CONCLUSIONS, FINDINGS AND SUGGESTIONS

The present study has attempted to candidly review, examine, and explore in depth the Investment Behaviour of Horticulturists in Himachal Pradesh--A Case Study of Shimla District. During the course of study, a large number of observations has come to light. The present chapter is aimed at presenting the major findings, which emanate from the study and offering some useful suggestions in a more lucid way, some appropriate suggestions on the issues raised during investigation have also been incorporated. The conclusion, findings and suggestions have been incorporated in two sections viz.; Section I contains major conclusions and findings of the study and Section II deals with useful suggestions.

Section I

9.1 Conclusions and Findings

The major findings of the study are summarised as follows:

It is an accepted fact that the quantum of savings and size and pattern of investments by and large defines the rate of economic growth of any society while investment is the sin qua non of the economic development. It is the saving which provides the where withal for investment. In view of the development of the overall national economic structure,
domestic savings play a major role in financing the planned investment to sustain the growth process in a developing economy. The domestic savings are mobilized from the public sector, private sector and the household sector. The household sector constitutes the mainstay of savings in India. The largest part of household savings is in the form of financial assets. The pattern and composition of financial assets of household sector are mainly in the form of deposits followed by provident funds and insurance. The share of investments by the household sector in industrial securities is meager, keeping in view the vast geographical area and population of the country. In Himachal Pradesh maximum deposits have been mobilised through the post office schemes followed by commercial bank, provident fund schemes and L.I.C. schemes. In the economy of Himachal Pradesh horticulture occupies a pivotal position. Apple production constitute a mainstay of the bulk of the state’s population in general and Shimla district in particular. It is evident from the fact that over the years the production of horticultural products and area covered under it has increased. This phenomenon increase has been observed more in district Shimla which alone accounts for more than half of the horticultural production of the state.

In the review of studies undertaken covering various aspects on income, saving and investment pattern reveals that no such study has been undertaken in Himachal Pradesh in
general and in district Shimla in particular keeping in view the role played by the horticultural activities in the economic development of the district under study. The pinpointed objectives of the present study are: (i) to study the income, consumption and savings patterns, (ii) to analyse pattern of investment, (iii) to examine in depth the most popular investment avenue, (iv) to scan out the preferences and possibilities of investing in new investment avenues in future, (v) to evaluate the awareness level and investment in industrial securities. On the basis of these objectives, some hypotheses have been developed and tested with the help of chi square test at 1 and 5 percent level of significance. The present study was conducted as a primary probe. It is based on a survey of selected horticulturists using interview schedules. The investigation was carried out in rural areas of district Shimla in the state of Himachal Pradesh. The area which has been selected for the present study is divided into two zones i.e. developed zone and less developed zone. The developed zone consists of those areas where the people have been engaged in horticultural activities for the last many years, whereas, in the less developed zone, people have shifted to the horticultural activities recently. Hence, on the basis of the economic development, Rampur, Chopal, Chirgaon and Theog are classified as the less developed tehsils, whereas, Rohru, Jubbal, Kotkhai and Kumarsain have been classified as developed tehsils of the district Shimla.
The sample selected for analysis consisted of 240 households (120 each from developed and less developed villages) on quota control sampling. As horticulture forms the mainstay of the population in the areas under study, information has been elicited regarding the income accruing to the respondents mainly from horticulture. In the present study those households who have a sizeable surplus at their disposal have been selected. The reference period under which the survey has been carried out is 1997. Information gathered from the selected households with the help of structured interview schedules has been tabulated and consequently interpreted and analysed with the help of various statistical and mathematical tools with a view to obtain the pertinent information in relation to the objectives of the study.

Almost all the respondents who were interviewed are males and mainly fall in general category. Socio-economic profile of the respondents reveals that average age of the respondents has been found more in developed villages as compared to less developed villages. Educational profile of the respondents reveals that majority of the respondents are educated upto matric followed by graduate and illiterate respondents. Further illiterate respondents are found more in less developed villages, whereas, in the developed villages respondents possessing higher qualification are found more. The impact of education however is being felt as people in the study area have resorted to different occupations. In
fact, there is sufficient evidence to suggest most people following more than one occupation within the primary sector of economy. However, a big shift from agriculture to horticulture is noticed among the villagers. This is more so due to the higher commercial value of the horticultural products in the national market.

