

Economic Development of Rural Population through Capital Market Inclusion in Coimbatore, India

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Abstract

There are many ways in developing the economy, one among them is investing in stock markets, when people invest money for their benefits and returns they always prefer banks and other chit funds but not the stock markets. In this research rural population of Coimbatore were taken as stake holders and we surveyed the tax - payers of this population. A model was proposed based on these constructs and the same is analyzed to find the preventing factors. It was found that the stakeholders have very low investment experience and poor knowledge on stock markets, apart from this they have belief that markets may turn upside down in no time which makes them feel unsecured. But above all these barriers they have an investment objective in which they expect short -term returns for their investments, this can be made possible by investing in stocks. With this objective if we educate them about the trends and the ease of trading in stock markets we can make them invests in equities.

Introduction

Investment is the commitment of money or capital to gain profitable returns in the form of interest, income, or appreciation of the value of the instrument. There are so many avenues are available for the people to do their investment activities. Some of the common avenues are Gold, fixed deposits, insurance, shares, mutual funds, postal savings, chits, bonds and company FD's.

The capital market is the market for securities, where companies and the government can raise long-term funds. The capital market includes the stock market and the bond market”

- Equity instruments
- Debt instruments
- Derivative instruments

The modernisation and expansion arises a problem of mobilising a huge capital. The mobilisation of huge capital is done by raising capital. The only way to raise capital is making more people to invest in capital markets. Recent statistics says that only 3% of

people in India are investing in capital markets. Sooner or later the urban population will involve themselves in capital market investments in order to raise their income. But it will take longer than expected for the rural population to involve in capital market investments. If the rural population invest their money in the capital market, they can get maximum wealth for their investment. It would help them to improve their wealth and life style.

STATEMENT OF THE PROBLEM

Psychology has found that humans tend to have unwarranted confidence in their decision making. In essence, this means having an inflated view of one's own abilities. People are neither perfectly rational nor perfectly irrational. Over the past fifty years established finance theory has assumed that investors have little difficulty making financial decisions and are well-informed, careful and consistent. The Indian security market has been moving to newer heights since the last few years and the investors are also getting reasonable income, sometimes more than expected return. In India, the investors can get maximum of 15 per cent return form fixed income securities for their investment. The inflation is highly fluctuating month by month. So the 15 per cent return is not enough to meet their commitments. The Indian investors are expecting high rate of return for their money. It is possible only in the equity market. In year 2013-2014 the Indian capital market mid cap companies have given more than 30 per cent of average return to the investors.

OBJECTIVES OF THE STUDY

- This research is to identify the factors that affect the perception of the rural population to invest in capital markets.
- To know the demographic factors which are influencing the investment decisions of the non investors in capital market.
- To study the investment tools they are using to find their risk and return of the assets they pick to find the fear factor and the threats that stops them to invest in capital market.
- To what extent do demographic variables affect investment choice?
- To determine the order of investment preference for each of the variables and their combinations.

THEORETICAL FRAMEWORK

Khaparde and Bhute (2014) investigated the investors differs around on the basis of different factors like age, income, experience of investing, investment objectives and individual social needs. The present study explained the presentation of investor's perception towards the impact of macroeconomic performance on stock market behaviour.

The perception has been studied and analyzed on the basis of individual factors with respect to different macroeconomic variables seems to be bothering the stock market behaviour. Dharmaja et al. (2012) explained the most and the least influencing factors of the individual investor behaviour. The questionnaire included thirty items that belong to five categories: self-image/firm-image co-incidence, accounting information, neutral information, advocate recommendations and personal financial needs.

The study revealed that accounting information is the most influencing group of the individual investor behaviour and neutral information is the least influencing group of the individual investor behaviour. It was found that there are also some behavioural factors like the investor's financial tolerance, emotional risk tolerance and financial literacy which influence the investor's behaviour. Jani and Jain (2013) explained the impact of various demographic factors like age, gender, education, income etc. On the buying behavioural pattern of both Investors. The study revealed that Age Gender, Occupation, Educational Qualification, Income etc. Have significance impact on the buying behavioural pattern on rural and urban investors, besides that on the basis of priority provided by investor, both investor gives first priority to financial planner and second to risk and return profile, third past performance, fourth tax consideration and fifth to the brand such as financial planner, risk and return profile, past performance, tax consideration brand.

