A Study On The Level Of Awareness Regarding Savings And Investment Modes Among Rural Households In Udumalpet

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ABSTRACT:

Savings and investment play a vital role in the economic well-being of households as well as in the overall development of a nation. For rural households, effective saving and investment decisions are particularly important, as they help in managing income uncertainties, meeting future financial needs, and improving living standards. However, despite the availability of various savings and investment avenues, the level of awareness and participation among rural households often remains limited. This study aims to examine the extent of financial awareness among rural household. The research focuses on understanding the level of knowledge related to traditional and modern investment options, and the sources of financial information available to rural households. The data has been collected through structured questionnaire and analysed. The research methodology employed in this study includes the Percentage analysis, Garrett ranking and Chi-square test. The study revealed that the most rural households possess limited awareness of diversified investment modes and predominantly prefer traditional and low-risk savings instruments such as bank deposits, gold, and post office schemes. Awareness and participation in modern financial instruments like mutual funds, shares, insurance, and commodity markets are relatively low due to inadequate financial literacy and limited access to professional financial guidance. The study concludes that insufficient awareness and financial literacy hinder the effective mobilization and diversification of rural savings. It emphasizes the need for structured financial education programs, increased awareness of government schemes, and improved access to financial institutions to enhance informed decision-making.

KEYWORDS:

Savings, investment, awareness, rural households, financial instruments.

INTRODUCTION:

Savings and investment decisions play a crucial role in determining the financial well-being and stability of households, particularly in rural areas where income levels, awareness, and access to financial institutions often vary significantly. Rural households form an essential segment of India's socio-economic landscape, and understanding their financial behaviour is vital for promoting inclusive economic development. The level of awareness regarding savings and investment avenues not only influences how households manage their resources but also affects their ability to cope with uncertainties, plan for the future, and improve their overall standard of living.

The research area, Udumalpet, with its predominantly rural population and agriculture-based economy, presents a unique context for studying household financial behaviour. Factors such as education, income, family size, occupation, and socio-cultural background can strongly influence how individuals perceive and utilize various savings and investment options. Despite the increasing availability of formal financial services, many rural households still rely on traditional or informal modes of saving due to limited awareness, accessibility issues, or insufficient financial literacy.

In this context, examining the demographic characteristics of rural households and their awareness levels regarding savings and investment modes becomes essential. Such an analysis helps identify gaps in financial knowledge, understand the factors influencing financial choices, and highlight potential areas where financial literacy programs and policy interventions may be required.

This study titled "A Study on the Level of Awareness regarding Savings and Investment Modes among Rural Households in Udumalpet" seeks to explore these dimensions. It aims to analyse the demographic profile of rural households and assess their awareness of various savings and investment opportunities. The findings of this study are expected to contribute valuable insights for policymakers, financial institutions, and development agencies working toward strengthening rural financial inclusion and promoting informed financial decision-making.

REVIEW OF LITERATURE:

Deep Patel, et al (2025)[1] conducted research on the topic "A study on individual awareness level towards investment avenues with respect to Surat city". The study found that individuals preferred traditional and secured investment avenues like gold and bank deposits. The study also highlighted that family and friends serve as the main sources of investment related information, and safety is identified as the most significant factor influencing individuals' investment decisions.

Krishnamoorthi (2024)[2] in the study "Rural investors' awareness on various investment avenues in Erode district", observed that a large proportion of investors, particularly in rural areas, lack awareness of available investment opportunities as well as the related laws and guidelines. As a result, savings in rural regions are not effectively invested or channelled into appropriate investment avenues.

Aria Sarwary (2021)[3] conducted research on the topic "A study on trends and patterns of household's saving and investment on Economy". The objective of the study is to know the contribution of the household sector to the growth of the economy. The study concluded that the households contribute more than 50% for capital formation of a country which is adequate to support a significantly higher rate of growth in future years.

Rajeev Kumar (2021)[4] conducted research on the topic "A Study on Savings and Investment Patterns of young Investors of Pune city". The objective of the study is to know the best avenues available for investment in current scenario and the factors that investors consider before investment. The study revealed that most of the respondents preferred bank deposits as the best investment avenue, then Mutual funds and equity shares are the next preferred best avenues of investment. The factors that investors consider before investment are returns and better stability of investments.

