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INCOME, SAVING AND INVESTMENT IN PROGRESSIVE AND LESS PROGRESSIVE FARMS IN EASTERN UTTAR PRADESH

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SUMMARY

Capital investment in agriculture consists of investments in specific items like land, livestock, reclamation of land, purchase of implements, machinery, etc. The income, savings and investment of a randomly selected sample of progressive and less progressive farmers from Varanasi district of East Uttar Pradesh in small, medium and large size-groups of holdings for the agricultural year 1968-69 have been estimated in this paper. The borrowings for the same year are also estimated. The objective was to find the levels of income and savings and to see the quantum and kind of investment and also whether it was financed by saving or borrowing. The farmers in each category and size-group had non-agricultural income which was quite a sizable proportion of the total disposable income. The progressive farmers in each size-group had incurred larger working expenditure on new inputs and were thus able to achieve a higher level of income than their less progressive counterparts. The progressive farmers in each category had also higher per farm and per capita consumption expenditures. It is seen that the investments of the progressive farmers in irrigation equipment in all size-groups were higher than their less progressive counterparts. The investment also increased with the size-group in each category. The less progressive small and large farmers had made higher investments in animals than their less progressive counterparts. The less progressive medium farmers had made 41 per cent of their total investments outside agriculture.

It is also seen that except the large progressive and medium less progressive and large, all other size-groups of farms had negative savings. A look at the borrowings of these farmers showed that the capital investments have been financed fully by borrowings from the institutional sources in the case of both the progressive and less progressive small and medium farms. A proportion of the investments of the large progressive and less progressive farmers had been financed by their own savings.

INCOMES, SAVINGS AND INVESTMENT ON CONSOLIDATED AND UNCONSOLIDATED FARMS (CASE STUDY IN U.P.)

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SUMMARY

The primary concern in this paper is to study the incomes, savings and investment on consolidated and unconsolidated farms with special reference to Azamgarh district of Uttar Pradesh. The study was confined to two blocks—one from the consolidated and the other from the unconsolidated tehsil, adjacent to each other, comprising of similar soil, climate and other general conditions. It was observed that the important source of income was crop raising followed by non-agricultural sources on both the consolidated and unconsolidated farms. The income from crop raising was lesser on the small farms than that on the medium and large size on both the types of farms.

Among the different categories of farmers, the consolidated small farms earned about $3\frac{1}{2}$ times more income from other agricultural sources whereas the large farms could earn only little more than double. Though the gross income on the consolidated farms was 22 per cent higher than that on the unconsolidated ones, the farm operating expenses were only 20 per cent higher on the consolidated farms than the unconsolidated and consequently the net income was also 21 per cent higher on the consolidated farms. It was obvious that the large farms earned as high as 27 per cent more on the consolidated farms over the unconsolidated. The consolidated small farms borrowed 26 per cent less than the unconsolidated small farms while the consolidated large farms borrowed 79 per cent more than the unconsolidated large farms. As a result of more net income as well as borrowings, the disposable income on the consolidated farms went up by 23 per cent compared to that of the unconsolidated farms. Savings (gross saving) were 78 per cent higher on the consolidated farms than that on the unconsolidated. All categories of consolidated farms showed more savings which was not due to cut in the consumption expenditure since all consolidated farms showed increased consumption expenditure over the unconsolidated farms; but it was due to increased income as well as incentives to save for higher investment. The average investment per farm on the consolidated holdings was 77 per cent higher than that on the unconsolidated. The medium consolidated

holdings showed a maximum increase of 89 per cent over the unconsolidated followed by the large consolidated farms. With regard to different items of investments, implements and machinery accounted for the highest proportion (35 per cent) followed by installation of tube-wells (25 per cent) on the consolidated farms while on the unconsolidated farms maximum (30 per cent) proportion accounted for other items (construction of dwelling houses, purchase of cycles, radio, etc.) followed by installation of tube-wells (24 per cent). The small consolidated farms invested 83 per cent more on land improvement than the unconsolidated farms while the medium and large consolidated farms spent 193 and 308 per cent more for the purchase of implements and machinery over the unconsolidated farms, respectively.

On an average, the per capita disposable income on the consolidated farms was 33 per cent more than the unconsolidated ones while the consumption expenses were only 14 per cent higher. As a result of this, the per capita gross saving was a little more than double on the consolidated farms over the unconsolidated and ultimately the consolidated farms invested 92 per cent more than the unconsolidated ones. The per capita disposable income on the unconsolidated large farms was 2.3 times higher than the unconsolidated small farms whereas it was 3.4 times higher on the consolidated large farms. It was observed that, on an average, the consolidated farms saved 45 per cent more than the unconsolidated ones, the saving-income ratio ranging from 0.35 to 0.24 for both the types of farms, respectively. The marginal propensity to save on the consolidated farms was higher than the unconsolidated. The small farmers had negative propensity to save on both the consolidated and unconsolidated holdings, while the medium and large farmers showed positive marginal propensity to save.

INCOME, SAVINGS AND INVESTMENT IN THE CONTEXT OF MODERN FARM TECHNOLOGY (A CASE STUDY)

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SUMMARY

Since the modern farm technology happens to be a major factor which influences income and investment of the farmers, an attempt has been made in this paper to present the pattern of income levels, savings and investment. The paper is based on an intensive enquiry of 100 farmers of different sizes, viz., 0-2, 2-4, 4-6 and 6 hectares and above, selected randomly from 10 villages in Kalyanpur block, district Kanpur. The study pertains to the period 1970-71. The findings of the study reveal that the average size of farm was 3.04 hectares. The percentage area under the high-yielding varieties was lowest, being 34.93 in 0-2 hectare size-group and highest, being 43.69 in the size-group of 6 hectares and above. The gross income from different sources was lowest, being Rs. 4,302.68 on the smallest size-group and highest, being Rs. 25,815.40 on the largest size of farm. The income from crops formed the major part of gross income which, on an average, accounted for 82.77 per cent of the total gross income. The gross income from crops showed an increasing tendency with the increase in the size of farm. The reason for higher gross income from crops on the larger farms was the adoption of high-yielding varieties of crops on larger area by these farms which ultimately generated higher gross income. The gross income received from dairy, other farm work and non-agriculture came to 12.28 per cent, 1.09 per cent and 3.86 per cent respectively. An examination of investment shows that the family consumption accounted for the highest expenditure of 49.05 per cent of the total expenditure followed by crop enterprise (38.43 per cent). The investment on dairy enterprise and net fixed farm assets was 8.26 per cent and 4.26 per cent respectively of the total expenditure. An interesting picture emerges out from the study that the investment on new inputs, viz., high-yielding seeds, fertilizers, irrigation, machinery and minor irrigation works increased with the increase in the size of farm. The traditional inputs, such as human labour, bullock labour and livestock showed a reverse tendency. The reason for higher investment on 'new inputs' on the large farms was the larger area under the high-yielding varieties of crops on these farms which contributed to this effect. The per farm saving was negative on the smallest size of farm, being Rs. -856.82 whereas it was Rs. 3,746.57 on the largest size of farms. On an average, it came to Rs. 742.87 per farm. An important picture emerges out from the above discussion that out of total gross income, the investment on all items together came to 93.27 per cent, giving a saving of 6.73 per cent only.

INCOME DISTRIBUTION IN RELATION TO FARM SIZE AND IRRIGATION

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SUMMARY

Evidently, the recent technological developments in Indian agriculture has increased the absolute farm incomes. It is, however, contentious to examine to what extent the increase in incomes has been skewed towards some categories of farms. The data pertained to the project 'Economics of Farm Management—District Ferozepur (Punjab)' for three consecutive years, *i.e.*, 1967-68 through 1969-70. There was a wide gap between different size-group farms with respect to the farm business income. It varied from Rs. 4,241.98 on farms below 5 hectares to Rs. 37,949.00 in the case of the largest size-group farms in 1969-70. The income inequality within each farm size-group was also examined. In the case of farm size-group 15-20 hectares, the income disparity was the least and it was the maximum in the case of farm size-group of 20 hectares and above. These results were supported by working out quantiles, Gini ratios and the coefficients of variation. However, the results of probit analysis were conflicting. The income inequality between the farms with and without irrigation was also examined. The study brought out that farmers having assured water supply on their farms earned higher farm business income as compared to the farmers having unassured irrigation. Farms with assured irrigation had the highest income disparity during the first two years of study while the coefficient of variation turned out to be higher on farms with unassured irrigation during 1969-70.

