Chapter V

Investment Pattern of Landless BPL Families in Khatav Taluka.

5.1 Introduction

It is normally proved by the history of economic development of major developed economies is that, growth without consistence rise in capital formation is not possible. Capital formation is mainly composed of gross domestic investment and investment from abroad. The steady rise in both types of investment had caused the featuring growth of India of late.

After 1991, raising gross domestic investment and attracting the foreign direct and indirect investment became an important tool of economic development. However, due to limited scope of infrastructural facilities and unfavorable social and political mind set in India the growth has been hedged in a sense. The peculiarity of Indian economy lies in absorbing bulging foreign direct investment beyond the limit (Jalan Bimal, 1991) even at such situations. Adhering and sticking to the upward directed growth of the Indian economy has to concentrate on the policy issues for augmenting the gross domestic investment as a component of Gross Domestic Investment (GDI) in public and corporate sector investments, which had shown relatively weak performance than their expectations. Hence, the time calls for the need of insistence being given to raise the rate of domestic household sector investment. For this, it was found essential to trace and capture all the segments involved in and affecting the shape of phenomenal volume and rate of gross domestic household sector investment in India. It helps in understanding macro-level trend of gross domestic investments which is shaped by various types of micro-level behavioural nature and pattern of domestic investment by socio-economic classes in India. Keeping this in mind, the present chapter is devoted to measure and analyse the investment pattern of landless BPL households in the least developed rural area. An efforts were made in this direction to measure the different types of investment and find out approbation to overall pattern of investment of sample landless BPL households.

The present chapter is designed in a way enabling to cover certain important aspects, which were considered essential to address at the main objective of the present study.
5.2 Estimation Methodology in India

Central Statistical Organization (CSO) had taken over the task of doing systematic estimation of the domestic investment. Reserve Bank of India also conducted surveys for estimating the domestic household investment in rural areas. The major survey conducted by National Sample Survey Organization (NSSO) for estimating domestic investment is entitled as All-India Debt and Investment Survey. It was conducted in 1971-72, 1980-81 and 1990-91. Those survey results were used by the CSO for estimating the domestic investment in India. While arriving at the measurement of domestic investment, institutions have composed it as financial investment and physical investments. Further, they have illustrated some sub-components of financial investment and physical investment. The NCAER had also made efforts in illustrating the methodology for its field surveys. The very peculiar structural nature of the economy and transactions of public, private corporate and household sector have affected in creating complications in precision estimation of gross domestic investment. By realizing it, CSO and RBI have been considered the probable errors and omissions involved in the process of estimation of gross domestic investment.

5.3 Components of Household Investment in India

One of the latest household survey, known as Micro Impact of Macro and Adjustment Policies in India (MIMAP) was undertaken by NCAER in 1996. The survey was basically aimed at obtaining data on income, expenditure and saving pattern of rural and urban households. The survey had covered the household sector investment in two main components namely, investment in financial assets and investment in physical assets. The definitions of these components are given below:

**Household Financial Investment.**

The additional value of financial assets held by the households during the reference period was regarded as its financial investment. MIMAP survey had covered the following types of financial investments:

- Deposits with commercial and co-operative banks, companies and in Post-Offices including small saving schemes.
- Investment in shares and securities of private and government companies and co-operative institutions.
- Contributions to provident fund / public provident fund.
- Contributions to chit funds.
Household Physical Investment.

The household physical investment is defined as ‘acquisition of fixed assets by households. Any additions in its inventories comprises the household physical investments, inventories covered under farm business and live stock activities. The additional value change in the volume of inventories for both farm and non-farm activities were estimated taking into account the opening stock and all receipts and outgoing stock during the reference period.

The purchase of consumer durable goods, gold and jewellry were included in physical assets.

Various other components in the physical investment by household sector were also listed by NCAER. It covered the current or capital expenditure on physical assets.

Following components were included in the household physical investment

- Farm assets like land improvement, irrigation assets, farm machinery and equipments, other farm assets like bullock cart and livestock assets.
- Business assets, like building, plant and machinery and other assets like transport equipment.
- Construction of and repairing expenses on housing.
- Gold and jewellery purchases.
- Purchase of consumer durables.

5.4 Investment Scenario in India.

The gross domestic investments is also called as gross capital formation. It had been realised as one of the most important pillar in structural building up of the economy and determining the momentum of growth rate in India. The gross domestic investment is composed of public sector investment, private or corporate sector investments and household sector investments. Systematic estimation of each types of domestic investments had faced certain difficulties and doubts, because some of the components are simultaneously included in the financial savings. Inspite of sincere efforts made by CSO and RBI in this directions it could not overcome the problem of the errors and omissions (Raj Working Group RBI 1982) especially, they were unable to cover the possible errors and omissions arised in estimation of capital formation of unorganized sector.
Still, even after taking the care of computing errors and omissions, CSO and RBI had attempted to measure the percentage of gross domestic investment (gross capital formation) to GDP and sector wise percentage to GDP. It has been presented in Table No.5.1.

### Table No. 5.1
**Gross Domestic Investments by Types of Sectors at Current Prices.**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Public sector</td>
<td>6.8</td>
<td>9.9</td>
<td>6.66</td>
</tr>
<tr>
<td>2</td>
<td>Private corporate sector</td>
<td>2.6</td>
<td>4.5</td>
<td>6.95</td>
</tr>
<tr>
<td>3</td>
<td>Household sector</td>
<td>6.28</td>
<td>8.5</td>
<td>8.4</td>
</tr>
<tr>
<td></td>
<td>Average percentage of GDI to GDP (1+2+3)</td>
<td>15.68</td>
<td>22.90</td>
<td>22.01</td>
</tr>
</tbody>
</table>

Source: - CSO (2001), Quoted in “EPW Research Foundation (2003)”

The percentage share of private corporate sector investment in gross domestic investment has remained substantially lower in the first three decades of economic planning. Though it had raised to 6.95 during 1991-92 to 2000-01, it remained less than household sector investment. The share of public sector investment in gross domestic investment had declined since the implementation of reforms in India. The comparative sectoral performance pertaining to investment in the last five decades since 1951-52 reveals that the share of household sector investment in gross domestic investment had occupied pivotal role in determining the volume of gross domestic investment in India. One of the important phenomena, which needs to be heavily underlined and forced to search out the causes behind the stagnative performance of gross domestic investment GDP ratio in a first decade of reform era.

In a recent past, gross domestic saving and investment had showed a rising trend. It has been presented in Table No. 5.2
Table No. 5.2
Gross Domestic Saving and Investment by Sectors.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Item</th>
<th>Per cent of GDP at current market prices</th>
<th>1999-2000 to 2005-06</th>
<th>2003-04</th>
<th>2004-05 @</th>
<th>2005-06 *</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Household Saving of which</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>a) Financial Assets</td>
<td>10.7</td>
<td>11.3</td>
<td>10.2</td>
<td>11.7</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>b) Physical Assets</td>
<td>11.3</td>
<td>12.4</td>
<td>11.4</td>
<td>10.7</td>
</tr>
<tr>
<td>2</td>
<td>Private corporate sector savings</td>
<td>5.2</td>
<td>4.7</td>
<td>7.1</td>
<td>8.1</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Public Sector</td>
<td>0.1</td>
<td>1.2</td>
<td>2.4</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Gross Domestic saving</td>
<td>27.4</td>
<td>29.7</td>
<td>31.1</td>
<td>32.4</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Net capital flow</td>
<td>0.0</td>
<td>-1.6</td>
<td>0.4</td>
<td>1.3</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Gross domestic investment</td>
<td>27.4</td>
<td>28.6</td>
<td>31.5</td>
<td>33.8</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Errors and omissions</td>
<td>0.6</td>
<td>1.5</td>
<td>1.9</td>
<td>1.6</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Gross investment (6-7)</td>
<td>26.8</td>
<td>26.5</td>
<td>29.6</td>
<td>32.2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Of which</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>a) Public Sector</td>
<td>6.9</td>
<td>6.3</td>
<td>7.1</td>
<td>7.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b) private corporate sector</td>
<td>7.7</td>
<td>6.9</td>
<td>9.8</td>
<td>12.9</td>
<td></td>
</tr>
<tr>
<td></td>
<td>c) Household Sector</td>
<td>11.3</td>
<td>12.4</td>
<td>11.4</td>
<td>10.7</td>
<td></td>
</tr>
<tr>
<td></td>
<td>d) Valuables #</td>
<td>0.9</td>
<td>0.9</td>
<td>1.3</td>
<td>01.2</td>
<td></td>
</tr>
</tbody>
</table>

@ : Provisional Estimates  
* : Quick Estimates  
# : Valuables cover the expenditure made on acquisition of valuables, excluding work of art and antiques.

Source : Central Statistical Organization and RBI

The comparative study of sectoral average investment since 1999 to 2005-06 reveals that the household sector investment was substantially higher than public and private corporate sector. It indicates that, Indian household sector possess a positive potential in contributing the gross domestic investment. Inspite of a heavy doses of incentives of helping in raising it’s contribution in gross domestic capital formation, decreasing enthusiasm in respect of participatory role in public sector investment and complications raised due to foreign capital inflow, which emphasises the need of promoting the household sector investment in India.
5.5 Investment Pattern of Landless BPL Families in Khatav taluka.

One of the objectives of the study was to measure and analyse the investment pattern of sample households which was considered as micro-level attempt to illustrate grass-root level domestic household sector investment pattern. It has been assumed as one of the major components in gross domestic investment.

Following methodology of CSO and the RBI for estimation of household sector investment in India, investments of sample households were classified into two main components. The first part of investment done by the sample household was identified as financial investment and second as physical investment. The sub-components of each of type of these household sector investment are covered by national level institutions and certain micro-components observed in field survey were considered as components of financial and physical investment of sample household. The understandings and assumptions of sample households pertaining to financial and physical investments were adopted as a base while defining main two components of investment mostly relevant to the sample households.

Working definitions of financial and physical investments and it’s sub-components were confined for the convenience of the study.

Household Financial Investment.

In all, five sub-components of financial investments mostly relevant to sample household were covered under the financial investment.

They were as below.

- Deposits with commercials and co-operative banks and deposits with Post-Offices.
- Contribution in the form of deposits with Bhishees.
- Insurance premiums.
- Deposits / savings / contribution in SHGs.
- Windfall investment

Thus, the financial investment of sample landless BPL household was the sum of all sub-components of the financial investment. The NCAER, while defining and explaining the household financial investment, contributions to the Self-Help Groups and windfall investment by household were not covered. The sample households were familiar with such investments. So they were included in the household financial investment. It is presented in Table No. 5.3.
### Table No. 5.3
**Triannual Average of Financial Investment by Social Category**
*(in Rs /per household)*