A vast majority of the respondents have been found engaged in horticultural activities followed by service and agriculture. Comparative analysis of both the sets of villages reveals that more respondents are in horticultural and service in developed villages, whereas, comparatively more people are engaged in agricultural and rural artisan in less developed villages. The agrarian social structure in the study area represents inequalities in land holdings with uneven distribution of land among people. Ironically, more people have less land and small segment has more land. This makes it obvious that in Shimla district which is a fruit bowl of India, land distribution pattern of area is like any other place. The process of transformation of agricultural castes into agricultural classes which is becoming more and more visible particularly with the commercialisation of horticulture. The Land ownership size-wise distribution of the respondents reveals that more than half of the respondents are holding upto 12.5 bighas of total as well as horticultural land in both the sets of villages. As the land holding size increases, though, the number of respondents decreases yet, more number of respondents holding more land
have been found in the less developed villages as compared to developed villages.

The people of study area are distributed almost on a pyramid pattern with less people with high income and more people with less income. Majority of the respondents have income in the range of between Rs. 1 lac to Rs. 2 lacs per annum. More respondents of the developed villages have been found in the higher income group in comparison to the less developed villages. The respondents who are highly qualified are earning far more than those who are less qualified.

Moreover, the study reveals that the respondents who are mainly engaged in horticultural activities and government services are earning far more than those who are mainly engaged in other occupations. The income differentials are conditioned by the differences in land holdings and sources of income.

The income difference in turn are quite crucial in determine the expenditure in technical implements, seeds, fertilizers, children education, health and so on. While the people with high income are able to make investments in agriculture, the people with less income find it difficult. The class differences are quite obvious in the expenditure pattern. The respondents of the developed villages have been found spending more in comparison to the less developed villages, though, majority of the respondents spend in the range of between Rs. 50000 to Rs. 1 lac per annum in both the sets of villages, yet the number of respondents who are
spending more than Rs. 1 lac are found more in developed villages. Similarly, the respondents of the developed villages have been found saving more in comparison to the less developed villages, although, majority of the respondents save in the range of Rs. 50,000 to Rs. 1 lac per annum in both the sets of village, yet, the number of respondents who save more than Rs.1 lac are found more in developed villages.

As the potential of investment available in the primary sector is not being tapped, an important factor to be examined is the channelisation of surplus being generated in the rural area. For this it is important to analyse where the people of rural area invest their surplus, whether it is being invested in banks, post offices, industrial securities, real estate, etc. The people of developed villages have been found investing more in physical assets as compared to the less developed villages though, more than Rs. half lac per annum. The investment in physical assets is mainly in the form of building followed by land in both the sets of villages. However, the people of developed villages have been found investing more in land at present in comparison to the past. The study further reveals that as the income level increases, investment in land also increases. Similarly, as the education level increases, investment in land also increases. Further, the respondents who are engaged in government services, and business have been found investing more in the form of land. An interesting inference which can be drawn from the study is that though, the respondents of the developed villages are investing more than double in the build-
ings at present in comparison to the less developed villages, yet, the investment made by the respondents of both the sets of villages was found far more in the past particularly in the less developed villages. Investment in building increases, as the income level and educational level of the respondents goes up. Further, the respondents who have adopted horticulture as their main occupation have been found investing more vigorously followed by the respondents engaged in service and business whereas, the investment of those respondents who have adopted agriculture and labour as their main occupation has been found meagre. Investment in jewelleries clearly reveals that the people in both the sets of villages are investing more at present in comparison to the past, though more than four-fifth of the respondents have been found investing in jewelleries upto Rs. 12500 per annum.