Snehal J. Mirajkar, et al (2021)[5] conducted research on the topic "A study of savings and investment pattern of semi-medium and medium farmers with special reference to western Maharashtra plain zone". The objective of the study is to know the existing pattern of savings and investment of farmers. The findings from this study are savings and investment pattern are only related to deposits and livestock. It is also observed that the farmers are not aware of other investment opportunities. The study concluded that the pandemic situation also affected the savings and investment of the farmers.

Balaji Sadavarte, et al (2021)[6] conducted research on the topic "A study on saving and investment pattern of Indian households". The objective of the study is to know the household savings and investment pattern. The study revealed that the main objectives of investment are liquidity and safety. The households also prefer to invest in long term investments because better returns are yielded.

Velmurugan.E (2020)[7] conducted research on the topic "A study on savings and investment pattern of assistant professors of self-finance colleges in Theni district". The objective of the study is to know the savings and investment habit of assistant professors and the awareness on different types of avenues of investment. The study revealed that most of the professors are considering safety factor for selecting the mode of saving. The majority of the professors have savings habit and the reason behind savings is to meet the future expenses. The professors are aware of the different types of avenues of investment but among them bank deposits are the most preferred investment avenue.

Amsaveni.S (2019)[8] studied the "Rural household savings and investment pattern." The objective of the study is to know the awareness of rural investors on various investment avenues and the investment preference of rural investors. The study concluded that still rural investors in Coimbatore district prefers to invest in bank deposits, gold, and post office savings, and are not interested to invest in shares and mutual funds due to lack of awareness.

Suganthi.K, et al (2019)[9] studied the" Savings and Investment model of salaried employees at Tanjore". The objective of the study is to know the preferred mode of investment and the factors determining investment of salaried employees. The study revealed that the preferred mode of investment is gold and bank deposits. There is a less investment in mutual funds and shares due to lack of awareness. The factors determining investment decision are safety and high returns.

Hemalatha.T.M, et al (2018)[10] conducted research on the topic "A study on savings and investment pattern of salaried women in Coimbatore district". The objective of the study is to know the reason for preferring investment, level of awareness on various investment avenues and the problems encountered by the investors on their investment. The study revealed that the investors main reason for preferring investment is to save money for future, the respondents level of awareness is high for bank deposits and safety of the principle amount is the main problem associated with investments.

STATEMENT OF PROBLEM:

Rural households play a crucial role in the economic development of the country, yet their participation in formal savings and investment activities remains limited. In regions like Udumalpet, traditional saving habits, lack of financial literacy, limited access to financial institutions, and low awareness of modern investment modes often hinder effective financial planning. Although various financial products and government schemes are available, many rural families may not fully understand their benefits, risks, or long-term value.

This gap in awareness can lead to poor financial decisions, dependence on informal saving practices, and missed opportunities for wealth creation. Therefore, it becomes essential to study the level of awareness among rural households regarding different savings and investment modes. Understanding these awareness levels will help identify the barriers they face, the factors influencing their choices, and the steps needed to enhance financial inclusion and economic stability in the region.

OBJECTIVES:

- To study the demographic profile of households in rural Udumalpet.
- To assess the level of awareness among rural households regarding various modes of savings and investment.

HYPOTHESIS:

H_{01}: There is no significant association between the educational qualification and percentage of savings.

H_{02}: There is no significant association between the monthly income and percentage of savings.

H_{03}: There is no significant association between the educational qualification and awareness towards modes of savings.

H_{04}: There is no significant association between the educational qualification and level of awareness towards investment opportunities.

RESEARCH METHODOLOGY:

The study adopts an analytical method of research to analyse the level of awareness regarding savings and investment modes among rural households in udumalpet. The sample has been collected from 160 respondents adopting convenient sampling method. The primary data required for the study was collected through structured questionnaire. Secondary data were collected from the journals, published reports, books and websites. Percentage analysis, Garrett ranking and Chi-square test were used to analyse the data.

