

# A Study on Demographic Characteristics Impact on Awareness of Investment Avenues of Rural Middleclass Households of Udaipur, Rajasthan

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## ABSTRACT

Word “Investment” is originated from “Vestment”, and the simplified meaning of this word is act of placing certain things somewhere else. And in the economical terms investment is capitalizing your surplus income or saving into certain avenues which can ensure specific return over the amount. It is very crucial to have information and knowledge about the avenues in which individual has to invest, so awareness plays crucial role in decision making of a household for capitalizing his savings. Several studied had confirmed that Awareness in individual for a certain topic is directly associated with the personal characteristics of the individual in which qualification, family type and status and the intelligence quotient like characters are found quite significant. So in broader classification of the factors prime determinants which may influence the awareness of an individual for investment avenues are sociological factors and psychological factors. This study is an attempt to measure the significance of each personal characteristic for the level of investment avenues awareness among rural middleclass households of Udaipur district of Rajasthan. Total 385 different middleclass households of rural areas of Udaipur district participated in the research. Operational scope of the study was limited to examine the level of awareness for the investment avenues and the geographical scope was the rural areas of Udaipur (Badgaon, Girwal tehsil, Salumber, Jaisamand, Mavli, Balicha, Eklingji, Chirwa and Dabok etc.) district of Rajasthan. The study was confined to assess the impact of demographic characters (age, gender, family type, academic qualification and occupation) association with the level of awareness for the investment avenues in the targeted sample households. The study concluded that demographic characteristics like age, gender, qualification, occupation and family type positively and significantly affects the awareness of rural middleclass households for investment avenues.

**Keywords :** Investment, Demographic Characteristics, Awareness, Middleclass, Household, Saving

## Introduction

In one of the stage of Maslow need hierarchy financial security is placed, which presents the significance of financial security for an Individual or for a family. The concept of financial security offers to a family is just a safety or the assurance of future independence from the financial obligations which the individual or the family is believed to realize in nearby future. Financial security is irrespective to the cultural, political, economical and geographical background of the family or the individual. So the importance of saving and capitalizing (Investment) that saving in such avenue which can confirm a certain

return over the amount invested in that. As every investment is exposed to return, one more factor also affects that is risk associated with the investment. So in order to reduce the possibilities of the risk associated with the investment investor should have knowledge and awareness for that to achieve the three layered conformity that is profitability, liquidity and safety. Raman (2002) made a classification of the available investment option in three types that are: Real Investment- The investment tangible by nature and real like (Building, Jewellery, Land, Gems and Stones etc), Contingent Investment – The investment related to the contingency (Insurance etc) and

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Titular Investment – In form of certificate (Deposit Receipts, Promissory Notes etc).

Importance for the awareness of the available investment avenues is highly dynamic and complex as the process of investment itself is, it is because the complex procedure to avail the investment facility negatively affects the individual to acquire the information about the avenue. In a broader classification the determinants which may influence the awareness level of the individual household can be clubbed into sociological factors and psychological factors. Apart of the negative effect of the complexity of the procedure of the availing the benefits of Investment Avenue, some more variables are very crucial this affects the awareness level of the investor that are cultural, risk taking propensity and demographic characteristics. Demographic characteristics (age, gender, family type, academic qualification and occupation) of rural middleclass households are how significantly associated with the awareness of investment avenue is the subject of the study.

The study sample size was 385 rural middleclass households of the rural areas of the Udaipur district of Rajasthan. Feedback of sampled rural middleclass households was collected with the help of a structured questionnaire. Questionnaire was developed to assess the level of awareness of the sampled rural middleclass household of rural areas of Udaipur district of Rajasthan. In the questionnaire all the awareness related parameters were presented like awareness for the listed investment avenues, factors influencing them while making investment, sources of information etc and respondent's opinion were measured under the Likert Scale. Personal or demographic information of rural middleclass household like age, gender, marital status, monthly income, family type, academic qualification and occupation is also collected with the help of questionnaire. The parameters included in the study primarily focuses on fulfilment of research objectives and development of interrelated framework of the research.

## **Review of Literature**

Akplu (2005) proposed risk taking propensity as a significant determinant which may influence the investment behaviour of the investor. The study confirmed that person approach to take the risk and not to take the risk is directly associated with his interest to know more about the available investment option and to explore the benefits

of them. Sushant Nagpal and B. S. Bodla June (2009) concluded in their study that life style of the investor is also associated with the level of awareness for the investment avenues. A person with modern living standards and with smart life style is always keen to know about the more smart ways of investment to earn more returns. The modern investors are quite matured and groomed so they do not go for the blind investments as they go for reference group analysis before making any investment.