Mathi and Kungumapriya (2012) stated that Indian investor's behavior has been changing drastically in the post-economic reforms era in investment activity, preferences in selecting various financial instruments, evaluating and in analyzing the investment avenues. In this paper the diverse literature available worldwide on individual investor behavior has been explored. Its main objective is to understand individual investor behavior. Geetha and Ramesh (2011) explained the planning must know all the various investment choices and how these can be chosen for the purpose of attaining the overall objectives. This study examined on people's choice in investment avenues of Kurumbalur. Data were collected using structured questionnaires. Samudra and Bhurgate (2012) studied of investment behavior of middle class households stated that the aim of the research is to study the investment behavior of the middle class households. The research has been conducted to answer few important questions on the preference of the investment instruments and investment pattern of the middle class households. It is not only the income of the households that has an intermediate bearing on the investment preferences but also the age group to which the head of the household belongs that influences the choice of investment avenue. Therefore the paper has also been directed towards finding the difference in the choice of the investment avenues in different age groups and income classes of the middle income class segment. Bhushan et al. (2013) said that the Investment culture of the individual investors is based on their personality characteristics. A study on the investment behaviour is more significant in the formation of policies for the financial market in general

and protection of individual investors in particular. The present study aimed to investigate the holding behaviour of individual investors on various investment alternatives. The resulted of the study enabled us to come out with suitable suggestions for the capital market regulators, and investors. Most of the investors prefer small saving schemes, bank deposits and insurance products for their future investments. This may be due to lack of awareness and/or due to interest in physical investments. Hence, it is necessary to propagate awareness and educate the features and similarities of the individual investors. Harikanth and Pragathi (2013) stated the Investment decisions also depends on the types of investors, risk tolerance capacity, education, occupation, age, sex, income, marital status, family back ground, living area and environment and attachment with the financial advisor etc. Using the principles of behavioral finance the present study explores the psychological concept of individual attachment style, especially individual investors to different available investment avenues and their investment preference process. This study indicated that there is a significant role of income and occupation in investment avenue selection by the male and female investors. For this an organized analysis has been made by taking primary data collected through structured questionnaire and secondary data for consideration. Rakesh (2014) investigated the behavior of individual investor in stock market, specifically their attitude and perception with respect to the stock market. The study also attempts to find the factors affecting the investment behavior of individual investors such as their awareness level, duration of investment etc. The study revealed that the respondents assimilate the objectives of saving, the factors influencing the saving and the sources of information for decision making. The annual income and the annual saving are given importance of consideration by the respondents, because the level of income decides the level of savings. The investors are fully aware about the stock market and they feel that market movements affect the investment pattern of investors in the stock market.

Jayanthi (2014) did a study on investment behaviour of investors in Chennai city with special reference to stock market. This study states that the decisions of investors on stock market play an important role in defining the market trend, which then influences the economy. Rani (2014) stated the large numbers of investment avenues available in the market. The investors choose avenues, depending upon their specific need, risk appetite, and return expected. Every individual is different from others due to different factors which include demographic factors, age, race and sex, education level, social and economic background; same is the situation with the investors. The most important challenge faced by them is the investment decision. Kothari (2013) studied the investors behaviour towards investment avenues: a study with reference to Indore city. Through this study, an analysis has been made into preferred investor's behaviour towards investment avenues in Indore city. It has also studied the difference of opinion of age on investor behaviour while selection of any avenue. Facts revealed in this study highlight the perception of varied age group

investors who desire to invest in different avenues which give high returns and growth prospect. Survey findings of this study have got significant managerial implications that can be used by investment companies in restructuring their existing practices and finally innovating new ways of service delivery. Panda et al. (2007) did a survey 125 investors covering the salaried and business class, from the city of Bhubaneswar were selected at random. The study revealed that majority of the investors relied on newspapers as the source of information. Financial journals and business magazines were ranked next to newspapers. A large number of investors were of the opinion that they were not in a position to get the required information from the company in time. A sizable number of investors were found to face problems while selling securities. "Safety and Regular Return" stood first and second with regard to the factors associated with investment activities. Equity shares were preferred for their higher rate of return by the investors

