Chapter-VI
Summary, Findings and Suggestions

Summary:

In this study an attempt is made to analyze the income, consumption and investment pattern of selected sample rural households in Latur district. It includes demographic, social, educational status and occupational distribution of selected the sample households in Latur district. This study also covers the land and irrigation details of sample households, which includes size of holding and distribution of area operated sources of irrigation. This study also discusses the housing conditions of the sample households and livestock by them. The analysis of these aspects of sample households in the irrigated and un-irrigated sample regions will be helpful in better understanding of the present economical condition of district. It will also be useful in suggesting policy measures for implementing various subsidies and to reduces indebtedness of sample households of the Latur district.

The conclusion of all above discussion is concepts of income, consumption and investment play an important role in economic theories. Concept of income is discussed brodly in above chapter, under the concept of income I try to explain types of income, distribution of income, inequality in income and some related concepts. Second important concept is explain in
above subject, that is consumption. While explain the concept of consumption, I try to define concept of propensity to consume, the consumption function, consumer surplus, consumer sovereignty and some related concepts. Another important concept in above chapter is investment. I try to focus on investment. While discussing this concept I explain type of investment, gross and net investment, the concept of investment decision and other related concepts.

There are two possible principal for calculating deduction, for finding concept income each of which has a certain significance one of them in connection with production and the other in connection with consumption let us consider them in turn. This includes income obtained by individuals from all sources plus the retained profits of corporations. It can be obtained from the income from domestic product accruing to the private sector by adding the following incomes to it; Net income from abroad, National debt interest, Government transfer payments and Other transfers from the rest of the world.

Human needs are unlimited and their structure is different kinds. But man can complete this need by multipal use of wealth and factors. Keynes was not interested in the factors determining the aggregate supply since he was concerned with the short run and the existing productive capacity. We will also not explain in detail the factors. Which determine the aggregate
supply and will confine ourselves to explaining the determination aggregate demand. Aggregate demand consists of two parts—consumption demand and investment demand. In this way we will explain the consumption demand and the factors on which it depends and how it changes over a period of time. The investment demand will be explained in the another way, but consumption demand depends upon the level of income and the propensity to consume. The propensity to consume is also called consumption function. We shall explain below the meaning of the consumption function and the factors on which it depends.

Whatever be the society the main purpose of every economic activity be it production or exchange is consumption. In fact it is consumption that motivates man to produce and if somehow it could be possible for him to achieve a state of wantlessness in which consumption would not be needed all productive activity would come to a standstill but the state of wantlessness is as exclusive as a mirage and the multiplicity of wants remain a facts of life. Hence, most people spend major part of their income on commodities which satisfy their wants directly. Eggs, bread, cloth, furniture etc. belongs to this category and are called consumer goods.

The investment process is concerned with how an investor should proceed in making decisions about what marketable securities to invest in how extensive. The investment should be and when the investment
environment and process in more details the term investment will be described. Investment in its broadest sense, means the sacrifice of current dollars for future money. Two different attributes are generally involved time and risk. The sacrifice takes places in the present and is certain. The reward comes later, if at all and the magnitude is generally uncertain.

In some cases the element of time predominates for example government bends in other cases the elements of time predominates for example call options on common stocks. In yet others both time and risk are important for example share of common stock.

A distinction is often made between investment and saving. Saving is defined as forgone consumption investment is restricted to real investment of the sort that increases national output in the future. Although this distinction may prove useful in other context, it is not especially helpful here. However, it is useful to make a distinction between real and financial investment. Real investment generally involve some kinds of tangible assets. Such as loud machinery or factories financial investments involves contracts written on pieces of paper such as common stocks and bonds. The financing of an apartment building provides a good example apartment are sufficiently tangible to be considered real investment. But where do the resources come from to pay for the land and the construction of the apartments. Some may come from direct investment for example, a wealthy doctor who wants to
build an apartment house may use some of his or her own money to finance the project. The rest of the resources may be provided by a mortgage. In essence someone loans money to doctors with repayment promised in fixed amounts on a specified schedule over many years. In the typical case the someone is not a person but an institution acting as a financial intermediary. Thus the doctor has made a real investment in the apartment house and the institution has made a financial investment in the doctor.

