

CHAPTER-7
CONCLUSIONS, FINDINGS AND
SUGGESTIONS

During the course of study a large number of observations have come to light. Present chapter deals with main findings emanated from all analysis of data and also offers some useful suggestions on the basis of these findings. The conclusion, findings and suggestions have been incorporated in two sections. Section -I contains major conclusions and findings of the studies and section – II deals with some useful suggestions along with identification of new areas for future research.

Section-I

7.1 Conclusions and Findings:

Most of developing economies including India, are still depending heavily on agricultural economy both for livelihood and to energize industrial development. As the bulk of the cultivators are marginal and small farmers, their meager income and saving is not sufficient to undertake investment in various investment avenues. It is an accepted fact that the quantum of savings and size and pattern of investment 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 wherewithal for investment. In view of the development of the overall national economic structure, domestic saving plays a major role in financing the planned investment to sustain the growth process. The domestic savings are mobilized from the public sector, private sector and the household sector. The household sector constitutes the mainstay of saving in India. The largest part of household saving 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, banks, insurance and post-office schemes. The share of investment by the household sector in industrial securities is meager, keeping in view the vast geographical area and population of the country.

The present study has been conducted to analyse the income, saving and investment pattern of agriculturists in Punjab.

The investigation was carried out in three districts of Punjab. Each district has been selected from the three regions i.e. less developed zone (Bathinda), moderately developed (Roopnagar) and highly developed zone (Jalandhar). Further, two blocks from each district have been selected and out of each block, two villages were selected and out of each village, 80 household were selected randomly to make the total sample of 480 respondents. In order to study the awareness level perception and pattern of investment has it of the agriculturists, primary data have been collected through a well designed and tested interview schedule from the head of the households. Reference period for conducting the study was 2007. Data has been analyzed with the help of simple mathematical and statistical tools like percentage, arithmetic mean and chi-square test.

Majority of the respondents in the study zones are males and have age more than 50 years and come mainly from general and backward category. Majority of the respondents have qualification up to matriculation. Respondents of highly developed zone are found more qualified, whereas,

majority of the respondents in moderately developed zone are illiterate. Further, majority of the respondents of study areas are having nuclear family system.

Although majority of the people in the study area is mainly engaged in agriculture activities, yet the service sector has been found the main contributor in augmenting the income of the sample respondents. Further majority of the respondents have adopted agriculture and live stock as their main secondary occupation. Living standard of the people of highly developed zone has been found better than other two zones. Land holding size of the respondents of highly developed zone has been found more as compared to other zones. Income of the respondents of highly developed zone has been found more in comparison to moderately and less developed zones. More than two-fifth of the respondent's having total income more than Rs.150000 per annum, have land holding size above 3.1 hectares, whereas, majority of the respondents whose income is less than Rs.150000 per annum, have small land holding. Further, agriculture income of the respondents of highly developed zone has been found more. Majority of the respondents having agriculture income above Rs.20000 per annum, have land holding size above 3.1 hectare, whereas majority of the respondents having annual agriculture income less than Rs.10000, have land holding size less than 1 hectare. Further. income from service of the respondents of highly developed zone has been found more. High positive correlation between education and income level of respondents has been found. The respondents who are mainly engaged in service and business activities earn more.

Expenditure of the respondents of moderately developed zone has been found more followed closely by highly developed zone. As the size of land holding increases, expenditure of the respondents also increases. There A positive correlation between land holding size and expenditure has been observed. Respondent of general category spend more than other categories. Respondents who are mainly engaged in service and agriculture sector, spend more. Saving of the respondents of highly developed zone has been found more, whereas the saving of the respondents of moderately developed zone has been found very meager. A positive correlation between size of land holding and saving has been observed. Further, a high positive correlation between education level, saving and income has been observed. Saving of highly qualified respondents has been found more than those who are less qualified. Respondents who are engaged mainly in service and business sector save more. A high positive correlation between income and saving has been found.

Two-third of the respondents do not have any knowledge about shares, debentures and bonds. Respondents of highly developed zone have more knowledge about shares, debentures and bonds in comparison to moderately and less developed zones. A vast majority of the respondents (91.4%) have knowledge about different bank schemes. Respondents of highly developed zone have been found more awared about bank schemes. Further, majority of the respondents have knowledge about investment in land & building (69.4%), post-office saving schemes (60%), LIC schemes (64.4%) and business (58.1%). Respondents of highly developed zone are found more awared about investment avenues in comparison to moderately and less developed zones. Surprisingly, two-third of the respondents have

knowledge about provident fund. Proportion of the respondents having knowledge about provident fund schemes has been found more. Majority of the respondents who do not have knowledge about UTI and mutual fund schemes, their proportion has been found more in highly developed zone in comparison to moderately and less developed zones.