<table>
<thead>
<tr>
<th>Social Category</th>
<th>DBPC</th>
<th>SB</th>
<th>IP</th>
<th>SHG</th>
<th>WI</th>
<th>TFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open</td>
<td>798.66</td>
<td>337.33</td>
<td>237.4</td>
<td>191.2</td>
<td>56.73</td>
<td>1621.32</td>
</tr>
<tr>
<td></td>
<td>(49.25)</td>
<td>(20.80)</td>
<td>(14.64)</td>
<td>(11.79)</td>
<td>(3.49)</td>
<td>(100)</td>
</tr>
<tr>
<td>SC</td>
<td>679.2</td>
<td>271.93</td>
<td>98.7</td>
<td>177.23</td>
<td>88.76</td>
<td>1315.82</td>
</tr>
<tr>
<td></td>
<td>(51.61)</td>
<td>(20.66)</td>
<td>(7.50)</td>
<td>(13.46)</td>
<td>(6.74)</td>
<td>(100)</td>
</tr>
<tr>
<td>ST including VJNT</td>
<td>772.2</td>
<td>321.73</td>
<td>77.00</td>
<td>133.33</td>
<td>103.56</td>
<td>1407.82</td>
</tr>
<tr>
<td></td>
<td>(54.85)</td>
<td>(22.85)</td>
<td>(5.46)</td>
<td>(9.47)</td>
<td>(7.35)</td>
<td>(100)</td>
</tr>
<tr>
<td>OBC</td>
<td>1078.66</td>
<td>227.00</td>
<td>138.8</td>
<td>254.66</td>
<td>57.7</td>
<td>1756</td>
</tr>
<tr>
<td></td>
<td>(61.39)</td>
<td>(12.92)</td>
<td>(7.90)</td>
<td>(14.49)</td>
<td>(3.28)</td>
<td>(100)</td>
</tr>
<tr>
<td>By all categories</td>
<td>832.18</td>
<td>289.49</td>
<td>137.97</td>
<td>189.10</td>
<td>76.68</td>
<td>1525.62</td>
</tr>
<tr>
<td></td>
<td>(54.54)</td>
<td>(18.97)</td>
<td>(9.04)</td>
<td>(12.39)</td>
<td>(5.02)</td>
<td>(100)</td>
</tr>
</tbody>
</table>

**Notes:**
1. Figures in bracket indicates percentage share of individual component of financial investment to total financial investment.
2. Short forms of components of financial investment.
   - DBPC = Investment in the form of saving in banks, Post -Offices and co-operative bank/ Patasantha.
   - SB = Saving in Bhishees.
   - IP = Insurance in premiums.
   - SHG = Savings in SHGs
   - WI = Windfall investment
   - TFS = Total financial investment

The five components of financial investment reveals certain important findings. In first instance, it disclosed that 54.54 per cent of total financial investments made by the sample households was in the form of traditional sources of saving. The component of financial investment as saving in Bhishees had been second largest (18.97 per cent) share in financial investment by all sample household. It disclosed the trend and willingness of hard-core poor families in augmenting the saving in non-banking old form of saving system, where banking sector had failed in expanding its service network in rural India. The need of attaining a level of higher income had been recognised by the landless
BPL households in drought prone least developed rural area. It may be seen through their attempts in investing their certain income as windfall investment. To support their regular income earnings such families were found investing (5.02 per cent) in financial investment in windfall gains even by bearing the risk. Relatively most poor families from SC and ST VJNT categories were phenomenally involved in windfall investment (6.74, and 7.35 per cent) as compared to open and OBC social categories respectively. It indicates the continuous frantic struggle of socially backward classes to command over rising income earnings by the way of windfall investment which they have supposed a very essential to overtake their severe poverty centred life.

**Household Physical Investment.**

In all 10 sub-components of household physical investment mostly relevant to sample households were computed as the household physical investment of the landless BPL families. They were as below.

- Purchase of consumer durable goods.
- Purchase of entertainment means, such as radio, tape, CD player, TV etc.
- Purchase of electrical equipments.
- Purchase of cooking means.
- Transport expenses (purchase and maintenance of transport vehicles).
- Purchase of watches and goggles.
- Purchase of gold.
- Purchase of silver.
- Purchase of jewellery.
- Expenses on house construction and house repairs.

The physical investments of sample landless BPL household was the sum of all above stated components of physical investment.

The NCAER, while conceptualizing the term household physical investment, had captured only 5 macro components. But the expenses made by landless BPL households on purchase of cooking means, transport vehicles and silver purchases were not included under it. It was found that expenses made upon such items by some sample households were helping in generating the income in future. For example, the landless BPL households engaged in enterprising activities, like running a Vadapav, snack centre, as a cook in rural religious functions or collecting iron and plastic scrap material were investing some fraction of their income on purchase of cooking means and transport vehicles. So the
expenses made under such purposes were considered as physical investments.

In pursuance to the prescribed components of physical investment accounted by NCAER along with some fieldwork experiences 10 components of physical saving were identified.

The triannual averages of total physical investment by social categories has been shown in Table No. 5.4.