In second chapter review of current and relevant literature on the relevant subject. There are 37 reviews were collected on income, consumption and investment pattern. Migration position related some reviews also taken in above chapter. The literature on the pattern of income, consumption and investment is reviewed in above chapter. In this chapter an attempt is made to review the recent and relevant literature on the income, investment and consumption pattern in India. The literature on migration and saving position and challenges, income level and indebtedness in India is reviewed in this chapter. The international, national and regional level review of literature regarding income, consumption and investment pattern in India and households indebtedness has been reviewed.

The main purpose of her study was to get a realistic measure of the patterns of consumption and saving behavior of the household in India. In other words to attempt quantitative measure of the short run and long run
marginal propensities to consume to enable estimation of the savings potential of the households. The Problem, though apparently very straightforward, has not been studied in detail for India. When the actual level of national income of the country is low and the rise is not sufficiently high (of the order of 4 percent annual over the last fifteen years) it becomes extremely important to obtain reliable measures of marginal propensities to consume and to save. With a low absolute level of income, it is but normal that the rates of saving and investment would be low, average propensity to consume high and income elasticity of consumption perhaps greater than unity. She found that it might be worthwhile next to use these results for measuring the pattern of savings etc. for the next two or three years separately for urban and rural areas. Any such exercise would, however, requires that particular models to be used for purpose of the many presented are picked up and the values of the independent variables are determinate. According to the results rural household saving, consumption depends only on current income while for the urban sector consumption is best determinants as a function of income for current and the past year as well as the past years assets. Thus if the levels of income in successive years are determined these would help to estimate household savings in both urban and rural areas and household consumption in the rural sector. These series of savings in turn would measure the levels of assets, defined as accumulated
savings at the beginning of each year. Having obtained these estimates the level of urban consumption can next be determined. Another point for consideration would of course be the rate urbanization and the rates of growth in urban and rural sectors independent of the overall rate of growth of the economy.

A rural household consists of many family members. Among the members their occupations are also different. In the present study rural households are found to be earning income from various sources. As income are saved and invested occupational of the selected respondents are very important as one gets his income from his occupations. It can be inferred from the study that majority of the employee (80) have knowledge about industrial securities, cross tabulation of knowledge about securities and income level reveals that as the income of the employee increases, awareness about securities also increases. Though 80 percent of the employees are aware of industrial securities but only 8 percent of them are investing in it. Further, analysis shows that some employees have invested in equity shares and very few in debentures while most of the employees do not invest in industrial securities. Further, none of the employees are satisfied with such investment thus at last it could be concluded that most of the employees are investments in securities but they are not investing in it as they consider it as an unsafe investment. Keeping in view the aforesaid observations some
suggestions recommended by authors. There is a need to take the effective steps to change the pattern in investment of household sector in favour of industrial securities. This can be achieved through map awakening programmes on electronic media to motivate the potential investors. The prominent reason for people not investing in industrial securities is lack of up to date information and fear about the large risks involved. The people can be positively motivated through magazines circulars, leaflets, audio-video programmes etc. lack of proper knowledge relating to the technicalities of the capital market operation, often put investors in awkward position. keeping in view this lack of knowledge on the part of investors it is important to provide protection to them. Such protection can be go long way to promote the investments of the masses into industrial securities. Investments in the form of bank deposits have been found more popular among employers as it alone accounts for more than half the total investment made by them in the form of financial asset.

savings and investment by household is sub-Saharan Africa have been found to be low. The situation is even lower in the rural area where the incomes of most households are insufficient to meet the needs of household. Low income levels in rural Ghana, coupled with the rural dwellers low level of knowledge in formal savings and investments opportunities have made the rural households save and invest in formal from for a very long time and the
trend does not seen like it is likely to change any sooner. A final point, the macroeconomic benefits of savings in a developing country context as described above do not enter in the calculation of individuals or households acting in isolation, so that aggregate private savings is likely to be lower than is socially desirable.

Latur district create own status in Indias scenario. Latur district is plays an important role in various field. In this chapter information about Histirical, Sociological, and cultural background has been in above chapter. In last 30 years, Latur has many divisional offices like education, Health, Agri, Town Planning, Charity, Co-operation etc. Availability of basic facility in education section give birth to new 'pattern', of education to Maharashtra known as 'Latur Pattern'. Today in Latur, Nilanga, Ahamadpur, Udgir all kinds of education available and students from all over the Maharashtra comes here for education. Latur district has two medical colleges, 2 Ayurvedic Medical Colleges, Engineering Colleges, Girls Polytechnic, first Agri-Bio technological college in Maharashtra. This district has sub-centre of Swami Ramanand Teerth Marathwada University, Nanded.

"Latur" district lies to the south east of Maharashtra and Karnataka. It was part of Osmanabad district till 25th August 1982, Latur the Head Quarter of the district is of the district is ancient town and the home of Ratta ot 'Rashtrakut' King 'Amoghavras. It is described as the Lord of
'Latalura' i. e. The best town (Latarurapura Varsthic). The 'Ratta Saudatti', declare of somatic delegate in their records that they had emigrated from the town of Lattalurd. The Rashtrakutta seem to have originally belonged to this place.

Agriculture is the main trade or occupation of people from Latur district. 80 to 85 percent people depends on this occupation. Before announcing Latur as district it has very less/small area of irrigation. It attended the agree production and other trades. It remains backwards because of lack of water. Social and economic background of rural sample households in Latur district is suitable to super power and Indian economy. In above chapter demographic profile, educational status and occupation distribution of selected sample households had discussed. In above chapter covers the land and irrigation details of selected sample rural householda in Latur district. The largest income source of sample households was agriculture. The proportion share of agricultural income in total income of sample households highest 75 percent. The percentage share of labour work in total income was 25 percent and another important income source of sample households were industry, construction, forestry, transport and trade which contributed zero percent of total income.

The highest 66 percent sample households home type are own multiple family unit, followed by 34 percent sample households home type
are single family house. According to size group highest hundred percent medium farm group, 96 percent large farm group and 68 percent marginal farms group households homes types are own multiple family unit. It is found that with the increase in the farm size the percentage of own multiple family unit homes increase.

Selected sample households annual income and income source totally related to agriculture. It is point out the extra burden on agroculture sectore. Consumption pattern of Latur district is shows, selected sample households spent more money on luxury consumption. The investment position in this district is very poor, selected sample households do not save due to low income. The highest 41.5 percent of total samples was earning annual income up to Rs. 250,001 to 5 lakhs and 2 percent sample households earning annual income more than 10 Lakhs. About 25 percent selected sample households are having annual income Rs.5,00,001 to 10 lakhs. According to farm size distribution the study indicated that 84 percent large farmers annual income is 5,00,001 to 10 lakhs, while 8 percent large size farmers households annual income in case is above 10 Lakhs. The positive reputational between farm size and annual income is to be found.

Out of selected sample househholds 88.5 percent sample households were invested in agricultural sector and only 11.5 percent sample households were invested in real estate. No one investor found in service and industry
sector. According to size group highest 88 percent sample households were invested in agricultural sector. 11 percent of the selected sample households in Latur district were found to be indebted. There were certain variations through different farm size groups. The percentage of indebted sample households was the highest 24 percent in case of medium farm size group households while this percentage was lowest 6 percent in case of marginal farm size households. Further these properties were 14 percent. It was also found that the 89 percent sample households were not indebted in Latur district.

Findings:

The main findings of the present study are given below:

1. It is found that the highest 41.5 percent sample households are between 41to50 year age group, followed by 36.5 percent between 31to40, 16 percent between 51to60, 8 percent from 61to70, 1 percent 71to80 and 1 percent between 20to30 age group.

2. It is observed that the highest 36 percent illiterate households were found in landless farm groups, while 26 percent in marginal farm size group, 24 percent in large farm size group and 12 percent in medium farm size group. The proportion of Higher secondary and Graduate were 21 percent and 4.5 percent respectively. There is decrease in illiteracy among sample households of Latur district with the increase
in the size of holding. No one farmer household found post graduate in selected 200 sample households.

3. Out of 200 sample households there is 75 percent sample households were working in agriculture and 25 percent landless households were working in various sector. The proportion of agricultural income in total income of sample households was 75 percent. The percentage share of farm labour and other worker was 25 percent.

4. About 15.5 percent selected sample households were having annual income of Rs.2.5 to 3 lakhs. Whereas 2 percent sample farmer households annual income was Rs.51000 to 1 lakh and only 2 percent sample farmer households have income more than Rs.10 lakhs. The study indicated that 11.5 percent large farmers’ annual income was up to Rs.7 lakhs among selected sample households of Latur district.

5. Only 1.5 percent sample farmer households used motorcycle and 0.5 percent sample households used bicycle to mean of travel for goes to work.

6. Out of selected sample households 18 percent worked in various sector, means they do not have fix place of work. They were wondering for work one place to another place. Only 6.5 percent sample households worked at fixed premises outside home.
7. Out of selected sample households 81.5 percent worked in agriculture, the study revealed that 18.5 percent sample households worked in construction sector as labour.

8. Out of 200 sample households 79.5 percent sample households were working in agriculture for 12 months and 2 percent sample households were working only 6 months. Mostly marginal, medium and large size farm households were working 12 months on agriculture in Latur district.

9. The highest 33 percent sample household’s homes are made by concrete, 19 percent household’s homes are made by concrete and wood, 15 percent households homes are made by panels and concrete, 7.5 percent household’s homes are made by bricks. It is found that only 4 percent sample households homes are made by wood.

10. It is observed that out of 200 selected households of Latur district, hundred percent have their own homes.

11. Drinking water is necessary goods in human life. Many villages were suffering from lack of drinking water in Maharashtra state. But in selected 200 sample households of Latur district, there was 97.5 percent households have public water facilities. Only 2.5 percent sample households have own well or system and public water facility in Latur district.
12. It is observed that the highest 97 percent sample households were using wood for warming water in winter. This is very harmful for Nature. Only 3 percent sample farmer households were using Kerosene for warming water in winter.

13. It is found that 24.5 percent sample households yearly consumption expenditure on necessary goods was 5001 to 6000 rupees. Only 1.5 percent sample households yearly consumption expenditure on necessary goods was more than Rs.10001, followed 16.5 percent samples yearly consumption expenditure was Rs.4001 to 5000, 13 percent sample households yearly consumption expenditure was Rs.2001 to 3000, 12.5 percent sample household’s yearly consumption expenditure was Rs.3001 to 4000, 11 percent sample households yearly consumption expenditure on necessary goods was Rs.1000 to 2000 of Latur district.

14. It is found that 41.50 percent sample households yearly consumption expenditure on luxury goods was Rs.10000 to 20000. Only 2.5 percent sample households yearly consumption expenditure on luxury goods was Rs.50001 to 60000, followed 23.5 percent sample households yearly consumption expenditure Rs.1000 to 5000, 17.5 percent sample households yearly consumption expenditure was Rs.5001 to 10000, 9.5 percent sample households yearly consumption expenditure on luxury
goods was Rs.20001 to 30000 of Latur district.

15. It is observed that 44 percent sample households yearly commodity consumption expenditure was more than Rs. one lakh. Followed 18 percent sample households yearly commodity consumption expenditure was Rs.10001 to 20000, 2.5 percent sample households yearly commodity consumption expenditure was Rs.20001 to 30000, 15.5 percent sample households yearly commodity consumption expenditure was Rs.30001 to 40000 and 8 percent sample households yearly commodity consumption expenditure was Rs.40001 to 50000 of Latur district.

16. Investment depends upon income level of consumer. There is positive relationship between income level and savings. It is observed that 43.5 percent sample households were invested money in various sectors and remaining 56.5 percent households had not invested. The highest 84 percent sample households of large groups invested in various groups, followed by 68 percent medium group households made investment and only 22 percent marginal size households invested due to awareness regarding importance of investment and mostly due to low income.

17. It is found that 88.5 percent sample households of Latur District invested in agriculture sector. Only 11.5 percent sample households of
Latur district invested in real estate sector.

18. Among total investment of selected sample households of Latur district, 62 percent households invests up to Rs. One lakh, followed by 23 percent Rs. 100001 to 2 lakh, 2 percent Rs.200001 to 3 lakhs, 3.5 percent 300001 to 4 lakhs and 6 percent households invest Rs.400001 to 5 lakhs.

19. In case of life insurance, only 1.5 percent sample households had taken life insurance policies, while 98.5 percent sample households could not take life insurance. According to size group, it is found that maximum 4 percent sample households of medium size group have taken life insurance policies, followed by 2 percent marginal sample households have taken life insurance policies during study period. The insurance value of is below Rs. One lakh by selected households of Latur district.