The majority of the respondents (33.84%) investment in the form of financial assets has been found between Rs. 50,000 to Rs. 1 lac per annum. Further, the mean investment in financial assets has been found more in developed villages as compared to the less developed villages. It has been found that as the education level increases, more respondents invest in higher ranges of financial assets. Further more, an overwhelming majority of the respondents who have been investing in financial assets upto Rs. 1 lac per annum have total income mainly in the range of Rs. 1 lac to Rs. 2 lacs per annum. The investment in financial assets with main occupation adopted by the respondents reveals that more than two third of the total respondents who have been investing
upto Rs. 1 lac per annum are found mainly engaged in horticultural activities. Further cross tabulation of investment in financial assets with land holding size reveals that majority of the respondents who have been investing in financial assets upto Rs. 1 lac per annum are mainly marginal farmers.

Financial assets-wise investment reveals that more than half of the investment in financial assets is in the form of bank deposits followed by post office deposits and L.I.C. Fund. Investment in industrial securities have been found insignificant as the mean investment in industrial securities account for a meagre 0.52 per cent of the total investment in the form of financial assets. The analysis of bank deposits reveals that half of the respondents deposit in the range of Rs. 25,000 to Rs. 1 lac per annum followed by one third of the total respondents having bank deposits above Rs. 1 lac per annum. The comparative analysis of both the sets of villages envisages more number of respondents having bank deposits in higher range in developed villages in comparison to less developed villages. Distribution of the respondents according to the post office deposits reveals that more than half of the respondents deposit upto Rs. 25000 per annum. Further more, the study reveals that more than half of the respondents who have been investing in post office schemes upto Rs. 25000 per annum are mainly graduates. Besides, among those respondents who are not investing in post office schemes are either illiterate or have education upto matric standard. Further, the analysis reveals that all
the respondents who are engaged in business and service are investing in post office schemes, whereas a majority of the respondents who are engaged in agricultural activities are not investing in post office schemes. Further, the study reveals that as the income level rises, the range of investment in post office schemes also increases. The investment in securities reveals that an overwhelming number of respondents (95%) are not investing in industrial securities at present whereas, in the past the number of respondents who did not invest in securities were found comparatively less (92.08%). The distribution of respondents according to the hard-cash hold by them reveals that almost all the respondents hold hard cash with them upto Rs. 12500 per annum to meet out their emergent requirements. Further, more than half of the respondents have been investing in various life insurance schemes upto Rs. 12500 per annum yet, one third of the total respondents in both the sets of villages, are not investing in such schemes. The study further reveals that an overwhelming majority of the respondents (91.67%) are not investing in U.T.I. schemes whereas the number of respondents who are not investing in provident fund schemes are found more than half (55%).
The study reveals that two-third of the respondents who invest in the bank deposits upto Rs. 50,000 per annum mainly fall in the income category of Rs. 1 lac to Rs. 2 lacs. Investment made by the respondents of developed villages in the banks is more in comparison to the less developed villages. Majority of the respondents who invest upto Rs. 50,000 per annum in banks are mainly either matriculate and illiterate. As the educational level goes up, investment in banks also increases. Respondents who are investing more in various bank deposits schemes are mainly engaged either in horticultural activities or in service. Bank deposits-wise investment made by the respondents reveals that roughly 60 per cent of bank deposits are in the form of fixed deposits followed by saving account (36.77%). Fixed deposits-wise distribution of the respondents reveals that more than half of the respondents invest upto Rs. 25,000 per annum followed by more than one-fourth respondents whose investment in fixed deposits range between Rs. 25,000 to Rs. 50,000 per annum. Cross tabulation of bank fixed deposits with income level indicates that as the level of income increases the range of bank fixed deposits also increases. Respondents who have adopted horticulture, service or business as their main occupations are investing more in the form of bank fixed deposits whereas, those respondents who are engaged in other occupations their investment in bank fixed deposits is less than Rs. 25,000 per annum. Cross tabulation of bank fixed deposits with education level of the respondents evinces that as the educational level increases,
investment in bank fixed deposits also increases. Saving bank account-wise distribution of respondents reveals that more than two-third of the respondents have deposits in saving account up to Rs. 25,000 per annum. Like fixed deposits, investment in bank savings account also increases, as the income increases, though the proportionate increase in bank fixed deposits is more as compared to saving account. Bank saving account appears to be more popular among those respondents who are in service. More than three-fourth of the respondents are not investing in bank recurring deposits schemes. Unlike saving account deposits, bank recurring deposits are comparatively more popular among those respondents who are engaged in business.