Amu (2012) studied the reasons and motives of making the investment by an individual or the family. The study was focused to examine the reasons of investment. Study revealed several reasons of investment and also concluded that investment decisions are strongly influenced by the demographic characteristics. Shanmugasundaram and Balakrishnan (2010) proposed their research to examine the factors which influences the behaviour of investor in the capital market. Their research concluded that demographic factors influence the investors' investment decisions.

Murithi Suriya, Narayanan and Arivazhagan (2012) revealed by their study that investment market in India is dominated by the female investors. The study also confirmed that investors are very rational for their investment and go for several source of information to ensure the reliability of the investment avenue before making any investment. Most of the time for confirming their decision about the investment avenue they preferred to discuss with family and friends. Srinivasan Sakthi and Lakshmi Devi (2006) studied awareness for the post office saving schemes among the sample population including with the study of their perception about the saving schemes offered by post office to them. The study revealed that several small saving schemes are majorly preferred by the people. Age, gender, income as demographic characteristics significantly influences the investors' investment decision and purpose of investment.

Saleem Abid and Ghulam Sadiq Afridi (2010) in their study on “Assessing the Household Saving Pattern of Urban and Rural Households in District Muzaffarabad” concluded that income, family size, locality and education of the investor significantly affect the saving behaviour of the households of District Muzaffarabad. The study revealed that large family size and more educated people saving and investments are comparatively fewer than the small family and less educated household.

## Research Methodology and Framework

Descriptive and exploratory research methods were adopted in the research here the descriptive research method is detailed in nature and the exploratory research method is single cross sectional in nature. The primary data is collected with the help of questionnaire. The questionnaire helped to examine and measure the rural middleclass household's behaviour and level of awareness for the investment avenues. The questionnaire is developed and standardized under the Likert five point scale where rural middleclass household respondents were asked to rate their opinion for the statements according to their rate of agreement for the statement. To ensure the quality of the questions research instrument questionnaire was forwarded to the academic experts of finance and banking sectors of different universities of Udaipur district. The changes were incorporated in the research instrument as suggested by the experts. Keeping this thing in mind that the ultimate crux of the variables (to be studied) would not be changed so very careful changes were performed in the questionnaire. The research methods used in the study is fundamentally focused on examining the interrelated variables and subjects of the rural middleclass household awareness and behaviour for the investment avenues. Main variables of the study which were under examination for fulfilling the established objectives are as follows:

1. Independent Variable-
  - a. Rural Middleclass Households of Udaipur District
2. Dependent Variables-
  - a. Rural Middleclass households awareness for the investment avenues
  - b. Rural Middleclass households behaviour for the investment avenues

Research data was collected from several sources to satisfy the objectives of the research, following data rules were followed while collecting the data:

1. Articles and research papers related to saving and investment trends and issues in financial news papers like Economic Times & Business standard etc.
2. Investment magazines, business magazines and financial chronicles.
3. Financial or Economics experts' opinion published in various print media.

4. Books written by various Foreign and Indian authors on saving and investment.
5. Data available on internet in various websites.
6. Already published theses or dissertations of savings and investments.
7. Reports and reviews published on government websites.
8. Questionnaire statements related to the investor awareness and behaviour for the investment and investment avenues.

A standard sample of 385 rural middleclass households was chosen for the purpose of study. In 385 rural middleclass households, 92 households were female and remaining 293 household were male. The dominating age groups in the sampled population were 30-40 years and 40-50 years, 61.29% of the sampled households were married. A mix type of education background population participated in the research as only 43 households were illiterate.

In order to investigate the relationship between demographic variables like educational qualification, age, gender and the awareness about investment avenues following hypothesis were formulated.

$H_0$ : There is no significant relationship between the demographic characteristics and awareness for investment avenues among rural middleclass households.

$H_a$ : There is significant relationship between the demographic characteristics and awareness for investment avenues among rural middleclass households.

To examine the significance or insignificance of the association between the demographic characteristics of rural middleclass households of southern Rajasthan and their awareness for the investment avenues multiple regression test was performed over the data set. This test helps to know the extent of association between dependent and independent variables and even also helps to improve the quality of data analysis as well (Field, 2005). To examine the above stated hypothesis significance Multiple regression analysis was performed with stepwise method.