METHODOLOGY

The research design is descriptive in nature. Descriptive research includes surveys and fact-finding enquiries of different kinds. In this study the questionnaires method used for collecting the primary data. The questionnaire is provided to the customers concerned with a request to answer and return the questionnaire. The sampling method chosen for this study is probability sampling method which will help us in studying the entire population that has similar composition and profile. The sampling technique followed here is simple random sampling since each sample has equal probability of being chosen that represents the whole population. A sample size of 70 is chosen for this study which is greater than the minimum sample collection for any literature review. The design for the proposed study would aim at exploring the investment of rural population of Coimbatore other than capital market and factors that prevents them from investing in capital market

Statistical tools used

Analysis of data and interpretation is done using the below mentioned methodologies:

- Simple percentage analysis
- One way ANOVA test
- Structural equation model
- Rank analysis

Simple percentage analysis

$$\text{Percentage} = \frac{\text{Individual value}}{\text{Total}} \times 100.$$

A percentage is defined as a fraction whose denominator is 100. Therefore in order to change a decimal into a percentage you will have to multiply the decimal by 100.

One way ANOVA test

$$F = \frac{MST}{MSE}$$

Where,

F = ANOVA Coefficient

MST = Mean sum of squares due to treatment

MSE = Mean sum of squares due to error.

Formula for MST is given below:

$$MST = \frac{SSE}{P - 1}$$

$$SSE = \sum (n-1) S^2$$

Where,

SSE = Sum of squares due to error

S = Standard deviation of the samples

N = Total number of observations.

For analyzing collected data, the Statistical tools such as a simple percentage, ANOVO has been used to test for significant relationship between age, gender, income, educational qualification, occupation, return, stock, experience and marital status with respect to few decision making process.

A construct level correlation analysis can be used as a preliminary check for the five hypotheses. Visual PLS is used to calculate the construct scores. These scores can also be checked for significant correlation using SPSS package. Although the bivariate correlations are significant for most hypotheses when considered in pairs, it is still needed to check whether they are still significant when the constructs are put together in a structural model as a causal effect. A rigorous test of the significant of various proposed relations can be tested using the bootstrap function in visual PLS. PLS path modeling is a non-parametric method, and as such it cannot be used for performing a t-test. But it is possible to use resampling method (bootstrap and jack knife) to obtain the significance of the various paths in the model (Efron 1979; Efron and gong 1983) Bootstrap is more reliable in estimating the significance of paths. So this research has considered and it is used as bootstrap for the purpose of determining causal relations proposed in the model. In boot strap used in this research, random samples sized 70 (the respondent number) were taken. The results were examined for significance. At 5% level of significance the off- t-statistics is 2. In general, it is assumed that if the t-statistics is more than 2, the path is significant.

ANALYSIS AND DISCUSSION

Hypothesis (H1) states that Gender, age, educational qualification, income, occupation, investment experience and savings objectives of the respondents influences the benefits received from current investment.

Table 1. P-values for hypothesis (H1)

Constructs	Gender	Age	Edu	Income	Occ	Inv. Exp	Savings Objectives
	Sig.						
High liquidity for cash	0.646	.280	.933	.933	.188	.819	.341
Ornament of its own value regardless of change in world	0.924	.068	.063	.388	.256	.192	.798
Yield high return rate than savings/ Investments	0.663	.015*	.063	.640	.098	.402	.455
Help distribute risk in investment Portfolio	0.709	.726	.363	.126	.098	.934	.641
Combined leverage	0.215	.602	.135	.061	.061	.841	.433

*Significance level 5%.

From the above table, it is clear that all the values are greater than the significant value (0.05) therefore alternative hypothesis is rejected and thus there is no significant association between gender age, education, income, occupation investment experience and savings objectives of respondents and the benefits received from current investment. But one of the variables (Yield high return rate than savings/investments) is less than 0.05 and therefore it shows significant association with age.