DATA ANALYSIS AND INTERPRETATION:

Table 1

Socio - demographic profile of the respondents

Variables	Classification	Percentage
Age	Up to 15	0
	16-30	35
	31-45	36.88
	46-60	26.25
	Above 60	1.88
Gender	Male	41.25
	Female	58.75
Marital Status	Married	65
	Unmarried	30.63
	Single parent	1.25
	Divorced	3.13
	Widow/Widower	0
Educational qualification	Up to school	36.25
	Undergraduate	35
	Postgraduate	16.88
	Professional	6.25
	Diploma	0
	Doctoral degree and above	0.63
	Illiterate	5
Occupation	Self-Employed/Business	13.75
	Salaried	37.50
	Professional	10.63
	Retired	2.50
	Agriculturist	6.88
	Home maker	16.88
	Student	11.88
	Others	0
Monthly income	Up to 15000	43.13

	16000-30000	36.88
	31000-45000	14.38
	46000-60000	5.63
Number of members in the family	2	1.88
	3	31.88
	4	43.13
	5	23.13
Number of earning members in the family	1	37.50
	2	58.75
	3	3.75

(Source: Primary data)

It is interpreted that nearly 37 percent of the respondents belong to the age group of 31-45 years, 58.75 percent of the respondents were Female, 65 percent number of the respondents were married, nearly 37 percent of the respondent's educational qualification was up to school, 37.50 percent of the respondents were salaried, 43.13 percent of the respondent's monthly income was up to Rs 15000, 43.13 percent of the respondents have 4 members in the family and 58.75 percent of the respondents have 2 earning members in the family.

Table 2
Sources of Income of the Respondents

Sources	Number of Responses	Percentage of Responses
Wages/Salary	80	50
Rental income	2	1.25
Agricultural income	14	8.75
Interest on deposits	0	0
Dividend	0	0
Business income	20	12.50
Pension	4	2.50
Capital Gains	0	0
No income	41	25.63

(Source: Primary data)

It is noted from the above table that 50 percent of the respondent's source of income was wages/salary, 25.63 percent of the respondents have no source of income, 12.50 percent of the respondent's source of income was business income, 8.75 percent of the respondent's source of income was agricultural income, 2.50 percent of the respondent's source of income was pension and 1.25 percent of the respondent's source of income was rental income.

Nearly 50 percent of the respondent's source of income was wages/salary.

Table 3
Percentage of Monthly Savings

Percentage	Number of Respondents	Percentage of Respondents
0 percent	36	22.50
Up to 10 percent	104	65
11 – 20 percent	19	11.88
21 – 30 percent	1	0.63
Total	**160**	**100**

(Source: Primary data)

It is noted from the above table that 65 percent of the respondent's savings was up to 10 percent of monthly income, 22.50 percent of the respondents have no monthly savings, 11.88 percent of the

respondent's savings was between 11-20 percent of monthly income and 0.63 percent of the respondent's savings was between 21-30 percent of monthly income.

Maximum (65 percent) number of the respondent's savings was up to 10 percent of monthly income.

Table 4
Objectives of family saving

Objectives	Number of Responses	Percentage of Responses
Children's Education	118	73.75
Retirement	44	27.50
Home purchase	91	56.88
Repay loan	68	42.50
Healthcare	160	100
Long term growth	19	11.88
Self/Child's marriage	148	92.50
Festival needs	51	31.88

(Source: Primary data)

It is noted that out of total responses all the respondents objective was health care, 92.50 percent of the respondent's objective was self/child's marriage, 73.75 percent of the respondent's objective was children's education, 56.88 percent of the respondent's objective was home purchase, 42.50 percent of the respondent's objective was to repay loan, 31.88 percent of the respondent's objective was festival needs, 27.50 percent of the respondent's objective was retirement needs and 11.88 percent of the respondent's objective was long term growth.