**Table No.5.4**

**Triannual Average of Physical Investment by Social Category**

( per household/ in Rs.)

<table>
<thead>
<tr>
<th>Social Categories</th>
<th>DG</th>
<th>EG</th>
<th>EE</th>
<th>CM</th>
<th>VP</th>
<th>W/G</th>
<th>GP</th>
<th>SP</th>
<th>JP</th>
<th>HCR</th>
<th>TPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open</td>
<td>187.00 (12.23)</td>
<td>335.66 (21.96)</td>
<td>65.93 (4.31)</td>
<td>104.93 (6.86)</td>
<td>94.66 (6.19)</td>
<td>18.33 (1.19)</td>
<td>113.10 (7.40)</td>
<td>114.00 (7.46)</td>
<td>95.00 (6.21)</td>
<td>400.13 (26.18)</td>
<td>1528.74 (100)</td>
</tr>
<tr>
<td>SC</td>
<td>146.63 (8.84)</td>
<td>400.86 (24.16)</td>
<td>51.93 (3.13)</td>
<td>101.33 (6.10)</td>
<td>98.67 (5.94)</td>
<td>24.66 (1.48)</td>
<td>87.56 (5.27)</td>
<td>92.86 (5.59)</td>
<td>125.86 (7.58)</td>
<td>528.33 (31.85)</td>
<td>1658.69 (100)</td>
</tr>
<tr>
<td>ST+VJNT</td>
<td>121.86 (8.60)</td>
<td>351.56 (24.82)</td>
<td>37.33 (2.63)</td>
<td>95.93 (6.77)</td>
<td>97.33 (6.87)</td>
<td>19.83 (1.38)</td>
<td>79.33 (5.60)</td>
<td>90.10 (6.36)</td>
<td>122.13 (8.62)</td>
<td>401.93 (28.32)</td>
<td>1417.13 (100)</td>
</tr>
<tr>
<td>OBC</td>
<td>147.87 (9.87)</td>
<td>332.66 (22.21)</td>
<td>58.93 (3.90)</td>
<td>102.33 (6.83)</td>
<td>94.67 (6.32)</td>
<td>18.33 (1.22)</td>
<td>110.25 (7.36)</td>
<td>112.85 (7.53)</td>
<td>110.33 (7.36)</td>
<td>408.93 (27.30)</td>
<td>1497.15 (100)</td>
</tr>
<tr>
<td>By all Category</td>
<td>150.84 (10.02)</td>
<td>355.18 (23.28)</td>
<td>53.53 (3.55)</td>
<td>101.13 (6.71)</td>
<td>96.33 (6.39)</td>
<td>20.23 (1.34)</td>
<td>97.56 (6.48)</td>
<td>102.45 (6.80)</td>
<td>113.33 (7.53)</td>
<td>434.64 (28.87)</td>
<td>1525.22 (100)</td>
</tr>
</tbody>
</table>

Notes:
1. Figures in bracket indicates percentage share to total physical investment.
2. Short forms of physical investment.
   - DG = Purchase of durables.
   - W/G = Purchase of watches and goggles.
   - EG= Entertainment goods.
   - GP = Gold purchase.
   - EE = Electric equipments.
   - SP = Silver purchase.
   - CM = Cooking means.
   - VP = Vehicle purchase and repairs.
   - HCR = Housing construction and maintenance.
   - TPI = Total physical investment.

The investment in physical assets includes 10 items of investment. The physical investment is considered as income and employment generating investment. Our intention was to search out, whether sample households were familiar with and involved in making physical investment, if so, what is component wise share of each type of physical investment in total physical investment? The field survey reveals that, all the households were making investment in some or other types of components of physical investment. Table No. 5.4 discloses the per household investment by all categories was Rs. 1525.22 for the period from 2004-05 to 2006-2007 as a physical investment. The families from
SC category had the highest (Rs.1658.69) and ST, VJNT category had the lowest (Rs.1417.13) physical investments. The larger share of expenses on housing construction and repairs by SC category had caused their highest physical investments. The families from ST, VJNT were found migrating from one to another location, which did not find themselves secure to store, handle and transport the commodities, covered under the physical assets. The ST, VJNT families attempts to spend substantially larger amount on entertainment goods. It’s share was 23.28 per cent to total physical investment by all categories. This investment helps in making their life lucid and tolerable on the background of various odds they face in regular life.

