compared to older times, still many of them approach it with fear and uncertainty. The reasons they cite for this fear, uncertainty and inapproachability are varied ignoring the fact that the share investment is one of the most promising and challenging avenue of investment which they can look upon for investing their savings.

The major reason for resistance from rural population is due to factors such as lack of knowledge about share investments, share broking agencies, derivative trading, and above all guidelines and regulations issued by SEBI, fear of risk, Complicated procedures, volatile nature of our capital market etc . All these factors tempt people to make aloof from security investment, especially in share investment. It is to be understood that this is not restricted to a single district, but to other rural areas of our country which face the same problem among the rural masses. Through proper education, frequent awareness programmes, inspiration, proper guidance can do a lot in the transformation of the present attitude of these investors towards share investment to a more positive outlook.