Majority of the respondent's objective of savings was health care (100 percent), followed by self/child's marriage (92.50 percent) and children's education (73.75 percent).
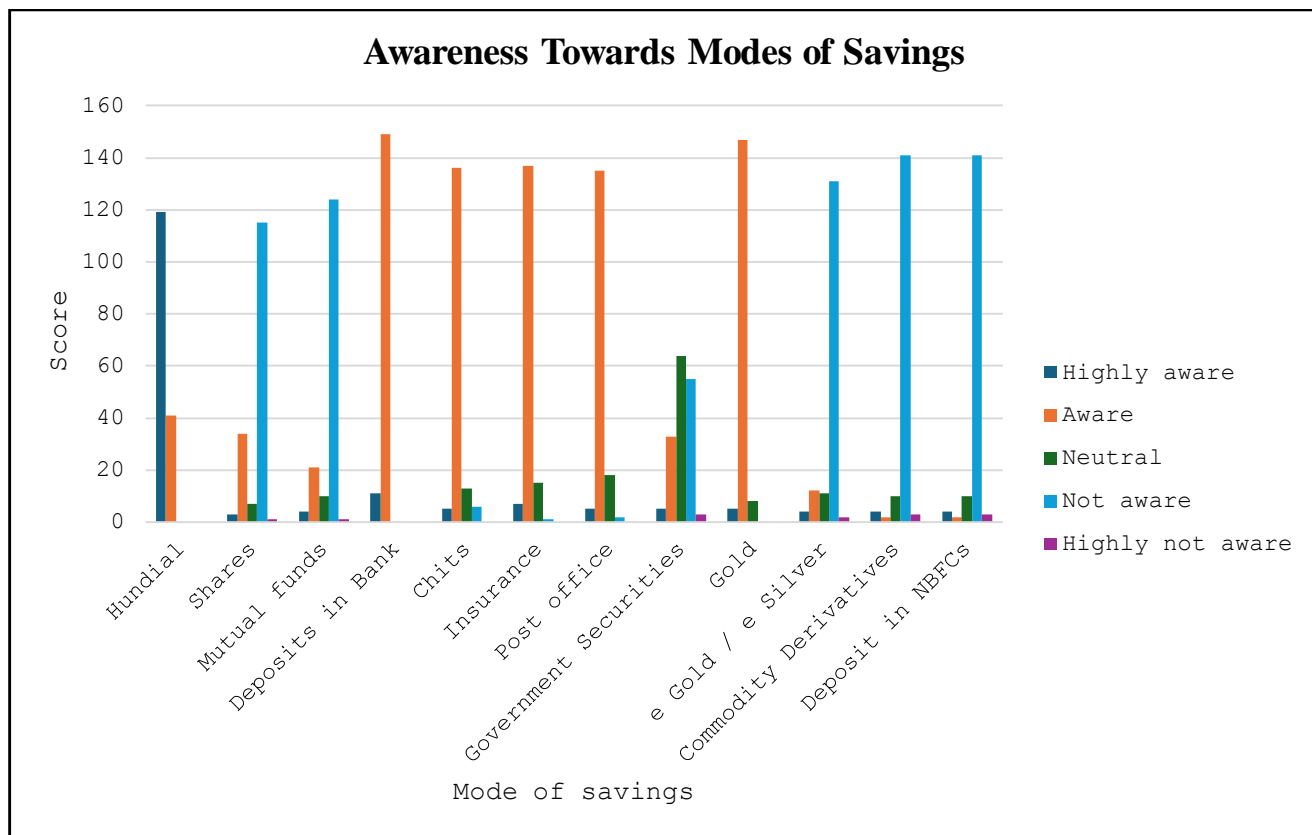
Table 5
Awareness Towards Modes of Savings

Mode of Savings	Highly Aware 5	Aware 4	Neutral 3	Not Aware 2	Highly Not Aware 1	Total Score	Rank
Hundial	119	41	0	0	0	759	1
Shares	3	34	7	115	1	403	8
Mutual funds	4	21	10	124	1	383	9
Deposits in Bank	11	149	0	0	0	651	2
Chits	5	136	13	6	0	620	6
Insurance	7	137	15	1	0	630	4
Post office	5	135	18	2	0	623	5
Government Securities	5	33	64	55	3	462	7
Gold	5	147	8	0	0	637	3
e Gold / e Silver	4	12	11	131	2	365	10
Commodity Derivatives	4	2	10	141	3	343	11
Deposit in NBFCs	4	2	10	141	3	343	11

(Source: Primary data)

The above table indicates the extent of awareness of modes of savings of the respondents. It is observed that majority of the respondents have given first rank to Hundial with a score of 759, Deposits in Bank was given second rank with a score of 651, Gold was given third rank with a score of 637, Insurance was given fourth rank with a score of 630, fifth rank was given to Post office with a score of 623, sixth rank with a score of 620 was given Chits, seventh rank was given to Government securities with a score of 462, Shares was given eighth rank with a score of 403, Mutual funds was given nineth rank with a score of 383, tenth rank was given to e Gold/ e Silver with a score of 365 and eleventh rank was given to Commodity derivatives and Deposit in NBFCs with a score of 343 respectively.