One more findings needs to be addressed. That is the families from all categories had preferred to invest substantially larger (20.81 per cent) amount in gold, silver and jewellery purchases. Especially, the investment in gold and silver was made by the households. Since it is highly liquid.

Secondly, investment in house construction and repairs, the expenses on purchase of entertainment goods had highest percentage share (23.28) in total physical investment by all social categories. The availability of various type of low priced second hand entertaining units have attracted a very poor families. Such entertainment items have helped in reducing the tension of the poor people.

Measurement and Pattern of Net Investment.

As mentioned earlier, this research was aimed at studying the investment pattern of landless BPL households. For that, an attempt was undertaken to measure the financial and physical investment of sample household in a manner to find out the nature of net investment by social categories. The comparative study of financial and physical saving as well as financial and physical investment discloses that some of the components covered under financial and physical savings are also the components of financial and physical investments. Thus to avoid overlapping measurement of such components of saving and investment, we considered essential to compute net investment by sample households to focus on exact size and pattern of investment by sample households. While measuring the net investment following equation was considered.

Net Investment = Total investment – (DBPC + CB + IP + SHG + HCR)

Where

- DBPC = Deposits in banks and Post-Offices.
- CB = Contribution in Bhishees. (savings in Bhishees)
- IP = Insurance premiums.
- SHG = Saving in SHGs.
- HCR = Housing construction and repairs expenses.
Thus the net investment is sum of the following components of total investment.

1) Purchase of consumer durable goods.
2) Purchase of entertainment means.
3) Purchase of electrical equipment.
4) Purchase of cooking means.
5) Transport expenses (purchase and maintenance of transport vehicles)
6) Purchase of watches and goggles.
7) Purchase of gold, silver and jewellery.
8) Windfall investment.

Applying the same methodology a database has been generated. Table No.5.5 exhibit the triannual averages of net investment per household by all social categories.

**Table No.5.5**

<table>
<thead>
<tr>
<th>Social Categories</th>
<th>DG (5.56)</th>
<th>EG (5.56)</th>
<th>EE (5.56)</th>
<th>CM (5.56)</th>
<th>VP (5.56)</th>
<th>W/G (5.56)</th>
<th>GP (5.56)</th>
<th>SP (5.56)</th>
<th>JP (5.56)</th>
<th>WI (5.56)</th>
<th>Net Household Investment (Per household/Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open</td>
<td>187.00</td>
<td>335.66</td>
<td>65.93</td>
<td>104.93</td>
<td>94.66</td>
<td>18.33</td>
<td>113.10</td>
<td>114.00</td>
<td>95.00</td>
<td>56.73</td>
<td>1185.34 (100)</td>
</tr>
<tr>
<td>SC</td>
<td>146.63</td>
<td>400.86</td>
<td>51.93</td>
<td>101.33</td>
<td>98.67</td>
<td>24.66</td>
<td>87.56</td>
<td>92.86</td>
<td>125.86</td>
<td>88.76</td>
<td>1219.12 (100)</td>
</tr>
<tr>
<td>ST, VJNT</td>
<td>121.86</td>
<td>351.56</td>
<td>37.33</td>
<td>95.93</td>
<td>97.33</td>
<td>19.63</td>
<td>79.33</td>
<td>90.10</td>
<td>122.13</td>
<td>103.56</td>
<td>1118.76 (100)</td>
</tr>
<tr>
<td>OBC</td>
<td>147.87</td>
<td>332.66</td>
<td>58.93</td>
<td>102.33</td>
<td>94.67</td>
<td>18.33</td>
<td>110.25</td>
<td>112.85</td>
<td>110.33</td>
<td>57.7</td>
<td>1145.92 (100)</td>
</tr>
<tr>
<td>By All category</td>
<td>150.84</td>
<td>355.18</td>
<td>53.53</td>
<td>101.13</td>
<td>96.33</td>
<td>20.23</td>
<td>97.56</td>
<td>102.45</td>
<td>113.33</td>
<td>76.68</td>
<td>1167.28 (100)</td>
</tr>
</tbody>
</table>

**Note**

1. Figures in bracket indicates the percentage share of net investment
2. Short forms of components of net investment (see table No.5.3 and 5.4)

The figures of net investment has been obtained from the field work data. Table 5.5 reveals the pattern and size of net investment by all social categories. It indicates that, triannual net investment per household stood at Rs.1167.28, for all social categories.

The category wise net investment shows that, the SC category had the highest (Rs.1219.12) net investment, the ST including VJNT social category had the lowest (Rs.1118.76) net investment. The component wise net investment discloses that the sample household from all categories were more attracted towards investment on entertaining items, because of need of the entertaining the poor families. Secondly, the impact of non poor higher income group families around them had forced them to obtain either new or second hand entertainment means at lower
prices. A another major component of net investment to which sample household were found familiar was investment in purchase of durable commodities, generally those durable commodities (goods) were mainly belonged to iron or simple wood bed, a cupboard for keeping pots and vessels, table and other petty and small durable goods. Hence, the sample household had their second highest investment (13.17 per cent) in such durable goods.

The category wise inter-comparison among components of net investment reveals a peculiar pattern of net investment by sample households. The families from open category had given a top priority to investment in entertainment and durable goods, followed by investment in purchase of gold, silver and jewellery. The SC and ST, VJNT category had explicitly highest (32.88 and 31.42 per cent) investments in purchase of entertainment goods followed by purchase of jewellery goods. The purchase of jewellery good by ST, VJNT and other social group, reveals that the percentage share of expenses made on such purchases was 10.91 per cent, which was second largest share to ST, VJNT and third largest share to SC social group. It was higher than open and OBC categories. It ultimately focus on the efforts made by SC and ST, VJNT families for maintaining the neatness in their standard of living is expressed by wearing jewellery ornaments.

Such families tries to hide their in-depth poverty. The investment in vehicles for business and enterprising activities was made by the poor families. The second hand old vehicles were purchased by households for that purpose.

**Triannual Average Percentage of TFI and TPI to Gross Investments**

While attempting to illustrate various perspectives of investment pattern and investment habits of landless BPL families in Khatav taluka we considered essential to analyse it on the basis of percentage share in total financial investments (TFI) and total physical investment (TPI) in the gross household investment (GHI). This helped to reveal an inclination and tendency of the landless BPL households towards the TFI and TPI. Secondly, it is exhibited and helped in determining the size of TFI and TPI in gross household investment. Table No.5.6 gives the triannual average percentage share of FI and PI as was observed in the field work.
Table no.5.6

Triannual Average Percentage Share of TFI and TPI in GHI by Social Category (per household / in Rs.)

<table>
<thead>
<tr>
<th>Social categories</th>
<th>Total financial investment (TFI) (including TFS components)</th>
<th>Total physical investment (TPI) (Including HCR of TPS)</th>
<th>Gross household investment (GHI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open</td>
<td>1621.32 (51.48)</td>
<td>1528.00 (48.52)</td>
<td>3149.32 (100)</td>
</tr>
<tr>
<td>SC</td>
<td>1315.82 (44.24)</td>
<td>1658.63 (55.76)</td>
<td>2974.45 (100)</td>
</tr>
<tr>
<td>ST, VJNT</td>
<td>1407.82 (49.85)</td>
<td>1416.19 (50.15)</td>
<td>2824.01 (100)</td>
</tr>
<tr>
<td>OBC</td>
<td>1756.82 (53.98)</td>
<td>1497.39 (46.02)</td>
<td>3254.21 (100)</td>
</tr>
<tr>
<td>By all categories</td>
<td>1525.44 (50.00)</td>
<td>1525.05 (50.00)</td>
<td>3050.49 (100)</td>
</tr>
</tbody>
</table>

Note 1. Figures in bracket indicates percentage share to gross household investment.