INCOME AND SAVING OF SELECTED HOLDINGS IN AGRICULTURE UNDER THE COMMAND AREA OF PURNA PROJECT IN PARBHANI DISTRICT (1971-72)

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SUMMARY

An attempt has been made in this paper to determine the distribution of farm income and income from other sources and the expenditure on crop production and family consumption and to estimate the savings per holding in the command area of Purna project in Parbhani district of Maharashtra. The basic data for the study were obtained on the basis of investigation conducted during the agricultural year 1971-72 in three villages under the vicinity of Purna project in Parbhani. Data were collected from 60 cultivator-households from these three villages—20 each from each village. The holdings were divided into two main groups, *viz.*, those (34) getting the benefit of irrigation (beneficiaries) and those (26) not benefited from irrigation (non-beneficiaries), classified according to three size-groups: small (less than 10 acres), medium (10-20 acres) and large (20 acres and above). The study revealed that in regard to the non-beneficiaries, crop production accounted for about 68 per cent of the gross annual income per holding. Income from wages was next to crop production, *i.e.*, 17 per cent and the contribution from livestock and other resources was meagre. In respect of beneficiaries, crop production accounted for about 76 per cent of the gross income per holding, the contribution of livestock, wages and other sources was about 24 per cent of the gross income.

On an average, in the case of non-beneficiaries the annual expenditure on crop production was 46.25 per cent and the expenditure on consumption was 53.75 per cent of the total annual expenditure. By taking into account the gross annual income and the total annual expenditure, the annual saving was calculated to be Rs. 149.68. It should be mentioned here that holdings below 10 acres did not show any saving; on the contrary, they were in deficit to the extent of Rs. 2.21 per annum per holding. In the case of beneficiaries, the average annual expenditure on crop production was 51.81 per cent, while on consumption it was 48.19 per cent of the total annual expenditure. The annual saving amounted to Rs. 298.88 per holding. Here also it is to be mentioned that holdings below 10 acres were showing negative saving of Rs. 76.86 per holding per annum. In this category, saving tended to increase with the increase in the size of holding.

A STUDY OF THE INVESTMENT DECISIONS IN AHMEDNAGAR DISTRICT

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SUMMARY

This paper seeks to find out what are the items of investments on which farmers concentrate in farming. The case study method of investigation showed that the farmers could remember the type of investments made 25 years ago. This is particularly so in the case of land investment. There are as many as 36 different items of investments. These are grouped under eight major groups such as land, buildings and sheds, wells, machinery, livestock, equipments, land improvement and trees. The decisions are analysed at the macro level from 13 different villages in Ahmednagar district. Out of 224 decisions, 201 refer to investment decisions and the remaining 23 refer to dis-investment decisions only. It is concluded that the maximum number of decisions are taken for the purpose of purchase of land. Next in importance are the decisions taken for the purpose of digging of wells. The decisions for purchase of machinery (oil engines and electric motors) occupy the next place. The category of buildings and sheds occupy the forth position. There is a small percentage of expenditure incurred on livestock, land improvement, trees and equipments. Regarding the periodicity of investment, the decisions are concentrated in the year 1970 (29.86 per cent) and 1969 (21.58 per cent), due to change in technology and the financial structure of the banking systems.

COMPARATIVE STUDIES IN CAPITAL INVESTMENT AND NET INCOME ON
IRRIGATED AND UNIRRIGATED FARMS IN A DECCAN REGION OF
MAHARASHTRA

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SUMMARY

The main objective of this paper is to analyse the extent of capital investment, net income and to test the relative efficiency in farm business in different size-groups of holdings and types of farming. The study is based on data collected during 1963-64 from 228 farm holdings selected from eleven villages in Malshiras tehsil of Sholapur district of Maharashtra according to two-stage stratified random sampling. The operational holdings are classified into three size-groups: small (less than 14 acres), medium (between 14 and 30 acres) and large (over 30 acres) and further sub-divided into four groups according to the sources of irrigation, viz., canal irrigation, canal and well irrigation together, purely well irrigation and dry farms. To study the relationship between various factors, correlation analysis was used.

