



A STUDY ON INVESTMENT PATTERN AND AWARENESS OF FARMERS IN POLLACHI THALUK

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Abstract:

This paper examined the pattern of saving and investment among two hundred and fifty farmers in Pollachi. Data were collected using structured interview schedule. Data were analyzed using descriptive statistics. Results showed that farming households save and invest mainly in banks. Non-farm income turn out is one of the major determinants of volume of savings/capital accumulation of the farmers. It also analyses the major crops grown, income level, purpose of savings, Factors influencing the various investment avenues and sources of awareness level of farmers in various investment avenues.

Key Words: Savings, Investment & Investment Avenue

Introduction:

A nation's savings and investment propensities also play a key role in achieving dynamic stability in the capital market. The three variables that measure the growth of an economy are Income, Savings and Investment. While investment is the single most factors for the development of an economy, it is savings which provides the basis for investment. Savings are of great importance in a developing economy like India. This is because of the direct bearing it has on the level of economic activity of the nation. Similarly, within the agricultural sector, the degree of progress attained will largely depend upon what the farmers do with the additional incomes generated from year to year from their farm activities. Agriculture plays a pivotal role in the Indian economy. Although its contribution to gross domestic product (GDP) is now around one sixth, it provides employment to 56 per cent of the Indian workforce. Also, the forward and backward linkage effects of agriculture growth increase the incomes in the non-agriculture sector. The growth of some commercial crops has significant potential for promoting exports of agricultural commodities and bringing about faster development of agro-based industries. Thus agriculture not only contributes to overall growth of the economy but also reduces poverty by providing employment and food security to the majority of the population in the country and thus it is the most inclusive growth sectors of the Indian economy. This stems from the fact that the growth rate in the farming economy largely depends on the stock of capital built in a farm organization and the ploughing back of such stocks in form of savings for further improvement of the farm organization. If these increments are spent on household expenditure, without building up the necessary infrastructure, the future economic development of the nation will be hampered. Adequate integration of saving and investment programmes into development strategies is capable of improving resource allocation, promoting equitable distribution of income, and reducing credit delivery and recovery costs..

Statement of the Problem:

The main reason is prompted in this study to examine the various savings and investment avenue for farmer's clause investor. The investors do not evaluate all possible product attributes while making a choice, but the marketer's search for identification of "The key buying criteria" or "The key choice criteria" or "the determinant attributes" which are defined as certain features of a product offering that are closely associated with preferences and identifying factors which play an important role in determining the perception of farmer investors that would affect the future policies and strategies of the financial planners and market brokers as well as the government. Though there are many studies available sightseeing the behavior of investors towards equity markets, similar studies on commodity market are scanty and not focused farmer clause investors. The present research work is undertaken to fill gap in this direction.

Objectives of the Study:

- ✓ To analyze the awareness level of farmers of different savings and investment avenues
- ✓ To study the factor that influences the farmers in selecting Investment Avenue.

Methodology:

The study is based on primary. Primary data have been collected from 250 respondents through a interview schedule covering different groups of farmer investors. The secondary data will be collected from various books, magazine, journals, newspapers and websites. The convenience sampling method will be used for selecting sample investors in this study. The study area is limited to Pollachi Taluk. Pollachi a town and Taluk headquarters in Coimbatore district, Tamil Nadu state, India. It is the second largest town in markets for jaggery, vegetables and cattle.

Crops Grown of Respondents:

Crop	No. of Respondents	Percentage
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Maize	19	7.6
Rice	32	12.8
Vegetables	40	16
Coconut	122	48.8
Sugergane	16	6.4
Ground nut	14	5.6
Others	7	2.8
Total	250	100

Source: Primary Data

The above table shows that 48.8% of the farmers grew coconut; 16% of the farmers grew vegetables; 12.8% grew rice; 7.6% produced maize; 6.4%, 5.6%, 2.8% grow sugergane, groundnut and others. Hence it is clear from the table that majority of the respondents are grown coconuts.

Annual Income of the Respondents

Income Category	No. of Respondents	Percentage
Below 60,000	30	12
60,000-1,50,000	78	31
1,50,000-2,50,000	64	26
2,50,000-5,00,000	46	18
Above 5,00,000	32	13
Total	250	100

Source: Primary data

From the above table reveals that 31% of respondents earn income between Rs.60000 to Rs.150000 per annum, 26% of respondents earn income between Rs.1,50,000 to Rs.2,50,000 per annum, 18% of respondents earn income between Rs 2,50,000 – Rs 5,00,000, 13% of respondents earn annual income of above Rs 5,00,000 and 12% of respondents earn annual income of below Rs.60,000. Hence it is clear from the table that majority of the respondents are under the annual income level of Rs 60,000-Rs1,50,000.

Savings Pattern of Farmers - An Analysis:

A nation's productive capacity depends on a healthy capital formation. Robust savings rate coupled with good capital mobilization are the key macro economic variables with micro foundations, which play a significant role in economic growth. Since the domestic saving rate is directly related to the investment rate and the lending capacity of the banking system, it is also an important indicator of economic development.

Reasons for Saving:

S.No	Savings reason	No. of Respondent	Percentage
1	Safe way to keep money	51	20
2	For Future Purpose	42	17
3	Medical Emergency	30	12
4	Children Education	27	11
5	Reinvestment to Farming	28	11
6	Children Marriage	21	8
7	Land Development	14	6
8	House Construction	31	12
9	Other purpose	6	2
	Total	250	100

Source: Primary Data

The above table indicates the majority of the sample save money respondent for the purpose of their future contingencies. The next purpose goes to future purpose. The third stage of the respondent for the reason of medical emergencies. The next stages are House Construction, Reinvestment to Farming, Children Education and marriage purpose. The last two stages are land development and other purpose. Hence it is clear from the table that majority of the respondents are save the money for Safe way to keep money not for specific objectives and goals.