## Data Analysis and Interpretation

**Table 1: Reliability analysis of the Responses of Rural Middleclass households**

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.842	.858	112

Source: Primary Data

Table 1 presented the Cronbachs' reliability statistics of rural middleclass household respondents opinion collected from the structured questionnaire presenting the statements related to investment behaviour and habits. This test helped to measure the internal consistency of the data set and confirms that dataset consistency for the further statistical analysis. From the table it could understand that reliability was measured for the 112 different variables by Cronbachs' alpha value. The Cronbach's alpha value for the 112 number of items found 0.842 which shows the 84.2% reliability of the data, Cronbach's alpha value of the standardized items is 0.858; these both values are more than 0.70 and confirms the good internal consistency and relationship among the variables. It also confirms the quality of questions as well.

**Table 2: Descriptive Scale Statistics of the Responses of Rural Middleclass Households**

Scale Statistics			
Mean	Variance	Std. Deviation	N of Items
234.2319	756.062	27.49659	112

Source: Author's Compilation

**Table 3: Descriptive Statistics of Rural Middleclass Households**

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic
Age Group	385	1.00	4.00	2.4644	.89534	.802
Gender	385	1.00	2.00	1.6511	.47715	.228
Family Type	385	1.00	3.00	1.5889	.65212	.425

Table 2 presented the descriptive scale statistics of Cronbach's alpha test for the responses of rural middleclass households. From the table it could interpret that for all the 112 items or the variables participated in the analysis are having the mean score of 234.2319 and the value of variance is 756.062. The observed standard deviation for the mean score value of 112 data items of the study is 27.49659 which confirms the deviation of the mean score value in both positive and negative direction ( $234.23 \pm 27.49$ ) of the mean value. The good variance and standard deviation values confirm the variability and the broad coverage of the sampled population in the responses of the rural middleclass respondents chosen for the study purpose. Higher would be variability in the responses, higher quality responses and less skewed data confirmation could better be observed.

From Table 3 presented below demonstrates the Descriptive Statistics (Minimum, Maximum, Mean, Standard Deviation and Variance) of the 385 sampled Rural Middleclass Households. By the data values presented in the table 3 it could interpret that total number of rural middleclass respondents participated in the research and filled the questionnaire and also preferred for the study purpose were 385. Observed standard deviation from the mean score of age class is ( $2.46 \pm 0.89$ ), of gender class is ( $1.65 \pm 0.47$ ), of family type class is ( $1.58 \pm 0.65$ ), of qualification class is ( $2.83 \pm 1.29$ ), and of Occupation class is ( $2.22 \pm 1.13$ ). All the presented mean and standard deviation values for the listed five demographic variables (Age, Gender, Family Type, Qualification Level and Occupation) showed good variation in the rural middleclass households' demographic profile and confirms that it was properly maintained by the researcher that all the possible demographic groups / classes should participate in the study, which ensures the quality of the research as well.



Qualification Level	385	1.00	6.00	2.8333	1.29458	1.676
Occupation	385	1.00	5.00	2.2222	1.13438	1.287
Valid N (listwise)	385					

Source: Primary Data.

**Table 4: Summary of Multiple Regression Models**

Model Summary <sup>b</sup>									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.874 <sup>a</sup>	.763	.758	.37167	.763	135.320	5	379	.000
a. Predictors: (Constant), age, gender, qualifications, occupation, family type									
b. Dependent Variable: Awareness level for investment avenues									

Source: Primary Data

From Table 4 of summary of regression model, it could find that R and R<sup>2</sup> which represents the coefficient of association between several variables participated in the analysis. The "R Square" column represents the R<sup>2</sup> value (also called the coefficient of determination), which is the proportion of variance in the dependent variable that can be explained by the independent variables (technically, it is the proportion of variation accounted for by the

regression model above and beyond the mean model).

It was found that the adjusted R<sup>2</sup> of the model is .758 with the R<sup>2</sup> = .763 that means that the linear regression explains 76.3% of the variance in the data. This value presents good and linear association in between the demographic characteristics (age, gender, qualifications, occupation, and family type) and awareness for investment avenues among rural middleclass households.

