CHAPTER-VI

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The study of saving and investment pattern in rural areas identifies some of the important issues relating to the economic development of rural areas. There are no hard and fast norms in saving and investment pattern of the rural people. People are saving and investing according to their income generating capacity and willingness. The researcher has stratified the total population of the district into three categories i.e. General Caste, Scheduled Tribe and Scheduled Caste. Again each of the category is divided into three strata i.e. High Income Group, Middle Income Group and Low Income Group of people for finding out the actual pattern of income, saving and investment. The following are the findings of the study.

Findings:

1) it is found that high income group of general caste people have more tendency to save and invest than the other high income group of Scheduled Tribe and Scheduled Caste.
2) The saving and investment of lower income group of people of Scheduled Caste people are almost nil. This class of people does not have any foresightness for the future work. Most of the people of this section are illiterate and whatever they earn, all are consumed. It is also found that the sources of income of this class of society is very much irregular. They are mostly depending on agriculture and fishing activities. Some of them are agricultural labour wage earner. Therefore the income of these people are very much irregular and seasonal and comparatively low in comparison to the lower income group of people of other categories. So they never think of saving a part of their income for future.

3) About 72 percent of the district population is engaged in agriculture and allied activities. The income of people from agriculture sector is not sufficient to expand their economic activities properly. The saving and investment of the people of Nalbari district are found to be lower than all Assam average.

4) Agriculture being the primary occupation of the people has been suffering from various drawbacks, like:

   a) Irrigation system is not properly developed. A few portion of cultivable land is covered by the irrigation water supply.
Therefore the average yield per hectare of land is very low compared to the other districts of the state.

b) During the last few years electricity power supply has become a major problem for agriculture and industrial activities. Due to the shortage of power water supply could not be completed timely and regularly. Therefore income generating power of the people has not reached to the desired level. That is why low income results in low saving and low investment among the people of the district.

c) The institutional finance to agricultural sector has been reducing by the financial institutions due to the government policy. As a result poor farmers of the district are deprived of getting credit for agricultural development. The over dues on agricultural loan becomes the problem for the financial institutions. As a result agricultural activities are not performing up to the satisfactory level in the absence of proper financing.

d) More than 50 per cent of the district is flood prone. During the rainy season heavy flood occurs on regular basis, which damage agricultural crops. It is found that 50 per cent of the
farmers are getting nothing from their paddy field. Therefore saving is not possible for these sections of people.

e) It is inferred that the district is lacking in regulated market. The village mohajan and other agents are working against the farmers. As a result the income from agricultural sector is not sufficient to cover up their daily expenditures. It is ascertained that 50 per cent of the farmers cannot save for their further economic development.

5) The infrastructural facilities of the district are very much deplorable and hence movement of produces from one place to another place becomes very much difficult in the district. As a result farmers are not receiving remunerative price for their product.

6) As regard industrial activities the district is ranked 19th among the 23 districts of Assam. Practically there are no large and medium scale industries in the district. The district has a few small and cottage industries, which are not performing up to the satisfactory level. There was a polyester mill in Nathkuchi, which is now sick due to the mismanagement and political interference. The income from industry in the district is very much negligible. As a result the
accumulated saving and investment of the people of the district has not touched the required level.

7) The tertiary sector of the district is showing good performance just after the agricultural sector. People who are engaging in tertiary sector earn more. It is found in the field survey that their saving and investment in different economic activities are satisfactory.

8) Social unrest is seen in almost all the districts of Assam. During the last decades quite a large number of various ethnic groups have been disturbing the socio-economic life of the people. Non-Bodo people living in Bodo dominated areas are in doldrums for which practically there is no tendency of work during last few years. Some of them are coming over to urban areas leaving their property in the village. This section of people has lost their work culture and they are not inclined to save their earning.

9) The government service holder, serving in the Bodo dominated area is not attending their working office for their duty regularly. Further the works in those departments are not properly running. As a result there is a low economic activity in those areas and cause low generation of income, saving and investment.
10) It is found that high income group of general caste people earn more from government service and from business. Only 15 per cent of their income comes from agriculture and 10 per cent from other sources. The middle income group of all caste earns their annual income from government services and agricultural activities and 5 to 10 per cent are drawn from business and other sources. The lower income group of general caste people earns 70 per cent from agricultural sector and only 15 per cent from government services. The trend of earning of scheduled tribe people is found as follows. Higher income group of schedule tribe people earns 50 per cent income from government services, 40 per cent from agricultural and 5 per cent from business and each of the other sectors. The middle income group scheduled tribe people earns 60 per cent of annual income from agriculture and sericulture, 30 per cent from government services and 5 per cent from business and each of other services. The low income group of scheduled tribe people earns 70 per cent of their income from agriculture and allied activities, which includes the agricultural labour also.