Considering the distribution of capital investment in various resources, it was observed that the capital investment in land was found to be the maximum to the extent of 65.89 per cent of the total assets. Land including farm dwellings occupied two-third portion of the capital. The share of livestock, implements and machinery amounted to 10.62 per cent and 6.23 per cent respectively. Regarding the net income on the farms, it was observed that the net income per farm tended to increase with the increase in the size of farm, but the per acre net income tended to decrease with the increase in the size of holding. The average net income per acre was the highest in canal and well irrigated group followed by canal irrigated, purely well-irrigated and dry farms. On the basis of the findings obtained from the study, two important recommendations for the improvement of the farm economy follow: (i) To convert the dry farms into economic units, they may either be encouraged to sink wells or to combine such units with suitable subsidiary enterprises. (ii) The farmers in the canal zone should also be encouraged to have wells on their farms so as to have assured income.

THE IMPACT OF THE AGRO-INDUSTRY ON THE EXPENDITURE PATTERN
OF THE CULTIVATORS IN THE SANGLI REGION OF MAHARASHTRA

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SUMMARY

The development of agro-industries in Maharashtra in recent years has considerably influenced the economy of the State in general and of agriculture in particular. There has been a healthy impact on the life of people in the areas served by the agro-industries. Sugar industry is the most important agro-industry in Maharashtra. The impact of this industry is more marked on production, cropping pattern, development of irrigation, employment, mechanization and technology. It is an accepted fact that the incomes of the cultivators in the areas of the sugar factories have significantly increased. The expenditure pattern has also undergone a tremendous change. In this paper, an attempt has been made to study the pattern of expenditure in the area served by the "Shetkari Sahakari Sakhar Karkhana, Sangli," in Maharashtra State. The aggregate pattern of expenditure for the period of five years from 1964-65 to 1968-69 was studied in the year 1969. The area served by the Sangli sugar factory is one of the most progressive regions in the State where the irrigation potential has been exploited to a great extent. The investigation covered 126 sugarcane growers spread over 14 villages selected by randomisation. The pattern of investment on developments in agriculture revealed that the investment on purchase of land, laying of pipe-lines and digging of wells for irrigation, installation of electric motors and oil engines was the most prominent in all the size-groups of holdings. It was noted that for many items the proportion of the cultivators as well as the expenditure was more on the large holdings. The largest number of cultivators (i.e., 64 per cent) had invested, on an average, Rs. 5,918.88 per holding on digging of wells on a nearly proportionate basis in all the size-groups. For the sample as a whole the investment on agricultural developments per holding worked out to nearly Rs. 19,500 during the last five-year period. The expenditure on essential items like medical aid, marriages and education was also sizable, being Rs. 614.56, Rs. 2,844.08 and Rs. 1,152.51 respectively. Of the 126 farmers, 34 had incurred expenditure on construction and repairs to houses and the average expenditure per holding was Rs. 2,238.58. It was observed that the proportion of expenditure as well as the participation of the farmers for these items was more on the large sized farms. The expenditure on the other items like litigations and elections was incurred by 7 and 5 cultivators respectively and the amount spent was quite meagre. Life insurance, though an important feature of the modern era, covered only 3 cultivators. The study revealed that quite a large number of cultivators had incurred expenditure on luxuries and comforts like furniture, wrist watches, radios, cycles, motor cycles, etc. It is interesting to note that a luxury item of motor car which was a rarity in this area has been on the scene with five cultivators. Relatively very little amount was spent on ornaments.