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	149.540	5	18.692	135.320	.000 <sup>b</sup>
	Residual	46.414	379	.138		
	Total	195.954	384			
a. Predictors: (Constant), age, gender, qualifications, occupation, family type						
b. Dependent Variable: Awareness level for investment avenues						

Source: Primary Data

The F-ratio in the F-Test Table 5 examines whether the overall regression model is a good fit for the data or not. The Table showed that the independent variables statistically significantly predict the dependent variable as  $F(5, 379) = 135.320, p = .000 < .0005$  (i.e., the regression model is a good fit of the data).

So it could conclude that there is significant relationship

level for investment avenues of sampled rural middleclass households is statistically significantly ( $t = 1.911, \text{sig. value} = .057$ ) different from 0.

It was also observed from the Table 6 that there is significant association between awareness for the investment avenues among the rural middleclass households of Southern Rajasthan are directly associated

**Table 6: Coefficient statistics of association in demographic characteristics and awareness for investment avenues among rural middleclass households**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.279	.146		1.911	.057
	Age	.301	.035	.338	8.564	.000
	Gender	.118	.051	.138	2.312	.021
	Qualifications	.100	.049	.126	2.028	.043
	Occupation	.124	.060	.152	2.081	.038
	Family type	.087	.027	.087	3.224	.001

a. Dependent Variable: Awareness level for investment avenues

Source: Primary Data

between demographic characteristics (age, gender, qualifications, occupation, and family type) and awareness for investment avenues among rural middleclass households thus  $H_a$  must be accepted. Means awareness for the investment avenues among the rural middleclass households of Southern Rajasthan is directly associated their demographic characteristics (age, gender, qualifications, occupation, and family type).

This tests examines whether the unstandardized (or standardized) coefficients are equal to 0 (zero) in the population. If  $p < .05$ , it can conclude that the coefficients are statistically significantly different to 0 (zero). From Table 6 it could conclude that Average Score of Awareness

their demographic characteristics (age, gender, qualifications, occupation, and family type). Higher beta value presents good and positive relationship and association between the dependent and independent variables. In table beta value for Age is (.338), for Gender is (.138), for Qualifications is (.126), for Occupation is (.152) and for Family type is (.087).

Thus it can concluded that all the listed demographic characteristics like age, gender, qualification, occupation and family type positively and significantly affects the awareness of rural middleclass households for investment avenues.

**Fig 4.1: Result of Regression Analysis**



Source: Table 5

**Table 7: Acceptance and rejection of Hypothesis**

S. No.	Hypothesis	Status
1.	<b>H<sub>a</sub>:</b> There is significant relationship between the demographic characteristics (age, gender, qualifications, occupation, and family type) and awareness for investment avenues among rural middleclass households.	Accepted

Source: Table 6

### Conclusions and Remarks

Both the savings and investments have been considered as a determinant of economical growth of nation and also provide a cushion of security to the families against the future contingencies and also help by providing funds to the development they look for their families. Cronbach's alpha value on standardized item was also excellent that is .858 and confirms the 85.5% reliability or quality of the data. Total number of items include in the study were 112. Out of 385 rural middleclass households of southern Rajasthan 224 rural middleclass households are aware with several investment avenues and remaining 161 rural middleclass households are not aware from investment alternatives. There is no significant relationship between

the demographic characteristics (Age, Gender, Family Type, Academic Qualification and Occupation) and awareness for investment avenues among rural middleclass households. Following were the main conclusions derived from the statistical analysis performed in the study:

1. To analyze the impact of demographic characteristics (qualification, age, gender, occupation and family type) of rural middleclass households' on their awareness for investment avenues multiple regression test was performed over the data set. To examine the above stated hypothesis significance Multiple regression analysis was performed with stepwise method.

2.  $R^2$  of the model was .758 with the  $R^2 = .763$  that confirmed that the linear regression explains 76.3% of the variance in the data. This value presented good and linear association in between the demographic characteristics (age, gender, qualifications, occupation, and family type) and awareness for investment avenues among rural middleclass households.
3. It was also concluded that the independent variables statistically significantly predict the dependent variable,  $F(5, 379) = 135.320$ ,  $p = .000 < .0005$ , which confirmed that there is significant relationship between demographic characteristics (age, gender, qualifications, occupation, and family type) and awareness for investment avenues among rural middleclass households.
4. Beta value for Age was (.338), for Gender was (.138), for Qualifications was (.126), for Occupation was (.152) and for Family type was (.087).
5. Average Score of Awareness level for investment avenues of sampled rural middleclass households is statistically significantly ( $t = 1.911$ , sig. value = .057) different from 0.

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