Majority of the respondents who are aware about shares, are post graduate (77.8%) followed by graduate (47.6%). Surprisingly, post graduate respondents of less developed zone are found more aware about shares as compared to highly and less developed zone. Graduate respondents who are aware about shares, have been found more in less developed zone. Majority of the matriculate respondents (95%) who have no knowledge about shares, their proportion has been found more in less developed zone. Matriculate respondents who are aware about debentures have been found more in highly developed zone. Further 77.8 percent post graduate and 93 percent professional investors are aware about debentures. As the education level goes up, the awareness about bonds also increases, as 47.6 percent matriculate, 77.8 percent graduate and 93 percent professional respondents have knowledge about bonds, and majority of them have been found in highly developed zone.

All of the graduate, post graduate and professional respondents are aware about different bank schemes. All the matriculate respondents in moderately developed zone are aware about bank schemes. Majority of the illiterate respondents in highly developed zone are aware about different bank schemes. All the post graduate and professional respondents are found aware about post-office saving schemes. Majority of the graduate

respondents are aware about post-office saving schemes. Graduate respondents who are aware about post-office saving schemes their proportion has been found more in highly developed zone. Matriculate respondents of moderately developed zone are comparatively more aware about post-office saving schemes as compared to highly and less developed zones. There are 96.6 percent professional, 55.5 percent post graduate, 23.8 percent graduate and 6 percent matriculate respondents, who have knowledge about UTI schemes, though the proportion of respondents has been found more in highly developed zone. Surprisingly, 15.9 percent illiterate respondents are aware about mutual fund schemes. There are 25 percent matriculate, 62 percent graduate, 61 percent post graduate and 93.1 percent professional respondents are aware about mutual fund schemes. All the professional respondents have been found aware about provident fund schemes. As the education level goes up, awareness about LIC schemes, business and land & building has also gone up .

Majority of the respondents have no knowledge about risk reduction techniques (54.8%) and derivatives (70%). Majority of the respondents (83.3%) are aware about investment avenues by themselves. Four out of five respondents irrespective of their education background are self aware about the sources of investments, though the self awareness regarding the investment avenues has been found more among post graduate respondents (88.9%). All the respondents who are primarily engaged in horticulture activities are self aware about the sources of investments. Further, 20 percent respondents each engaged in agriculture labour and live stock business got awareness about investment avenues through their friends. Majority of the respondents (90.6%) feel that they themselves take

investment decision. As the educational level goes up, dependency on influencing investment decision by outsiders come down. Respondents who are influenced mostly through their relatives while making investment, 20 percent are engaged in agriculture labour in comparison to .3 percent in service, 6.5 percent in business and 2.2 percent in agriculture activities.

In the study population, only banks and post office schemes are found most common investment avenue. On the basis of ranking of investment avenues, bank schemes are most preferred and shares and mutual funds the least. The main consideration while making investment has been found safely followed by liquidity. Banks and post office schemes are preferred most by the respondents belonging to higher age group. As the education level goes up, less number of respondents have investing in physical asset. Investment of the respondents of the less developed zone in the past has been found mainly in the form of land, live stock and bank deposit, whereas, respondents of highly developed zone have been found investing mainly in different bank schemes (87.5%) and building (72.5%). Respondents of moderately and less developed zones have been found investing more in land apart from bank schemes. Further, a significant proportion of the respondents of highly developed zone have also been found investing in share market (25%) and mutual fund (31.25%).

