



## A study of saving and investment pattern of apple producers with special reference to Distt. Kullu Himachal Pradesh

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### Abstract

Saving is the portion of spendable income that it is not consumed, this is saved for the future use. Himachal Pradesh is known for its apple cultivation. There are about 4500 crore economy of apple per annum in Himachal Pradesh. The present paper is the study of investment pattern of apple producers of district Kullu. The present study has been undertaken to test the perception of investors regarding various investment avenues in relation to the socio-demographic factors of investors with special reference to the saving. Saving should be in everyone's habit for betterment of future. The poverty is another issue that can be solved by saving and investment in core sectors like infrastructure, transportation, health and education which will generate employments but capital investment is possible if there will be domestic savings in a country that it could be employ for making more money. The only solution of lack of capital is to save more as much you can do it. This has been studied to know why the investors should save their income.

**Keywords:** saving, investment pattern, apple producers, special reference

### Introduction

Saving is the portion of spendable income that is not consumed and saved for the future use. Himachal is known for its apple cultivation. There are about 3500 crore economy of apple. The present paper is the study of investment pattern of apple producers of kullu distt. The present study has been undertaken to test the perception of investors regarding various investment avenues and the socio-demographic factors of investors with special reference to the saving. Saving should be in everyone's habit for betterment of future. This is not necessary for only an individual but this is the demand of every economy of the world because the world needs to be growing more rapidly than before, and this is because the world economy wants all positive changes that the living standard could be improved than earlier. The poverty is another issue that can be solved by capital investment in core sectors like infrastructure, transportation, health and education which will generate employments but investment is possible if there will be the household savings in the country that it could be employ for making more money. So the only solution of lack of capital is, to save more as much you can do it greater. This has been studied to know why the investors save their income. Financial factor is the main factor which decides the status of every household. Where people are generating income to their family, either by doing government or private job, any other professional job and agriculture and horticulture, those families are well developed families. And we cannot reject the financial need are one of the vital factor for a household to be empowered. Financial empowerment is possible by investing the savings. Saving is a very nearest source of investment. Apple producers are living in small villages they do not know the proper knowledge of investing their money in various avenues. Generally banks and post office are the financial institution that are in the knowledge of

apple producers, but now a day's LIC is being introduced among apple producing investors. To study the household saving pattern are remain a central topic in economic research.

This arises from the fact that saving is one of the most fundamental household decisions. Savings play an important role in economic development and capital formation. Saving is the very need of every human to be grown up. If there will be saving then it will push investors to invest their saving in profitable avenues that will ultimately constitute a capital formation, which decide the economic development of the country. Capital formation is that when money is invested to generate more capital on that.

### Consumption

The portion of disposable income that has actually been spent on consumption is called consumption. And the rest of spendable income is called saving which can be invested.

### