CHAPTER - 5
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Major findings of the study are as follows:

[1] The study reveals that life insurance is the most preferred investment amongst all securities. Investment in life insurance policies tops the list with ownership incidence of 83% in the sample households. It seems that insurance has acquired the status of necessity in each household.

[2] The second most preferred instrument is fixed deposits, which had ownership incidence of 64 per cent of the sample households. Even though they yield less than many other financial assets, fixed deposits are prized for their being almost as liquid as cash and for their simplicity, safety of money and convenience.

[3] The 'Share' is third most preferred instrument, with about 48% of the sample households found to have invested in shares. Most of the investors in shares had good educational background. The average land holding was about 5-10 acres, that is much higher than the overall average for the State. Almost all investors were found to have been receiving remittance from their NRI relatives settled abroad. Many salaried people and self-employed professionals in the rural areas were found to be regular investors in shares.

[4] The National Savings Certificates (NSC) is fourth most preferred instrument, which had ownership incidence of 44% of the sample households. This instrument enjoys
good popularity among salaried persons, teachers, businessmen, doctors etc., due to the liberal tax concessions on such investment.

[5] Debenture is fifth most preferred instrument owned by 20 % of the sample households. The instrument is popular due to high interest rate as compared to Government securities or fixed deposits with companies.

[6] The combined ownership incidence of mutual funds (17 %), Bond (8 %) and public provident fund (14 %) was 39 per cent in the sample respondents.

[7] Taking all three districts together, particularly in shares, the respondents of Kheda district have invested the highest in shares. While district Ahmedabad is the highest among the LIC policy-holders, fixed deposit holders and NSC holders.

[8] Better returns from any scheme, safety of money, and capital appreciation are the prime considerations or concerns of the investors which guide them in their investment decisions.

[9] There is no significant difference in preference for the primary and the secondary markets on the basis of domicile in the three districts.

[10] Among the 'Share' owners, 73.5 % preferred the primary market whereas 26.5 % per cent preferred the secondary market for investment in shares.

[11] Strong possibility of capital appreciation was cited to be the most important factor while considering investment in the primary markets. It was ranked first
over all and carried a mean weighting score of 3.20.

[12] The second most important alternative was easy liquidity (mean score 3.18), followed by better dividends (3.16), and risk factors (3.09).

[13] Promoters' reputation and types of business undertaken were given equal ranking (Rank - V) with mean score of 3.02.

[14] Among the attributes considered to be important while making investment in the secondary market, EPS was ranked first (mean score - 3.41), and general reputation of the company with mean score of 3.39 was ranked second. The next most important factor was the chance of getting Bonus (mean score - 3.13), followed by chance of getting rights (mean score 2.96).

[15] In case of the secondary market, brokers' recommendation was considered to be less important as compared to the recommendation by friends and relatives. The word of mouth was found to be the most effective tool of communication in case of the primary as well as the secondary markets.

[16] Among the attributes considered to be important while investing in mutual funds, capital appreciation was ranked as first by respondents and carried a mean score of 3.43. This was followed by lock-in period (mean score - 3.22), and liquidity (mean score - 3.18). The least important attributes, according to the respondents, were listing on Bourses (Rank-9 and mean score 2.62) and type of scheme that is open-ended or
close-ended (Rank-8 and mean score-2.80).

[17] Among the factors considered to be important for investing in debentures, the top most alternative was safety of money (mean score - 3.76), followed by "Convertibility in shares" (mean score 3.56). The least important thing, according to the study, was 'Redemption period' (mean-score-3.10).

[18] The attributes considered to be important while investing in Bonds included, "Safety of money", interest rate, and maturity period. Safety of money was ranked first (mean score-3.82). "Interest rate" (mean score-3.53) was ranked second, and 'maturity period' (means score-3.45) was ranked third. The least important attribute was 'Transferability', with a mean score of 2.76.

[19] The advice from the friends and relatives (36 %) is the most popular source of information regarding instruments and opportunities investment in the secondary market. Self-observation (33 %), and newspaper/magazines (13 %) occupy second and third places respectively.

[20] Overall friends/relatives (35 %) and newspaper (34 %) are the most common sources of information for subscribing to a new issue. The brokers (22 %) and TV (14 %) are also important in this respect.

[21] The respondents ranked land to be the prime investment option. This was same for all the three districts surveyed. The second most attractive investment option
is fixed deposits, followed by shares and construction of houses. The respondents from Baroda and Kheda districts ranked 'share' to be the third most attractive investment option, whereas respondents of Ahmedabad ranked it fifth.

[22] The least attractive investment options, as perceived by the respondents, were deposits with shroff (Rank-12), unconverTable debenture (Rank-11), and bonds (Rank-10).

[23] The survey reveals that 91.56 per cent respondents have invested individually whereas 8.44 per cent respondents invested in securities on group basis. However, investment in groups is the most prevalent in Baroda (10.67 %) and Kheda (10.34 %) whereas the least in Ahmedabad (2.78 %) district.

[24] Regarding the size of investment portfolio, it was found that about (26 %) investors have invested between Rs. 10,000 to 25,000. 29 % investors had an average investment between Rs. 25,000 and 50,000. About 11 % were very small investors, having a meagre portfolio of less than Rs. 50,000. The remaining 34 % had invested more than Rs. 50,000 in various securities. Looking to the fact that most of the villagers are reluctant about revealing their actual investments, it is possible that the actual investments could have been many times more than what was reported by the respondents.
[25] Nearly half of the respondents (48%) invest only occasionally, depending upon the attractiveness of the opportunity and their liquidity position.

[26] About 27% respondents were found to be regular investors, investing in securities.

[27] Among the different occupational categories, more than 50% rural investors were engaged in farming, 12% were businessmen, followed by teachers (5.50%), shopkeepers (3.54%), doctors (2.16%), and retired persons (0.98%) respectively.

[28] The education-wise classification reveals that 7.94% of the respondents had postgraduate degrees, 32.5% had college level education, 39.95% had completed their senior secondary level schooling, 19.35% were matriculates, and only 0.25% were illiterate.

[29] In most of the households, investment decisions are taken by male members. Investment decisions by females are taken only in those situations where there is no mature male member in the family. In the sample households, only 1% decisions were found to be taken by female members.

[30] District-wise comparison reveals that in Kheda and Baroda districts, people were more regular investors as compared to Ahmedabad district.

[31] The TV boom in the rural areas has turned this medium into an effective source of information for the rural population. Radio is not so popular in the rural areas.
of these districts.

[32] Regarding the ownership of assets, it was found that 96.53% investors possessed their own houses and 18.11% were the owners of shops/commercial establishments.

[33] The District-wise survey shows that the incidence of house ownership is more in Ahmedabad (99.07%) than in Baroda (97.33%), and Kheda (93.79%) districts.

[34] Out of 403 respondents, 59 (14.64%) respondents possessed tractors which they used mainly for agriculture purpose. In Kheda district, more tractors (18.62%) were found than in Baroda (11.33%) and Ahmedabad (10.19%) districts.

[35] About 52% respondents owned scooters or bikes. 60% respondents had refrigerators in their houses.

[36] The ownership of the washing machine was found to be very small (4.72%) in the rural areas of the three districts.

[37] The ownership of the TV sets was found to the highest in Kheda district (80.69%). This is followed by Ahmedabad (71.30%) and Baroda (70.00%) districts respectively.

[38] An average cultivator possessed about 5-10 acres of land in these districts. Those who invested in securities possessed more land as compared to the non-investors.