More than one - third respondents of highly developed zone have invested more than Rs.4000000 in house property, whereas, investment in house property by majority of the respondents of moderately and less

developed zones has been found less than Rs.200000. Almost two-fifth of the respondents with land holding size between 2 -3 hectares, have invested less than Rs.200000 in house property, whereas three-fifth of the respondents having land holding size above 3 hectares, have invested above Rs.400000. Respondents having age less than 45 years have invested more in house property. Scheduled caste and OBC respondents investment in house property has been found very less as compared to the general category. More than one – third of the respondents from highly developed zone have invested in land above Rs.1000000, whereas majority of the respondents of moderately developed zone have invested in land less than Rs.250000. Surprisingly, one-third respondents of less developed zone have invested in land between Rs.500000-750000. Majority of the respondents with land holding size above 3.1 hectares, have invested above Rs.1000000 in land, whereas more than half of the respondents with small land holding size, have invested less than Rs.250000. Further, respondents above 50 years of age, have invested more in land. Respondents who belong to scheduled caste, and other backward category, majority of them have invested in land less than Rs.250000, whereas, general category, respondents have invested in land above Rs.1000000. Surprisingly, majority of the respondents who have invested in land above Rs.1000000, are illiterate, whereas majority of the graduate respondents have invested in land less than Rs.250000. Further, majority the respondents who have adopted agriculture as their primary occupation, have invested more than Rs.1000000 in land, whereas, majority of the respondents who have adopted service, business as their primary occupation, their investment in land is up to Rs.500000.

Majority of the respondents irrespective of their age, category, occupation and educational background have invested less than Rs25000 in

live stock. A vast majority of the respondents who have invested above Rs.25000 in live stock, have land holding size less than 1 hectare. Whereas more than half of the respondents having land holding size above 3.1 hectares, have invested less than Rs.25000 in live stock. Mean investment of the respondents of highly developed zone in different avenues has been found more than that of moderately and less developed zone.

Though majority of the respondents have desired to make investment in post office and provident fund schemes in future, yet, surprisingly majority of the respondents do not want to keep their money in banks. Bank schemes have been found most unpopular among the respondents of highly developed zone. Post office schemes have been found most popular in moderately developed zone, whereas provident fund schemes have been found most popular in less developed zone. Vast majority of the respondents do not want to make investment in UTI and mutual fund schemes in future: On the contrary, vast majority of the respondents in all the study zones want to make investment in LIC schemes in future. As compared to mutual fund schemes, investment in UTI schemes was considered more risky especially by the respondents of highly developed zone. Though, vast majority of the respondents do not want to make investment in the form of shares, debentures and bonds yet, a significant proportion of the respondents from highly developed zone want to make investment in security market in future. Surprisingly, vast majority of the respondents do not want to put their money in business, live stock and land in near future, although two – fifth respondents of highly developed zone have certainly wished to make investment in business.

More than two-fifth of the respondents with land holding size above 3 hectares, invest more than Rs.30000 per annum, and there are only 17.4 percent respondents with land holding size less than 1 hectare who invest above Rs.30000 per annum. Hence it shows that as the size of land holding increases, investment also increases. Further, more than two-third of the respondents whose investment is more than Rs.30000 per annum, have annual income more than Rs.150000. It also shows that as the income level increases, investment also increases. More than two-fifth of the respondents who have annual agriculture income above Rs.20000, invest more than Rs.30000 per annum, whereas, 40.2 percent respondents whose annual agriculture income is less than Rs.10000, invest less than Rs.30000 per annum.

More than half (52.7%) of the respondents, whose investment is above Rs.30000 per annum, spend between Rs.80000-120000 per annum, whereas, more than one-fourth (25.8%) of the respondents who invest less than Rs.300000, spend less than Rs.80000 per annum. Further, 46.1 percent respondents who invest less than Rs.30000 per annum, have annual saving between Rs.20000-40000, whereas, 43.8 percent respondents having annual saving above Rs.80000, invest more than Rs.30000 per annum.

Majority of the respondents of all study zones have desired to invest a part of the gift amount in the form of post office saving schemes (54.6%) followed by business (19.8%), land (14.8%) and LIC (13.8%). Though, an insignificant number of respondents mainly from highly developed zone have also desired to invest a part of the gift amount in the form of industrial securities. More than one – fifth of the gift amount has been proposed to be

invested in the form of post – office saving schemes, followed by business (17.9%) and land (14.2%). Proposed investment in post – office saving schemes has been found more in moderately developed zone, whereas, mean investment in land and business has been found more in highly developed zone and less in less developed zone. Similarly, proposed mean investment in shares, debentures, bonds, mutual fund and UTI schemes has been found more in highly developed zone, whereas, mean investment in live stock, LIC and bank schemes has been found more in moderately developed zone.