It was found that all the 126 selected farmers had invested in the shares of the co-operative organizations like the sugar factory, credit societies, oil mill, spinning mill and lift irrigation societies. On an average, the amount invested in the shares was Rs. 4,759.02 per holding. Eleven farmers reported their deposits in the banks. With increase in farm incomes, as many as 21 farmers effected repayment of old debts during this five-year period. The expenditure incurred by the farmers is likely to be met partly from incomes and partly from loans. Information regarding outstanding loans revealed that the farmers showed excessive keenness to borrow from the lending agencies. The overall position of outstanding debts at the end of the five-year period indicated a debt of Rs. 8,698.03 per holding. However, of this amount, Rs. 3,624.99 was the crop loan remaining unpaid as the sugarcane crop was standing in the fields at the time of survey. Another interesting observation is that the farmers in this area had no problems in getting the required credit as several agencies were ready to provide credit. This shows the impact of sugar factory on the creditworthiness of the cultivators.

INCOME AND INVESTMENT IN AGRICULTURE

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SUMMARY

An attempt has been made in this paper to estimate the level of income and pattern of investment in agriculture on the irrigated and partially irrigated farms in Anand taluka of Gujarat. The study is based on 42 cultivators, who were selected randomly. The enquiry was conducted during the year of 1971-72 and data were collected by the survey method. The study reveals that the large size cultivators earned more income per hectare than the small and medium cultivators on both the categories of farms. The income per farm as well as per hectare was higher on the irrigated farms than on the partially irrigated farms in all the size-groups. The investment per farm was also higher on the irrigated farms than on the partially irrigated farms, with the exception of the small size-group. As regards the pattern of investment, the large size cultivators invested proportionately more on irrigation equipments and other farm machinery, while livestock and building were the major items of investment on the small farms.

INCOME, EXPENDITURE AND INVESTMENT PATTERN OF AGRICULTURAL FAMILIES ACCORDING TO TYPE AND SIZE OF FARMS IN ANDHRA PRADESH

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SUMMARY

The main objective of this paper is to know the income, expenditure and investment pattern of agricultural families according to the type and size of farms. Three villages in two talukas of Guntur district were selected for the study representing predominantly irrigated, predominantly garden and predominantly dry farms. In each type 21 (20 in garden) cultivators, 7 each under small, medium and large farms were selected for the study. It was observed that the capital investment on all types of farms as well as size of farms was high. The capital investment per acre showed direct relationship with the farm size in irrigated and garden land farms. It was further observed that the per acre capital investment, both fixed and working capital, was highest on garden land farms, followed by irrigated and dry land farms. Crop enterprise was the main source of income of all the agricultural families irrespective of the type and size of farms. The irrigated lands have shown direct relationship between farm size and income from crop enterprise. Such relationship was not found in the other two types of farms. The next major source of income in all types and farm size-groups was livestock products. Income from non-farm income was very meagre in all the types and size of farms.

The pattern of expenditure was discussed under three heads, *viz.*, crop enterprise, livestock enterprise and family expenses. In all the types and size of farms, family expenses constituted a major item of expenditure, followed by crop and livestock enterprises. On an average, 48.7 per cent, 48.9 per cent and 52.6 per cent of the total expenditure was incurred on family expenses in the irrigated, garden and dry land farms respectively. About 34 per cent, 37 per cent and 30 per cent of the total expenditure was incurred on crop enterprise in the corresponding three types of farms. A direct relationship between the percentage expenditure on crop enterprise and farm size was observed in the irrigated and garden land farms. On an average, 16.4 per cent, 13.4 per cent and 16.7 per cent of the total expenditure was incurred on livestock in the irrigated, garden and dry land farms respectively. No significant trend was observed between the farm size and expenditure on livestock and expenditure on family expenses. In all the types, the per capita monthly expenditure has increased with farm size and family size.

The funds available for investment has showed that past savings, net income from farm family and borrowings were the main sources for investment for irrigated, garden and dry land farms respectively constituting 58.6 per cent, 63.6 per cent and 87.7 per cent. The same was not true with respect to different farm size-groups in the irrigated farms. Though past savings was the main source for the totality of farms in the irrigated farms, the net income from farm family was the main source of investment in the small and medium size-groups. The investment pattern revealed that

on dry land farms 54.9 per cent of the total funds available for investment was utilized for agriculture which was the maximum among the three types of farms. The same was true with regard to different farm size-groups in the dry land farms. With respect to irrigated and garden land farms relatively low investment was made, viz., 38 per cent in the irrigated and only 11.7 per cent in the garden land farms. Not much amount was spent on the agricultural development of farms in all the types and size-groups.