11) As regards the scheduled caste people 50 per cent, 70 per cent, 80 per cent of annual income of high income group, middle income
group and low income group comes from agricultural sector respectively. On the other hand only 30 per cent, 10 per cent and 3 per cent of annual income comes from government services. It is seen that a very few number of people are as government service holders among the lower income group of scheduled caste people.

12) The consumption pattern shows that high income group of general caste people consumes 43 per cent. But the high income group of scheduled tribe people consumes 62.28 per cent and scheduled caste people is estimated to be 60.74 per cent. From this analysis it is ascertained that higher income group of general caste people are very much conscious about the future generation.

13) The scheduled caste and scheduled tribe people consume more than general caste. This is due to the low literacy rate among this section of people. They are spending their earning a lot on demonstration.

14) The modern life of the people is controlled by audio-visual and information technology. The people of remote villages are now accustomed with sophisticated goods produced in small size by the multinational companies and distributed through retail selling. This process of distribution of goods attracts the poor villagers for
which they spend all of their surplus income on those luxurious products. As a result outflow of money is high. Therefore people do not think of saving for their future development.

15) The high income group of people of all categories prefer to save their earning on bank first. They prefer LICI and other heads as second and third respectively.

16) The middle income group of general caste people saves in bank first, second in other heads and third in LICI and fourth in post office. But scheduled tribe people prefer to save first in bank, second in LICI and third in post office. As regards the middle income group of scheduled caste people shows their preference in post office first and then bank.

17) The lower income group of general caste people use to keep their saving first in other head and then post office and bank respectively. But lower income group of scheduled tribe people prefer first in post office then others, whereas the lower income group of scheduled caste people prefers first in other head than post office and bank respectively.

18) The study reveals that the whole saving of the people is not invested for increasing their return. There is a gap between saving
and investment. As soon as the income is increasing the saving investment gap is decreasing. This fact is proved by the statistical measure using correlation analysis, in the chapter IV.

19) It is also found in the study that among the financial institutions the banks are occupying the first place in deposit mobilization. The deposit mobilisation by the LICI and post office are taking second and third place respectively.

20) The people of the district feels unsecured due to the worse law and order situation. Therefore people prefer LICI for their future security of life and family. As a result they save and invest more money in LICI.

21) The saving and investment of the people of the district are not properly channelised because most of the people specially in the Bodo dominated areas keep their surplus earning in the outside of the district. As a result the district has been suffering from slow economic growth.

22) It is found from the study that low income group of people of all categories prefer to save in the other head. It includes the saving in fixed assets like development of land, livestock and agricultural
equipments. Because they have no sufficient income to save in the financial institutions.

23) It is also revealed from the field survey that a large number of mutual fund are operated by the government servants, farmers, household wives, youths in almost all villages of the district. They have collected huge amount on weekly or monthly contributions. The accumulated contributions are used to lend out to the needy person at a different rate of interest. This mutual fund helps to increase the earning of the contributors.

24) The regional rural bank operating in the district invests the saving of the depositors in different remote areas of the district. Because the only regional rural bank has more branches in the rural areas than other banks.

25) Due to the lack of proper planning and training people are saving their surplus earning in unproductive sources such as, ornaments, construction of costly buildings in remote areas etc. This causes the low economic growth in the district.

26) A huge amount of saving is mobilized by the LICI. LICI invest a very small part of their premium income as loan to the policyholders. The major part of LICI fund is invested according to
the guideline of the central, zonal and divisional offices. Thus the direct benefit of the district savings is not percolated in the economic development of the district.

27) It is also observed that Sahara Pariwar Private Limited is attracting the people of the district due to its attractive rate of interest on the deposit.

28) There are seven nationalised banks with large number of branches operating in the district. The credit deposit ratio of all these banks is gradually decreasing. It shows these banks are not investing the saving of the people in the district up to satisfactory level.

Suggestions:

The study examines the pattern of rural saving and investment for the economic development of Nalbari district. A discussion has been made on socio-economic profile of the district and analytical study is conducted to find out the existing level of economic activities of the people. With the help of primary field survey on 3000 households of the district, some conclusions are drawn on saving and investment pattern of the rural people of Nalbari district.
Though the study is confined to a district of Assam the findings are equally applicable to all the districts of the country. The researcher has carried out the massage of trend of economic development in micro level, which can be widened to macro level. The findings of the micro level study would help the policy maker in government to formulate economic policy for the socio-economic development in backward economy. The future researcher will be benefited from the findings of the study. The study would also help the financial institutions to formulate their investment policy in agro-based economy.