More than half of the respondents of highly developed zone have given first preference to provident fund (26.9%) and business (26.3%), whereas, in moderately developed zone, one out of three respondents have preferred investment in different life insurance schemes. Almost half of the respondents of less developed zone have assigned first rank to business (26.3%) and life insurance (22.5%) schemes while making investment.

Half of the respondents of highly developed zone have given priority to stability of return in the past as compared to 40.6 percent in moderately and 44.1 percent in less developed zones. Further, it has been observed that majority of the respondents (48.1%) in less developed zone give priority to stability of return in comparison to 46.9 percent in highly and 32.5 percent in moderately developed zones. More than one-fourth of the respondents in highly developed zone give priority to tax benefit, whereas, more than one-third of the respondents in moderately developed zone give priority to safety. Majority of the respondents irrespective of the size of land holding, have assigned their priority to stability of return. More than one-fourth (27%) of the respondents with land holding size less than 1 hectare, take into

account safety. Further, there are 46.4 percent illiterate respondents who take into account capital appreciation while making investment. More than half of the matriculate and 46.8 percent graduate respondents give preference to stability of return while making investment. Further, 47.2 percent respondents who are primarily engaged in agriculture activities take into account capital appreciation. Respondents engaged in horticulture activities, half of them make investment due to safety and capital appreciation. Majority of the respondents (92.6%) engaged in business activities make investment due to stability of return.

Majority of the respondents in all the study zones have assigned first rank to safety. All of the respondents of study zones considered investment in LIC schemes absolute safe. Further, it has been observed that majority of the respondents consider investment in bank schemes (43.1%), post office saving schemes (61.9%), land (82.9%), building (64.8%), and gold (51%) absolutely safe. There are more than half of the respondents in highly developed zone who have assigned second rank to stability of return, whereas, 42.5 percent respondents in highly developed zone have assigned first rank to stability of return. Surprisingly, majority of the respondents of less developed zone consider investment in bank schemes absolutely stable as compared to highly (39.4%) and less (32.5%) developed zones. Further, majority of the respondents of study zones consider investment in LIC schemes, post office schemes, land, and building absolutely stable.

Majority of the respondents (58.1%) of highly developed zone have given third rank to capital appreciation in comparison to 51.9 percent in

moderately and 44.4 percent in less developed zones. Further, all the respondents consider investment in land absolutely capital appreciable. whereas, not even a single respondent consider capital appreciation in LIC schemes. Majority of the respondents consider no capital appreciation in bank schemes, post office saving schemes, equity shares, debentures, UTI, mutual fund schemes and provident fund schemes.

Further, more than half of the respondents (57.5%) of highly developed zone have assigned fourth rank to liquidity and marketability in comparison to 50.6 percent in moderately and 44.4 percent in less developed zones. All the respondents consider investment in land and business absolute liquid and marketable. Majority of the respondents consider investment in gold (99.6%), building (86.3%), live stock (50.4%), post office saving schemes (54.2%) provident fund (43.3%) and bank schemes (67.5%), absolute liquid and marketable, whereas majority of respondents consider no capital liquidity and marketability while investing in bank schemes and LIC schemes.

Majority of the respondents from study zones have assigned last rank to tax benefit. All the respondents from study zones consider that there is no tax benefit while making investment in bank schemes, UTI, equity shares, debentures, gold and business. On the basis of foregoing findings it can be concluded that post office and provident fund schemes are most preferred investment avenues mainly due to safety and stability of return. Investment in land, business, shares and debentures has been found more in highly developed zone, as compared to other zones, whereas, investment in post office, LIC and bank schemes has been found more in moderately developed

zone. Investment in land and house property was found more among the respondents of general category. Respondents of older generation have been found investing more in land. Surprisingly, respondents who have made heavy investment in land are illiterate. Respondents having higher qualifications, are found more aware about different investment avenues and risk reduction techniques. Respondents having large land holding size are found investing more in land. Expenditure of the people of moderately developed zone has been found more. Expenditure and saving has shown a positive correlation with the size of land holding. As the education level goes up, an improvement in the saving level has been observed. People who are mainly engaged in service and business activities, save more. Overall investment of the respondents of highly developed zone has been found more.

A new source of income, hitherto almost absent and unobserved in the area under study has come up as an important source of income. Income of the people from their employment in the service sector is expending rapidly. Partial stoppage of the old channel of income, have been compensated by opening up a new source on income from the employment in the service sector. The new source of income, in conjunction with the continuation of the old culture of not depending on agricultural improvement for augmenting their income, seems to have logically led to the continuation of backwardness in agriculture.