Non-agricultural investment has accounted for the highest share with respect to garden land farms (88.4 per cent of the total investment) followed by irrigated (61.9 per cent) farms. The same was true with all the farm size-groups in both the irrigated and garden land farms. Among the items under non-agriculture, investment on luxury goods was the highest in all the size-groups in garden land farms, and small and medium size-groups in the irrigated type of farms. Not much investment was made in bonds, shares and deposits in the case of irrigated and dry land farms.

FARM INVESTMENT PATTERN IN EASTERN RAJASTHAN (1970-71 TO 1971-72): A SURVEY OF BHARATPUR DISTRICT

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SUMMARY

Farm investment is an act of mobilizing funds into capital so as to boost farm products. In the present context, the term farm investment is used as a method of channelising funds for improved agricultural practices and making permanent farm capital. Investment ultimately depends upon total funds marked for the purpose. In the district of Bharatpur, in most of the cases (71.32 per cent) the total annual household income was upto Rs. 3,000. Only a few cases (6.62 per cent) had income over Rs. 5,000. It, therefore, reveals that farm investment from this low income bracket is certainly not possible to a desirable extent. Consequently, on the one hand, farm investment is low, and, on the other, farmers require finances for meeting day-to-day requirements. In 11.81 per cent cases farm investment was zero. But there are also some quite progressive farmers in the district making investment over Rs. 5,000, the percentage of such cases being 37.5. For future, more institutional finances should be made available so as to boost farm investment.

PATTERN OF INVESTMENT IN AGRICULTURALLY PROSPEROUS AREAS OF ASSAM

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SUMMARY

The pattern of investment in the agricultural sector of Assam is generally unplanned and only the enlightened rich farmers invest a portion of their surplus for productive purposes. Even in the case of rich farmers the scope for productive investment has been very limited till now. In this paper an analysis of the pattern of investment in the agriculturally prosperous areas is made with data collected from 100 cultivating households from 10 villages in 2 development blocks in the Nowgong district of Assam. The data used relate to the crop year 1969-70. The study revealed that the farmers invested a substantial amount in purchasing land in the year under reference. On an average, the investment on land per household was Rs. 729.65. Nearly 81 per cent of the expenditure on the purchase of capital assets was on land alone, 10.76 per cent of the capital expenditure was on draught and milch animals, 25.57 per cent on agricultural tools and implements and 5.40 per cent on consumer goods. Acquisition of cultivable land is considered as a safer and wiser investment. One can use the land for his own cultivation or can lease it out at a very high rate of rent in cash or kind. Some of the farmers wished to purchase small power-tillers which were not available. The investment on improvement of land is significant which was Rs. 81.19 per household on an average. The expenditure in construction and repair of houses was very heavy, being Rs. 307.24 per household. As most of the residential houses of the sample farmers are of temporary nature, a substantial portion of surplus income is likely to be invested under this head for years to come. The investment in durable consumer goods is very low. Owned fund constituted the major sources for acquisition and

improvement of assets (90.10 per cent). The lower and higher income groups depend on owned fund, and the middle income group alone borrows for investment. In the case of borrowed funds the most important sources are moneylenders (53.31 per cent) and the friends and relatives (30.47 per cent). The rate of interest of such private loans varies from 20-25 per cent per annum. The absence or very insignificant role of the other sources indicate that the institutional agencies like the co-operatives or commercial banks have not been able to do much in the rural areas of Assam. Net change in assets for three years (1967-70) indicates significant improvement. But such improvement is mainly confined to the acquisition of land and improvement of residential houses. Acquisition of land is a transfer transaction and it cannot expand the income earning capacity of the villagers as a whole. In the case of residential houses it cannot increase the income earning capacity. Net increase in draught animals or tools and implements is very marginal. Such a pattern of investment is not congenial for capital formation in agriculture.