Hypothesis (H2) states that Investment objectives, investment purpose investment percentage and investment frequency influences the benefits received from current investment. P-values for hypothesis (H2) are given below:

Constructs	Investment Objective	Invest. Purpose	Investment percentage	Invest. Freq.
High liquidity for cash	0.501	.855	.470	.251
Ornament of its own value regardless of change in world	0.276	.593	.119	.501
Yield high return rate than savings /investments	0.634	.764	.636	.202
Help distribute risk in investment portfolio	0.216	.811	.839	.811
Combined leverage	0.971	.521	.917	.088

*Significance level 5%.

From the above table, it is clear that all the values are greater than the significant value (0.05) therefore alternative hypothesis is rejected and thus there is no significant association between the investment objective , investment purpose investment percentage and investment of respondents and the benefits received from current investment.

Hypothesis (H3) states that gender, age, educational qualification and income influences the non-participation in capital markets. P-values for hypothesis (H3) are given below:

Constructs	Gender	Age	Edu. Quali	Income
Risky to hold	0.373	.270	.068	.169
Low income	0.217	.459	.120	.202
Preference for savings with banks and investing in treasury bills	0.685	.130	.194	.880
Lack of interest and ignorance about the working of the securities	0.363	.991	.696	.110
Preference for real estate	0.884	.237	.728	.486
Preference for insurance products	0.565	.366	.904	.481
Fluctuating of oil prices	0.066	.124	.453	.217
The interest rate of bank deposits	0.768	.304	.048*	.467
Investment conditions in risk weighted assets	0.815	.104	.014*	.607
Inflation rate	0.062	.031*	.030*	.607
Political Stability	0.489	.315	.664	.274
Government financial policies	0.382	.006*	.019*	.590
The process of opening of demat and trading account is lengthy	0.266	.100	.024*	.298
I can withdraw the investment account as and when required	0.726	.552	.784	.129
Easy access to compliance team	0.624	.136	.377	.009*
Transfer of funds	0.022*	.008*	.132	.488
The service provided by the broking house is not enough	0.138	.786	.213	.667
Too many broking houses	0.680	.372	.204	.517
Lack of knowledge	0.437	.121	.258	.138
Difficulty in selection of shares	0.209	.042*	.016*	.632
Low experience	0.914	.676	.556	.198
Fear factor in investment	0.395	.253	.281	.411

Stock volatility	0.697	.330	.320	.141
I am hopeful when undertaking investment in stocks that have exhibited a sure loss	0.956	.824	.142	.287
Bitter past performance of stocks	0.872	.176	.001*	.566
Regretting for a drop in stock's price	0.589	.071	.089	.814
Inefficient investment decision	0.418	.511	.472	.859

*Significance level 5%.

From the above table, it is clear that all the values except easy transfer of funds(0.022) are greater than the significant value (0.05) therefore alternative hypothesis is rejected and thus there is no significant association between gender of respondents and the benefits received from current investment. But easy transfer of funds is less than 0.05 and therefore it shows significant association with gender and therefore accepts the null hypothesis.

From the above table, it is clear that all the values except inflation rate, government policies, easy transfer of funds are greater than the significant value (0.05) therefore alternative hypothesis is rejected and thus there is no significant association between gender of respondents and the benefits received from current investment. But the inflation rate, government policies, easy transfer of funds are less than 0.05 and therefore it shows significant association with age.

From the above table, it is clear that all the values except inflation rate, government policies, bitter past experience, investment conditions in risk weighted assets, tight process in opening demat account are greater than the significant value (0.05) therefore alternative hypothesis is rejected and thus there is no significant association between educational qualification of respondents and the benefits received from current investment. But the inflation rate, government policies, bitter past experience, investment conditions in risk weighted assets, tight process in opening demat account are less than 0.05 and therefore it shows significant association with educational qualification.

From the above table, it is clear that all the values except ease of account closure and liquidation are greater than the significant value (0.05) therefore alternative hypothesis is rejected and thus there is no significant association between annual income of respondents and the benefits received from current investment. The ease of account closure and liquidation are less than 0.05 and therefore it shows significant association with annual income.