Majority of the respondent's extent of awareness towards the modes of savings was high for Hundial with a score of 759, followed by Deposits in bank with a score of 651 and Gold with a score of 637.

(Source: Primary data)

The above table indicates the Garrett ranking for investment objectives. Majority of respondent's have given first rank to earn regular income with a mean score of 75.69, Secured future was ranked second with a mean score of 64.31, Third rank was given to liquidity with a mean score of 61.80, Meeting emergency as an investment objective was ranked fourth with a mean score of 57.51, Fifth rank was given to Retirement with a mean score of 50.98, safety of savings as an investment objective was ranked sixth with a mean score of 45.64, Seventh rank was given to hedge against inflation with a mean score of 38.50, Eighth rank was given to Tax savings/Exemption with a mean score of 33.32 and Nineth rank was given to Capital appreciation/wealth creation with a score of 22.26.

Majority of the respondent's investment objective was to earn regular income with a mean score of 75.69, followed by secured future with a mean score of 64.31 and liquidity with a mean score of 61.80.

Table 6
Objectives of Investment
Garrett Ranking

Investment	1*81	2*69	3*62	4*56	5*50	6*44	7*38	8*31	9*19	Total	Mean score	Garrett ranking
Liquidity	567	6762	186	224	1350	616	76	31	76	9888	61.80	3
Earn regular income	9882	690	248	896	350	44	0	0	0	12110	75.69	1
Capital appreciation / Wealth creation	0	0	0	0	0	132	342	713	2375	3562	22.26	9
Tax savings/Exemption	0	69	248	0	0	264	1102	3534	114	5331	33.32	8
Safety of savings	162	621	1674	224	400	748	3268	186	19	7302	45.64	6
Hedge against inflation	0	0	186	112	250	3520	1140	496	456	6160	38.50	7
Secured future	2187	1242	4774	1792	250	44	0	0	0	10289	64.31	2
Meet emergency	162	1587	1364	4368	1550	132	38	0	0	9201	57.51	4
Retirement	0	69	1240	1344	3850	1540	114	0	0	8157	50.98	5

Table 7
Sources of Investment Awareness

Sources	Number of Responses	Percentage of Responses
TV/Newspaper	4	2.50
Family members	160	100
Friends/ Relatives	154	96.25
Financial intermediaries	31	19.38
Websites	29	18.13
Financial Awareness Programmes	10	6.25

(Source: Primary data)

It is observed from the above table that 100 percent of the respondent's source of investment awareness was from family members, 96.25 percent of the respondent's source of investment awareness was Friends/ Relatives, 19.38 percent of the respondent's source of investment awareness was Financial intermediaries, 18.13 percent of the respondent's source of investment awareness was websites, 6.25 percent of the respondent's source of investment awareness was Financial awareness programmes and 2.50 percent of the respondent's source of investment awareness was TV/ Newspaper.

Table 8
Level of Awareness Towards Investment Opportunities

Investment Opportunities	Highly Aware 5	Aware 4	Neutral 3	Not Aware 2	Highly Not Aware 1	Total Score	Rank
Bank deposits	124	36	0	0	0	764	1
Post office savings schemes	23	135	2	0	0	661	6
Gold, silver, diamonds etc	83	77	0	0	0	723	2
Life insurance	53	101	6	0	0	687	4
Chit fund	62	87	8	3	0	688	3
Real estates	52	101	4	3	0	682	5
Mutual funds	4	11	12	132	1	365	14
Provident fund/PPF	0	16	69	75	0	421	11
Shares and securities	4	20	11	124	1	382	13
Medi-claim	4	73	72	11	0	550	8
National Pension Scheme	4	32	71	53	0	467	9
e gold / e silver	0	11	7	141	1	348	15
Commodities/ Derivative instruments	0	3	13	143	1	338	16
Deposits in NBFCs	0	1	12	146	1	333	17
Vehicle	7	116	36	1	0	609	7
Government Securities	2	11	83	63	1	430	10
Antiques	3	9	49	99	0	396	12

Majority, (100percent) of the respondent's source of investment awareness was from family members.