The triannual average of gross household investment was estimated to Rs.3050.49 by all social categories. It was highest (Rs.3254.21) in OBC and lowest (Rs.2824.01) in ST, VJNT social groups. The percentage share of total financial investment to gross household investment remained 50.00 per cent to all social categories. But the percentage share of TFI and TPF to gross household investment (GHI) differs from category to categories. The OBC category had preferred to invest (53.98 per cent) in financial components of investment and comparatively less (46.02 per cent) in physical investment. The SC social category had preferred to invest more (55.76 per cent) in physical investment than in financial investment.

The sample households from ST, VJNT social groups had nearly 50.00 per cent percent investment in TFI and TPI in their gross household investments. The overall phenomena of TFI and TPI and its share in GHI has been illustrated in Table No.5.6 which indicates that the landless BPL household had inclined to financial investment rather than physical investment. It was due to the convenience being experienced by the sample households in transforming financial investment into liquid assets whenever they face shortage of liquidity. Some physical investments are one stroke investments, which was in fact beyond the capabilities of the
landless BPL families due to their limited income size. The interactions with sample households, exhibits the fact that they are more inclined to financial investment, for performing various types of religious duties and social functions, which can liquidated into financial investments. Hence, the landless BPL families had placed their priorities in contributing to financial investment rather than physical investments.

**Average Propensity to Invest by Social Category**

The persistence of vision studies on the pattern of total savings and total investment had led us to analyze it further into two directions. In the first instance, we determined to consider it as average propensity to invest (API) by applying straightforward data of gross household investment by allowing overlapping components of financial and physical savings, which were also encountered in financial and physical investments. It helped in estimating and revealing approximate nature of API by social categories. To exhibit the exact size of propensity to invest of sample household, we considered it essentials to avoid the overlapping in both TFI and TFS and TPS and also, TFI and TPI. The API was derived by including components of TFS and TPS, excluding the same from TFI and TPI. It is presented in Table No. 5.7

**Table no. 5.7**

**API by Social Category**

<table>
<thead>
<tr>
<th>Social Category</th>
<th>Average Propensity to Invest (API) *</th>
<th>Average Propensity to Invest (API)**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open</td>
<td>0.151</td>
<td>0.057</td>
</tr>
<tr>
<td>SC</td>
<td>0.146</td>
<td>0.060</td>
</tr>
<tr>
<td>ST,VJNT</td>
<td>0.141</td>
<td>0.056</td>
</tr>
<tr>
<td>OBC</td>
<td>0.153</td>
<td>0.052</td>
</tr>
<tr>
<td>By All Categories</td>
<td>0.148</td>
<td>0.055</td>
</tr>
</tbody>
</table>

Note:
1.* Average propensity to invest was derived by including components measured in TFS and TPS. (API=I/Y)

** Average propensity to invest was derived by excluding components measured in TFS and TPS.
Average propensity to invest (API), is measured by including and excluding the components of TFS and TPS which were also covered in total financial investment (TFI) and total physical investment (TPI) which also reveals different results. By applying the inclusion method, the triannual API stood at 0.148 for all social categories. It was highest (0.153 per cent) in OBC and lowest (0.141 per cent) in ST, VJNT social category. API if measured by avoiding overlapping of components covered both in TFS, TPS and TFI, TPI reveals that, API stood at 0.055 for all social category. It was highest (0.060) in SC and lowest (0.052) in OBC social category.

5.6 Conclusions

The size of triannual API accounted by allowing overlapping and avoiding overlapping exhibits the pitty and small proportion of API by all individual social categories. But if assessed it, on the basis of nominal size of income of sample households, it supports an argument that API of sample households is noticeable. The general belief that such households had no potential and willingness to perform and participate in investment activities has been ruled out by the present study. The every sincere academicians involved in such studies belonging to an enquiry into nature, causes and measures of problems of poverty shall enhance it positively as praiseworthy attitude and efforts being performed by hard-core poor households.