Hypothesis (H4) states that occupation, investment experience, savings objectives, investment objectives and investment frequency influences the non-participation in capital markets. P-values for hypothesis (H4) are given below:

Constructs	Occu	Invest. Exp	Savings Obj	Invest. Obj	Invest. frequency
Risky to hold	0.154	.975	.219	.169	.023*
Low income	0.129	.420	.250	.202	.420
Preference for savings with banks and investing in treasury bills	0.450	.134	.075	.880	.134
Lack of interest and ignorance about the working of the securities	0.130	.679	.001*	.110	.679
Preference for real estate	0.186	.718	.186	.486	.718
Preference for insurance products	0.281	.904	.281	.481	.904
Fluctuating of oil prices	0.117	.453	.117	.217	.453
The interest rate of bank deposits	0.045*	.148	.045*	.467	.148
Investment conditions in risk weighted assets	0.607	.414	.607	.601	.414
Inflation rate	0.008*	.130	.345	.274	.130
Political Stability	0.590	.664	.590	.009*	.664
Government financial policies	0.298	.019*	.298	.698	.213
The process of opening of demat and trading account is lengthy	0.429	.114	.429	.129	.110
I can withdraw the investment account as and when required	0.981	.784	.981	.987	.781
Easy access to compliance team	0.488	.377	.488	.488	.377
Transfer of funds	0.667	.132	.667	.467	.132
The service provided by the broking house is not enough	0.040*	.213	.231	.517	.213
Too many broking houses	0.138	.204	.138	.238	.204
Lack of knowledge	0.001*	.258	.129	.622	.258
Difficulty in selection of shares	0.198	.116	.198	.698	.015*
Low experience	0.411	.024*	.411	.411	.124
Fear factor in investment	0.141	.281	.141	.141	.281
Stock volatility	0.287	.320	.287	.346	.320
I am hopeful when undertaking investment in stocks that have exhibited a sure loss	0.566	.142	.566	.675	.142
Bitter past performance of stocks	0.814	.231	.814	.654	.231
Regretting for a drop in stock's price	0.819	.089	.819	.859	.089
Inefficient investment decision	0.231	.472	.231	.006*	.472

*Significance level 5%.

From the above table, it is clear that all the values except interest rate in banks, inflation rate, lack of knowledge are greater than the significant value (0.05) therefore alternative hypothesis is rejected and thus there is no significant association between occupation of respondents and the benefits received from current investment. The interest rate in banks, inflation rate, lack of knowledge are less than 0.05 and therefore it shows significant association with occupation.

From the above table, it is clear that all the values except low experience are greater than the significant value (0.05) therefore alternative hypothesis is rejected and thus there is no significant association between investment experience of respondents and the benefits received from current investment. The low experience is less than 0.05 and therefore it shows significant association with investment experience. From the above table, it is clear that all the values except lack of interest are greater than the significant value (0.05) therefore alternative hypothesis is rejected and thus there is no significant association between savings objective of respondents and the benefits received from current investment. The lack of interest is less than 0.05 and therefore it shows significant association with savings objective.

From the above table, it is clear that all the values except political stability, inefficient investment decision are greater than the significant value (0.05) therefore alternative hypothesis is rejected and thus there is no significant association between investment objective of respondents and the benefits received from current investment. The political stability, inefficient investment decision are less than 0.05 and therefore it shows significant association with investment objective.

Hypothesis (H5) states that gender, age, educational qualification, income and occupation of the respondents influences the investors awareness. P-values for hypothesis (H5) are given below:

Constructs	Gender	Age	Edu	Income	Occu.
Knowledge of stock market activities	.839	.384	.549	.893	.373
Follow stock market through financial news at least twice a week	.321	.410	.026*	.691	.939
Follow stock market through financial news paper at least every a week	.190	.709	.793	.106	.894
Understand the role of brokerage firms	.104	.826	.623	.024*	.456

Access for latest reports, prospectors and financial statements of listed companies	.790	.545	.353	.933	.478
Trust when trading on BSE/NSE	.105	.319	.938	.243	.600
Attend seminar, conference & work shop hosted by BSE/NSE at least 3times a year	.088	.496	.940	.263	.074
Visit BSE/NSE website at least every 3 months	.092	.350	.123	.101	.739
BSE/NSE holds educational programmes	.133	.412	.560	.493	.066
Peers influence my participation in stock market	.014*	.760	.768	.139	.658
Company listed in BSE/NSE publish financial statements more frequently	.555	.118	.258	.093	.422
Seeking financial advice	.114	.296	.537	.438	.299
BSE/NSE reports on corporate developments	.145	.207	.372	.155	.129
Have trouble in paying attention to stock market	.116	.275	.279	.005*	.103

*Significance level 5%.