(Source: Primary data)

This table indicates the level of awareness about the investment opportunities. Majority of the respondents have given first rank for Bank deposits (764), second rank was given to Gold, silver, diamonds (723), third rank was given to Chit fund (688), Life insurance was ranked fourth (687), fifth rank was given to Real estates (682), Post office savings schemes was given sixth rank (661), Vehicle was given seventh rank (609), eighth rank was given to Medi-claim (550), National pension scheme was ranked nineth (467), tenth rank was given to Government securities (430), eleventh rank was given to Provident fund/PPF (421), Antiques was ranked twelveth (396), thirteenth rank was given to shares and securities (382), fourteenth rank was given to Mutual funds (365), e gold/e silver was ranked fifteen (348), sixteenth rank was given to Commodities/Derivative instruments (338) and Deposits in NBFCs was given seventeenth rank (333).

Majority of the respondent's level of awareness about the investment opportunities was high for Bank deposits with a score of (764), followed by Gold, silver, diamonds (723).

Table 9

Results of Hypotheses Testing

Hypotheses	Chi-square test		Degrees of freedom	Result
	Calculated value	Table Value		
H_{01}: Educational qualification and percentage of savings	21.80	12.59	6	Rejected
H_{02}: Monthly income and percentage of savings	59.95	12.59	6	Rejected
H_{03}: Educational qualification and awareness towards modes of savings	18	31.41	20	Accepted
H_{04}: Educational qualification and level of awareness towards investment opportunities	29.1	24.99	15	Rejected

From the results of the hypotheses testing, it is clear that there is significant association between educational qualification and percentage of savings, monthly income and percentage of savings, educational qualification and level of awareness towards investment opportunities. It is also clear that there is no significant association between educational qualification and awareness towards modes of savings.

FINDINGS:

The findings from the study are:

- Most of the respondents (50 percent) source of income was wages/salary.
- Maximum (65 percent) number of the respondents savings was up to 10 percent of monthly income.
- Majority of the respondents objective of savings was health care (100 percent), followed by self/child's marriage (92.50 percent) and children's education (73.75 percent).
- Majority of the respondents extent of awareness towards the modes of savings was high for Hundial, followed by Deposits in bank and Gold.
- Majority of the respondent's investment objective was to earn regular income, followed by secured future and liquidity.
- Most of the respondents (100percent) source of investment awareness was from family members.
- Majority of the respondent's level of awareness about the investment opportunities was high for Bank deposits, followed by Gold, silver, diamonds.

SUGGESTIONS:

- Awareness should be developed among rural households regarding shares, mutual funds, and commodity derivatives so that their savings and investments can be better diversified.
- Households should be made aware of various government schemes so that their effective utilization and timely repayment can contribute to the economic upliftment of rural households.
- Financial literacy among rural households is very low and requires focused attention so that households can better understand the importance of saving for their own economic development.

CONCLUSION:

A study on the level of awareness regarding savings and investment modes among rural households in Udumalpet, reveals that financial awareness in rural areas remains limited and uneven. Most households continue to rely on traditional and low-risk savings instruments such as bank deposits, gold, and informal saving methods, while awareness and participation in modern investment avenues like mutual funds, shares, and insurance products are relatively low. The findings indicate that safety, familiarity, and advice from family and friends strongly influence financial decisions, rather than professional guidance or informed analysis.

The study also highlights gaps in financial literacy, particularly with respect to understanding government schemes, investment risks, and long-term financial planning. As a result, rural savings are not optimally mobilized or diversified, which restricts potential wealth creation and economic growth. Therefore, there is a strong need for targeted financial education programs, awareness campaigns, and accessible advisory services to improve knowledge of savings and investment options. Enhancing financial literacy and awareness can empower rural households in Udumalpet to make informed financial decisions, promote effective utilization of government schemes, and contribute to their overall economic upliftment.

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