The lack of awareness is the major impediment in harassing and the subsequent channelisation of the rural surplus. As such, the study carried out investigation to find the awareness of the people with regards to the various avenues and motives known to the rural population. According to the income classifications, the investment avenues and motives were analysed so as to seek information relating to their investment habits. These can serve as the basis for developing a strategy to bring about a change in the investment pattern of the rural population. Besides, seeking information for the motives and avenues, the present study also attempted to find out the reason responsible for the lack of investment in industrial securities and the related field. The majority of the respondents do not have any knowledge about industrial securities in both the sets of
villages though the respondents of developed villages have more knowledge about industrial securities in comparison to the less developed villages. As the income level increases awareness about industrial securities also increases. Further, those respondents who have adopted service or business as their main occupation are found aware of industrial securities, whereas, respondents engaged in agriculture, artisan and labour are not aware of industrial securities. It is heartening to point out that though more than one-third of the respondents have knowledge about industrial securities yet, only 5 per cent of the respondents have been found investing in securities which clearly shows the unpopularity of securities amongst the horticulturists. Equity shares have been found popular in both the sets of villages on one hand and on the other hand, the investment in equity shares has been found unsafe. Most of the respondents who have been investing in securities keep in view the medium term priorities, surprisingly not even a single respondent has been found fully satisfied with the investment in securities. Investment in securities and education level reveals that not even a single illiterate or matriculate respondent has been found making investment in industrial securities. As the education level and income level goes up, the number of respondents making investment in industrial securities has also increased, though, the amount invested in securities is not that significant. Only a few respondents who have adopted business or government service as their main occupations have been found investing in
industrial securities, whereas, the respondents who have adopted other occupations as their main occupation are not making investment in industrial securities.

With a view to bring about a shift in the investment pattern so as to optimise the investment of the sample respondents, in keeping with their preferred motives, an attempt was made to bring about a change in their investment orientation so as to optimise their investment, and to channelize their investment into more productive avenues. An overwhelming majority of respondents in both the sets of villages (i.e. more than 90 per cent) give first preference to safety followed by stability of return and liquidity while making investment. Further, almost all the respondents in both the sets of villages have desired to invest in the form of bank deposits and post office schemes certainly in near future. The number of respondents who have desired to invest in LIC schemes and mutual fund schemes certainly are found more in developed villages as compared to less developed villages. It is heartening to note that not even a single respondent has wished to invest in industrial securities certainly in near future in both the sets of villages. Further, it has been observed that majority of the respondents consider investment in bank deposits (87.92%) and post office savings (70.08%) absolutely liquid and marketable, whereas, investment in company deposits, industrial securities and LIC fund has been considered illiquid by a significant number of respondents.
Section II

9.2 Suggestions

Keeping into account the afore mentioned observations, selective suggestions have been recommended as below:

Though, the household sector constitutes the mainstay of savings in India followed by public and corporate sectors, yet the share of investments by the household sector in industrial securities is very meagre which mean corporate sector is not mobilising the savings of household sector efficiently and effectively. Thus, there is a need to take effective steps to change the pattern of investment of household sector in favour of industrial securities. This can be achieved through mass awakening programmes on electronic media, activating and motivating the potential investors who are mainly residing in rural areas. It is important to inculcate the habit of investing in industrial securities specially as far as rural masses are concerned. In the present study, investment made by the horticulturists in industrial securities has been found negligible. Hence, an appropriate strategy should be formulated so as to channelise the savings of the horticulturists into industrial securities.