SAVING POTENTIAL OF SMALL FARMERS IN BANARPAL BLOCK OF DHENKANAL DISTRICT (ORISSA)

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SUMMARY

The objectives of this paper are to test the hypotheses that (i) irrigation by inducing improved technology and higher intensity of cropping generates higher levels of disposable income which, on the other hand, brings about higher rates of savings; (ii) Larger farmers securing more of disposable income shall have higher saving potential. The study revealed that 100 per cent increase in farm business income from crop husbandry is generated with the provision of irrigation. The same percentage increase is also observed in the total disposable income brought about mainly by this factor. As against this rise in income levels, approximately 81 per cent increase in consumption spending is also observed. Two linear consumption functions of the model $C = a + bY_d$, one for the irrigated and the other for the unirrigated village were fitted to the data. The estimates of marginal propensity to consume and the saving rate were obtained from the regression equations. It is observed that the marginal propensity to consume ('b') is significantly lower within the irrigated village. Thus the indirect evidence of saving rate being higher in the irrigated village is strong. The sample estimates also revealed that while about 39 per cent of the disposable income is saved in the irrigated village, the corresponding estimate is 30 per cent for the other village category. There is also a strong association between disposable income and gross saving in absolute terms indicating that the gross saving increases with the increase in the farm size. The study, therefore, supports the two hypotheses under test. The study also brings to light that after allowing for the pre-existing liabilities and various non-financial investments made to improve the productivity of the farm, a considerable amount is also left over for various financial capital assets. Of the various forms of this asset, cash loaned out and cash in hand constitute a sizable sum particularly under conditions of irrigation.

INVESTMENT PATTERN IN RURAL ECONOMY (A CASE STUDY OF 120 FARMS)

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SUMMARY

In an attempt to assess the nature and pattern of investment in the rural economy, 120 farms from six villages in two regions—one irrigated and another unirrigated—were selected in Burdwan district which is one of the agriculturally prosperous districts of West Bengal. Although the percentage of investment to income cannot be taken as an indicator of the functional relationship between income and investment, this could be taken as a basis for inter-group and inter-regional comparison. The villages were selected at random by giving each village a probability proportional to the number of cultivating households in it according to the Census of 1961. Then all the cultivating households were arranged in an ascending order in terms of size of holding and then a sample of 20 households was selected by following the method of systematic sampling with a random start. The villages were

surveyed by the Agro-Economic Research Centre, Santiniketan for a study on "Agricultural Enterprise in West Bengal" in the crop year 1969-70. The farms have been distributed in size-group as well as in occupational classes. Although the percentage of irrigated area to the cropped area is 81 per cent and 18 per cent respectively in the irrigated and unirrigated region, the cultivators in the unirrigated region do not get any irrigation facilities either from the Government canal or from any other institutional sources.

Analysing the findings, it was observed that more than 23 per cent of the gross income was invested in the irrigated region compared to only 15 per cent in the unirrigated region. The investment per farm in the unirrigated area was also nearly one-third of the irrigated area. According to size-groupwise analysis also, it was found that investment of the cultivators in the irrigated region was much better than that in the unirrigated region. As regards the pattern of investment, it was observed that the difference in investments between the two regions were both quantitative and qualitative; but the differences actually lie more in the nature of investment. The cultivators in the unirrigated region had spent 45 per cent of the investible fund in purchasing land compared to only 15 per cent by the cultivators in the irrigated region. In regard to size-classwise analysis also, it was found that the cultivators in the unirrigated region invested more on land purchase than in the irrigated region. But this could not be found in the case of land improvement. While the cultivators in the unirrigated region invested a sizable proportion in constructing buildings, etc., no such investment was made by the cultivators in the unirrigated area. Similarly, the proportion of investment on business, improved livestock and pump-set, etc., was more for the investors in the irrigated region. Coming to items like excavation of tank, farm house or cattle-shed, it was seen that the cultivators in the unirrigated region fared well compared to the cultivators in the irrigated region.

An interesting observation was that the cultivators having land holding exceeding 10 acres did not invest at all in land purchase in both the regions possibly because of the sense of uncertainty arising from land reform legislation. Lastly, that the investors in the unirrigated region have limited investment scope was very perceptible. The large difference of income and investment in money terms between the cultivators in the two regions would very easily indicate the real problem facing the cultivators of the unirrigated region.