Savings Pattern:

S.No	Source	No. of Respondent	Percentage
1	Savings in Bank's	62	25
2	Savings in Insurance	38	15
3	Savings in Post Office	12	5
4	Savings in Shares	5	2
5	Savings in Gold	59	24
6	Savings in Real Estate	10	4
7	Savings in Mutual Funds	4	2

8	Savings in Chit Funds	54	22
9	Others	6	2
Total		250	100

Source: Primary Data

Savings pattern of the respondent are shows in the above table. It indicates the most of the sample respondent preferred to invest their money in to banks, gold and chit funds next preference go to insurance, post office ,real estate others, gold, shares respectively. So the majority of respondents are save the money through Banks.

Factors Influencing for Various Investment Avenues:

Influencing Factors		Investors Response					Total
		Most Important	Important	Neutral	Less Important	Not at all Important	
Capital appreciation	No	52	100	43	29	26	250
	%	20.8	40.0	17.2	11.6	10.4	100
High return	No	94	110	17	17	12	250
	%	37.6	44.0	6.8	6.8	4.8	100
Tax savings	No	20	33	18	71	108	250
	%	8.0	13.2	7.2	43.2	28.4	100
Regular income	No	45	100	42	38	25	250
	%	18.0	40.0	16.8	15.2	10.0	100
Safety & security	No	76	109	40	12	13	250
	%	30.4	43.6	16.0	4.8	5.2	100
Liquity	No	73	116	25	25	11	250
	%	29.2	46.4	10.0	10.0	4.4	100
Risk involved	No	43	113	16	52	25	250
	%	17.2	45.2	6.4	20.8	10.0	100

Source: Primary Data

From the above table it is clear that 40% of the respondent’s have given importance towards capital appreciation and 20.8% of the respondents have given high importance towards capital appreciation, while 17.2%, 11.6% and 10.4% of the respondents have stated their opinion as neutral, less important and not at all important. 44% of the respondents have an opinion that high return from investment avenues is important and 37.6% of the respondents consider it as most important, while 6.8%, 6.8% and 4.8% of the respondent’s opinion are neutral, less important and not at all important regarding high return from investments. Regarding the tax saving, 43.2% of the respondents says that tax saving as the not at all important factor which influences them to investments and 28.4% of the respondents have opinion that tax saving is less important, while 13.2 % , 8% and 7.2% of the respondents opinion are important, most important and neutral respectively. 40% of the respondents have opinion that regular income from investment is important and 18 % of the respondents consider it as most important, while 16.8%, 15.2% and 10% of the respondent’s opinion are neutral, less important and not at all important respectively. 43.6% of the respondents’ considers Safety and security as important factor which influences investment in various avenues and 30.4 % of the respondents considers it as most important, while 16%, 4.2 % and 5.8% of the respondent’s opinion are neutral, less important and not at all important respectively.46.4 % and 29.2% of the respondents have given importance and most importance towards Liquidity of funds, while 10 % and 4.4 % of the respondents neutral, less important and not at all important regarding the Liquity of fund.45.2% of the respondents consider risk factor as important and 17.2 % of the respondent’s opinion considers it as most important factor on investments, while 20.8%, 10% and 6.4 % of the respondents considers it as less important, not at all important and neutral.

Source of Awareness of Investments:

Media	Frequency	Percent
Friends and relatives	63	25.2
Newspaper	47	18.8
Television	49	19.6
Magazine	53	21.2
Pamphlets&Agents	38	15.2
Total	250	100

Source: Primary Data

The above table indicates that, 25.2 % of the respondents are aware of the various investments avenues through Friends and Relatives, 21.2% of the respondents are aware through magazine, 19.6 % of the

respondents are aware through Television, 18.8% of respondents are aware through newspaper and 15.2 % of respondents are aware through pamphlets and agents. Majority of the respondents are aware of the investments through friends and relatives.

Findings:

- ✓ 48.8% of the respondents are grew coconuts.
- ✓ 31% of the respondents are under the annual income level of Rs 60,000-Rs1, 50,000.
- ✓ 20% of the respondents are save the money for Safe way to keep money not for specific objectives and goals.
- ✓ 25% of the respondents are save the money through Banks.
- ✓ 40% of the respondent's have given importance towards capital appreciation as important factor which influences investment in various avenues
- ✓ 44% of the respondents have an opinion that high return from investment avenues is important as important factor which influences investment in various avenues
- ✓ 43.6% of the respondents' considers Safety and security as important factor which influences investment in various avenues
- ✓ 46.4 % and 29.2% of the respondents have given importance and most importance towards Liquidity of funds.
- ✓ 45.2% of the respondents consider risk factor as important factor which influences investment in various avenues.
- ✓ Majority of the respondents are aware of the investments through friends and relatives.

Conclusion:

The farmer's farm income is expected to bear a positive relationship with the volume of savings and capital accumulation. The result of this study shows that volume of savings was sensitive to form income of the farmers. Based on the findings, the study concluded that there was a high propensity to save and invest among farming households and that age, educational level, household size, farming experience, and household income showed significant effect on the capacity to save and invest. Non- farm income turnout is one of the major determinants of volume of savings/capital accumulation of the farmers in the area. This implies that the earning from non-farm activities is most likely to influence their volume of saving or capital accumulation of the farmers. Government should encourage commercial banks to establish branches in the rural area to reduce distance problem which will help to improve rural savings. Proper enlightenments programme geared towards the education of the farmers should be given to rural farmers as way of educating them on the importance of savings and investment; and the extension of micro credit to farmers on time as a way of helping them to boost production which invariably will make farmers to have surplus for savings and investment.

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