The following conclusions are put forward to improve the socio-economic life of the rural people.

1) The primary sector of the economy requires improvement to uplift the 72 per cent population of the district. A scientific method of cultivation with high yield variety (HYV) seeds, modern equipments, well-designed irrigation facility, regular power supply and proper training of the farmers would raise the agricultural production. These steps will enhance the earning capacity of the people engaging in the primary sector.

2) The infrastructural facilities of the district are very poor. A concerted effort is to be made by P.W.D. department, National
High way authority and Railway authority for the improvement of transport network in the district.

3) The rural development department is pumping huge amount of money for the development of rural areas. Proper accountability of these works are to be maintained, so that collected amounts are properly utilized for the benefit of the rural people.

4) The shortage of power is also an important problem for the district. There are potentialities to develop Hydro-electricity in the district. An effort can be made by the state government to construct Hydroelectric dam on wild rivers of the district. This will solve the perennial flood problem of the district as well as sufficient power will be supplied for agricultural, industrial and other purposes. There is prospect of the construction of Pagaldia dam at Thalkuchi in the district by the central government. The main purpose of this dam is to control the flood. The total cost of the project is already estimated Rs. 479.21 crore. If this project is implemented by the central government it would solve not only the problem of flood but it would help in generating hydro-electricity and in solving irregular power problem also. It will be the greatest dam in the entire north eastern region.
5) The social overhead such as education and health care facilities are to be improved in the district. Health is the primary concern of all the people. A healthy man can do hard work and more income. As soon as income is increasing the saving of the people will also automatically high, which lead to more investment.

6) There is not a single technical educational center in the district for which people are not aware of the technical development. It is therefore suggested that the government should set up a few technical institutions.

7) The people of the district are to be educated to understand the role of saving for the economic development of their own. There should be co-coordinated drive by all concerned for developing the saving habits of the people.

8) All the resource mobilising agencies of the district should come forward to invest saving in different projects for the development of economy and generation of income of the people. It is also suggested that the field officers should properly supervise whether the borrowers have properly invested or not as per the scheme. Otherwise misuse of fund curtails the capacity of repayment of the borrowers.
9) It is also revealed from the study that people living in the char areas are having high reproductive capacity. But these people cannot save their earning due to the large size of family. Whatever they earn they consume everything. Therefore, it is suggested to take necessary steps to minimise birth rate of the char area.

10) The law and order situation of the district is also affected by the agitational programmes by the different ethnic groups and united liberation front of Assam (ULFA). This situation causes heavy losses to the economic life of the people. Government should come forward with an open mind to settle this socio-political problem of the region.

11) Human resource is one of the most important and first factor for the economic development of a region. In spite of the large number of work force in the district, it is not fully utilised for economic development. There is no proper manpower planning for anticipating, inventing and engaging human resource in various segments of the economy. It is therefore suggested that the government for utilising the human resources should adopt manpower planning with proper design.
12) The intellectual property of the district should be developed to expand the knowledge industry in the district. This will develop all the segments of the economy.

13) Illiteracy is one of the main reasons for slow economic growth of the district. Most of the women of weaker sections, especially among the scheduled tribe and scheduled caste people are illiterate. Therefore proper measure should be taken by all concerned to develop the woman education in the district. It will help for future planning and develop the economic life of the people. Though some measures have been being taken by the government through adult education, women are not properly motivated to come forward to take the fruits of education.

14) The financial motivating agencies are not found according to population pattern in the district. It is suggested that financial institutions should come forward to mobilise resources from all the areas of the district.

15) Most of the scheduled tribes people use to produce domestic wine from rice and molasses and they consume and sell it in neighboring areas for which their work culture has been disturbed. In some cases the whole family is ruined due to prevailing
drinking habit among themselves. A concerted effort should be made to eradicate this type of practice from the society.

16) There are large numbers of village artisan working in different parts of the rural areas. An effort should be made to encourage these artisan and indigenous method of production to receive higher output from these activities. Government should take proper measure to demonstrate these rural artisans’ product through trade fair. So that remunerative price may be paid to the village skilled men.

17) Sericulture and weaving is an important part of the economic life of the rural women. It is also seen in the field survey that this economic activity has been gradually disappearing from the society. It is one of the viable sources of livelihood. It is therefore suggested that sericulture and weaving should be developed in modern method with the government initiative.