Section –II

7.2 Suggestions:

On the basis of the empirical findings emerging from the present study, an attempt has been made to put together some useful suggestions. These suggestions have been summed up as follows:

- Though, the household sector constitutes the mainstay of savings in India followed by public and corporate sector, yet the share of investments by the household sector in industrial securities is very meager 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 especially among the rural masses. In the present study, investment made by the agriculturists in industrial securities has been found negligible. Hence, an appropriate strategy should be formulated so as to channelise the savings of the agriculturists into industrial securities. This can be done by adequate prop agerds using local dialects through print and electronic media organisations such as cooperative societies, mahils mardants, gram panchayat etc. can play a vital role in educating masses about the relative merits and demerits of various investment avenues.

- 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 agriculturists are unaware about them. A sizeable chunk of the sample units could not differentiate between equity shares, debentures, preference shares etc. majority of them had never even heard about them, hence, the very question of their investing in such securities does not arise. As such, is a pressing need for creating awareness among the agriculturists. This can be done through the use of magazines, circular, leaflets, audio-video programmes etc. in local languages. Co-operative societies, crop 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.,. A favorable opinion towards the industrial securities can be created by emphasizing their merits like; high returns, capital gains, early liquidity and marketability and tax advantages etc.
- Portfolio is one of the most important factor which constitute the investment quantity and investment decisions. It is necessary to impart knowledge and provide sufficient information regarding investment portfolio. It helps in any investment in the trade off between risk and return. Liquidity being an essential attribute habit of rural population because of the uncertainty related to agricultural productions, the time lag involved in the sale of securities will be minimised. As the rural

population is in a disadvantageous position as compared to the urban population. There is a need to protect their interests. A separate “Risk Protection Cell” should be created for rural population. The cell should work to create assurance about safety of investment among masses and also safeguard their interests by taking immediate and necessary steps.

- Though agriculturists normally get fair returns from their produce, yet the production of agricultural produce is highly depend on the weather conditions. Hence, it is suggested that agriculturists should diversify their investment in other avenues, so that in case of agricultural crop failure they may get stable return from other investment avenues. It will ultimately help in the reduction of risk.
- It is been observed that majority of the agriculturists who have adopted government service or business as their main occupation, are investing in different investment avenues. Whereas, those are engaged mainly in agricultural activities only invest in banks and post office schemes. This clearly shows the lack of awareness about modern avenues of investment. Hence, steps should be taken to popularize modern avenues of investment along with educating and motivating specially those who are mainly engaged in agricultural activities.

- Sufficient advertisement should be done through print and electronic media to popularise schemes like PPF, IVP, KVP and NSS etc. run by the banks and post offices. Local people should be approached and educated by the trained agents by launching a mass awakening campaigns.
- A disturbing aspect of survey is that vast majority of investors are not aware of the investment considerations, like liquidity, marketability, tax benefits, capital appreciation, etc. which they may get from various investment schemes. Hence, it is suggested that investors should firstly be got acquainted with the importance of investment considerations. This would help them to select the investment avenue depending upon their preferences.
- At the present the rural population, 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. 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 network of branches.

- Investment in the form of bank deposits has been found most popular among the agriculturists as it alone accounts for more than half of the total investment made by them in the form of financial assets. The agriculturists attribute safety the main reason for making investment in bank deposits. Hence, it is suggested that the horticulturists should channelise their surplus in a diversified way so that they may get good returns.
- There exists a tremendous potential for mobilizing saving for productive investment. However a large part of this potential seems to be frittered saving is unnecessary or in luxury consumption. Actual saving is far less than the potential saving because of the huge excess consumption by the agriculturists. This desired for luxury consumption creates the avenues for industrial investment to produce those luxury goods, hence may lead to fall in aggregate saving. But
- During the course of study, it has been observed that majority of the agriculturists are investing a significant portion of their saving in the form of real estates mainly in land and buildings only to get social recognition and status. Although, they know that they will not get fair returns on such type of investments. yet, they do not want to diversify their funds. Hence, it is suggested that they should diversify their savings by investing in such avenues where they get high return by taking minimum risk.

Area for Future Research

Subject of income, saving and investment behaviour of agriculturists 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 Income, Saving and Investment Behaviour of Agriculturists in Punjab, 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.