A predominant reason for people not going in for investment in industrial securities which has emerged from the present study, is that most of the horticulturists are unaware about them. A sizeable chunk or the sample units could not differentiate between equity shares, debentures, preference shares etc. Some of them had never even heard
about these, hence, the very question of their investing in such securities does not arise. As such, there is a pressing need for creating awareness about these securities among the horticulturists. This can be done through the use of magazines, circular, leaflets, audio-video programmes etc. in local languages. Co-operative societies, fruit growers associations and L.I.C. agents can play an effective role in this regard. Further, local population can be reached through Block Development Officers, representatives of gram panchayat etc., through them the masses can be educated about the relative merits and demerits of various investment avenues. A favourable opinion towards the industrial securities can be created by emphasising their merits like, high returns, capital gains, early liquidity and marketability and tax advantages etc. These are the major factors which guide in investment decisions. Once the horticulturists are made aware of these factors, their potential for investment can be directed to industrial securities.

After creating awareness, the next stage is to impart knowledge and provide sufficient information regarding investment portfolios. One of the most important factors in any such investment is the trade off between risk and return. Liquidity being an essential attribute habits of the rural population because of the uncertainty related to agricultural and horticultural productions, the time lag involved in the sale of securities will be minimised.
Lack of awareness as well as lack of knowledge relating to the technicalities of the capital market operations, puts the rural investors at a disadvantageous position. As a consequence, they often fall pray to unscrupulous elements. Keeping in view the lack of knowledge of the rural investors, it is important to provide protection to them. Such protection can go a long way in promoting the investment of the rural masses in to the industrial securities. Further, the protection provided to the horticulturists can go a long way in encouraging and boosting their confidence thereby giving the much needed orientation for investing their surplus in corporate securities.

Besides seeking information for the motives and avenues, the present study also attempted to find out the reasons responsible for the lack of investment in industrial securities and related field. Investigation reveals that the two major factors responsible for this are the lack of awareness of such avenues as well as lack of infrastructural facilities for transactions in these avenues. In order to supplement the awareness of the people, adequate infrastructural facilities need to be created. The most important being the communication network. More awareness will not help, the people have to be provided the proper opportunities. Banks and post offices can play a very significant role in this direction because of a wide net work of branches.

As the rural population, at present, is in a
disadvantageous position when compared to the urban population, there is a need for protecting their interests. A separate "Risk Protection Cell" should be created for rural population. The cell should safeguard the interest of rural population by taking necessary steps.

Investment in the form of bank deposits has been found most popular among the horticulturists as it alone accounts for more than half of the total investment made by them in the form of financial assets. The horticulturists attribute the safety the main reason for making investment in bank deposits. Hence, it is suggested that the horticulturists should channelize their surplus in a diversified way so that they may get good returns. For this, investment in industrial securities is specially recommended for the horticulturists as at present they are investing very meagre amount (0.52%) in industrial securities.

Respondents who have adopted government service or business as their main occupations apart from horticulture are found investing in various investment avenues. Whereas those who are mainly engaged in agricultural activities are investing in a few investment avenues. This clearly shows the lack of awareness. Hence, steps should be taken to educate and motivate specially those people who are mainly engaged in agricultural activities.

During the course of study, it has been observed that majority of the horticulturists are investing a significant
portion of their savings in the form of real estates (mainly land and buildings) only to get social recognition and status. Although, they are aware that they will not get fair returns on such type of investments. Yet, they are reluctant to diversify the surplus to other more productive investment avenues. Hence, it is suggested that the horticulturists should diversify a part of the surplus which they are holding from real estates to other productive investment avenues. Further, it is suggested that the investment in the real estate should be mainly in setting up business units. This will on the one hand increase the return and on the other will provide employment.
Area for Future Research

As regards areas for future research, the subject of investment behaviour has a vast scope with a changing time. The field is open to the students, researchers and scholars to explore new areas for future research. The present study has although, tried to cover various aspects relating to Investment Behaviour of Horticulturists in Himachal Pradesh in general and horticulturists in district Shimla in particular, yet the time and resources constraints prevented the inclusion of some areas, which have not been covered in the present study. It is for the researchers to peep into the relationship of aforesaid numerous factors as described in this study to have a more deep analysis. The forthcoming studies can exclusively be undertaken on income, saving and investment pattern of horticulturists and agriculturists in Himachal Pradesh.