20. It is observed that 99 percent sample households do not have facility of crop insurance scheme. Only 1 percent sample households of Latur district have taken benefits of crop insurance scheme.

21. It is found that 50 large size sample households owned 34 percent land and 50 medium size sample households owned 33 percent land. The percentage of land owned by marginal size sample households is 33 percent of Latur district.
22. It is found that 301 acres (25 percent) selected sample households had irrigated land while 913 (75 percent) sample households had non-irrigated land. According to farm size and irrigated land holding it is found that 89 percent marginal sample households were holding non-irrigated land while 72 percent medium sample households, 73 percent large households have only non-irrigated land. It means that medium and large sample households having maximum irrigated land than marginal sample households.

23. It is found that about 64.66 percent of total sample households were using both modern and traditional irrigation facility. There are 34.66 percent sample households were using only traditional irrigation facility, and only 0.66 percent were using modern irrigation facilities.

24. It was found that 11 percent selected sample households in Latur district were under debt. There was certain variation across different farm size groups. The percentage of indebted sample households was highest of 24 percent in the case of medium size households while this percentage was lowest (6 percent) in the case of marginal households.

25. It is found that 100 percent sample had taken crop loan and no one is found in other loan type in Latur district. Co-operative banks provide 95.5 percent loan facility to selected sample and only 4.5 percent nationalized banks provide loans in Latur district.
Suggestions:

Role of Latur district play an important role in various sectors of Maharashtra State. Latur district had created separate identity in Education, Industry, Economic, Social, Political and Agricultural sector in Maharashtra State. With the help of some finding and conclusions of this study, the following suggestions are worthwhile in correcting the present situation.

1. The situation of illiteracy and education is not satisfactory, only 21 percent sample households completed their Higher Secondary education and 18 percent households were found illiterate. So the Government should provide facilities of education. Some employment based training courses and Agricultural related courses are necessary in this area.

2. There are 18 percent sample households who do not have any fix premises of employment in the Latur district. It is the responsibility of State Government to provide more and more employment facilities and resources to the people.

3. It is found that 81.5 percent sample households depend on agriculture in Latur district. So it is necessary to develop agro-based and service industries in the district.

4. It is found that only 5 percent sample households invested in real estate. So there is need of inspiring investment policy, which will
inspire to people for investment.

5. It is found that only 1 percent sample households of Latur district had taken crop insurance. So the crop insurance scheme should be launched in an effective manner, so that certain minimum level of income could be ensured to the farmers in case of crop failure.

6. The sample households of Latur district borrowed only 11 percent loans from institutional credit agencies. So it is necessary to expand institutional credit facilities to the farming community at low rate of interest with easy repayment facilities, government have to launch separate loan policy for these people.

7. It is to be noted that size of landholding has major influence on access to credit. Credit facilities through commercial and cooperative banks invariably depend on ownership of land. It is therefore felt that ownership of land as the criterion for the distribution of credit may be relaxed and group responsibility may be introduced by formal credit institutions.

8. The share of agriculture income in total income was 75 percent among selected sample households. This implies a greater reliance on agriculture as a source of income. There is need to diversify the income basket of the sample farmer households. So the development of non-farm sector should be given top priority to the rural people.
with diverse employment opportunity at the village level. Dairy and goat farming are the best alternatives, which are the major contributors towards the income of farmer and is gradually picking up in increasing employment opportunities in the Latur district.

9. The study revealed a very small per worker land area particularly in the case of small and marginal farmer households in the Latur district. So it is necessary to make awareness of cooperative farming and contract farming among these marginal and small farmer households to increase productivity of agriculture.

10. The cooperative banks are playing a vital role in providing credit in rural areas of India as well as Maharashtra. The total percentage share of cooperative banks in formal institutional credit of sample households in Latur district was 95.5 percent. So it is suggested that the cooperative sector should strengthen their credit facilities in the Latur district.

11. It is found that out of 200 selected household’s 24.5 percent household’s spent income on necessary goods and 75.5 percent households spent income on luxury goods. So it is necessary to aware rural households regarding importance of necessary goods.

12. It is observed that 97 percent households using wood for made foods and warming water in Latur district. So it is suggest that it is necessary
to aware people regarding natural climate and aware about natural resources like Gobar Gas and Solar energy.