From the above table, it is clear that all the values are greater than the significant value (0.05) therefore alternative hypothesis is rejected and thus there is no significant association between gender of respondents and the investor awareness, except the factor of peers influence participation in stock market(0.014) which is less than significance value so this factor alone has significance with gender of respondent. From the above table, it is clear that all the values except are greater than the significant value (0.05) therefore alternative hypothesis is rejected and thus there is no significant association between age of respondents and the investor awareness. From the above table, it is clear that all the values are greater than the significant value (0.05) alternative hypothesis is rejected and thus there is no significant association between education qualification of respondents and the investor awareness. From the above table, it is clear that all the values are greater than the significant value (0.05) except the factor paying attention to stock market which is .005, therefore alternative hypothesis is rejected and thus there is no significant association between the annual income of respondents and the investor awareness. But the factor paying attention to stock market has significance to the annual income. From the above table, it is clear that all the values are greater than the significant value (0.05) therefore alternative hypothesis is rejected and thus there is no significant association between the occupation of respondents and the investor awareness.

Hypothesis (H6) states that investment experience, savings objectives and investment objectives influences the investor awareness. P-values for hypothesis (H6) are given below:

Constructs	Investment Exp	Savings Obj	Investment Obj
Knowledge of stock market activities	.196	.715	.747
Follow stock market through financial news at least twice a week	.061	.382	.549
Follow stock market through financial news paper at least every a week	.414	.742	.796
Understand the role of brokerage firms	.484	.168	.846
Access for latest reports, prospectors and financial statements of listed companies	.974	.999	.868
Trust when trading on BSE/NSE	.443	.357	.161
Attend seminar, conference & work shop hosted by BSE/NSE at least 3times a year	.742	.359	.914
Visit BSE/NSE website at least every 3 months	.194	.291	.714
BSE/NSE holds educational programmes	.542	.301	.688
Peers influence my participation in stock market	.655	.324	.508
Company listed in BSE/NSE publish financial statements more frequently	.677	.977	.714
Seeking financial advice	.457	.703	.572
BSE/NSE reports on corporate developments	.165	.853	.424
Have trouble in paying attention to stock market	.409	.233	.703

*Significance level 5%.

From the above table, it is clear that all the values are greater than the significant value (0.05) therefore alternative hypothesis is rejected and thus there is no significant association between investment experience of respondents and the investor awareness.

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From the above table, it is clear that all the values are greater than the significant value (0.05) therefore alternative hypothesis is rejected and thus there is no significant association between the investment objective of respondents and the investor awareness.

Causal model and hypothesis testing

Four important constructs have been developed based on the literature survey, and these constructs are tested with Confirmatory Factor Analysis (CFA) to justify the respective indicator variables impact. Factor loadings are high with these respective constructs than the constructs. It is confirming that these indicator variables are sufficiently useful for explaining the constructs factor structure matrix of loading and cross-loading.

H8: The Investor awareness influences the Investor decision making

The relation was found to be highly significant (Beta= 0.3270, t= 3.9148) (Shown in table 4.4.1). The R Sq value is also positive (R sq=0.107). This indicates that the Investor awareness influences the investor decision making. Beta value=0.3270 indicates that when investor awareness changes by 100%, Investor decision making also changes by 33% in the same direction.

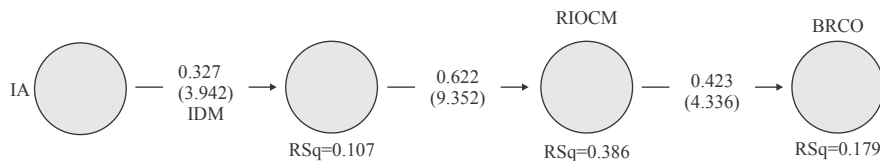
H9: The Investor decision making influences the Reasons for investing other than capital market

The relation was found to be highly significant (Beta= 0.6220, t= 9.3524) (Shown in table 4.4.1). The R Sq value is also positive. This indicates that the Investor decision making influences the Reasons for investing other than capital market. Beta value=0.6220 indicates that when Investor decision making changes by 100%, Reasons for investing other than capital market also changes by 62% in the same direction.

H10: The Reasons for investing other than capital market influences the Benefits received from current investment

The relation was found to be highly significant (Beta= 0.4230, t= 4.336) (Shown in table 4.4.1). The R Sq value is also positive. This indicates that the Reasons for investing other than capital market influences the Benefits received from current investment. They expect more return from their more risky investments. Beta value=0.4230 indicates that when Reasons for investing other than capital market changes by 100%, also Benefits received from current investment changes by 42% in the same direction.

VALIDATION OF RESEARCH MODEL



Terms Used in Model:

- IA : Investor Awareness
 IDM : Investor Decision Making
 RIOCM : Reason for Investing other than Capital Market.
 BRCO : Benefits Received from Current Investment

STRUCTURAL MODEL- BOOTSTRAP

	Entire Sample estimate	Mean of Subsamples	Standard error	T-Statistic
IA->IDM	0.3270	0.4907	0.0830	3.9418
IDM->RIOCM	0.6220	0.6606	0.0665	9.3524
RIOCM->BRCO	0.4230	0.5018	0.0976	4.3359

RELIABILITY AND AVE

Reliability and AVE			
Construct	Composite Reliability	AVE	Cronbach Alpha
IA	0.917492	0.546453	0.912497
IDM	0.661506	0.566858	0.836369
BRCO	0.565437	0.696810	0.740137
RIOCM	0.738575	0.536987	0.927042

The reliability score of the entire construct was more than 0.565437 which represents excellent reliability. The validity of the construct was measured using Visual PLS. The each construct has an AVE value of more than 0.5 showing good convergent validity among.

RANK ANALYSIS

Factors	Rank
Life insurance	1
Post office savings	2
NSC	3
Chit funds	4
Mutual funds	5
Bank FD's	6
Gold	7
PPF	8
Real estates	9
Equity shares	10
Saving's A/c	11

From the above it is clear that respondents are giving preference to life insurance followed by post office savings, NSC. Hence the rural people are giving preference to safest mode of investment with lowest risk.

FINDINGS AND SUGGESTIONS

- There is significant relationship between educational qualification, occupation, annual income with investment objective, this shows that based on the income and education the objective varies, thus in case of equity people who have good knowledge will consider it as option.
- The respondents showed that there is no significant relationship between age, gender, occupation, annual income, educational qualification with purpose of investment. This says that purpose depends upon the individual's perception and we are unable to derive a relation with it.
- In considering the factors which make people decide the investment; only age of the respondent's shows significant relationship all others don't have any relationship. This proves that depending upon the number of males and females investment avenues may vary.
- Investment frequency has no relationship with any demographic factors in this case it is rural population of Coimbatore. Thus whether people invest periodically or monthly or weekly does not impact the investment in stocks.
- From one way ANOVA test it is evident that benefits received from current investment does not hold any relation with the demographic constraints as the significance level is greater than 5%. This shows that rural population of Coimbatore is not considering the investment benefits like easy liquidity, brand value etc, but they consider safety and regular income from investment.
- In considering the non-participation in capital market, the test shows that low income, lack of interest, interest rates of banks, inflation rate, political stability, lack of knowledge, low experience have strong relationship with rural population of Coimbatore. The above factors are the major constraints for the respondents to invest in equities.

Based on the study we infer that awareness about stock markets is lagging in these areas (rural population of Coimbatore), also people were ready to invest in real assets because they expect capital appreciation and real value to their investment which cannot be realized through equity investment. But still out of the 70 respondents more than 60% people expect short term gain and high return for their investments which can be made possible through equity investments. Thus by educating the people and also by making the trading process with a little ease of transactions we can make this population to invest in equities.

CONCLUSION

This study was based on the investment pattern of the investors and their awareness towards capital market. So the study conducted around Coimbatore district, thus in helping to acquaint us with the investment pattern of the local people. The study conducted helps to know why they are not investing in capital market.

1. This study helps in better understanding of what an investor looks for in an investment option.
2. The awareness level of the investors about capital market and what is preventing them to invest in capital market.
3. This study also helps us to understand about the preference of investment made by the rural people of Coimbatore.

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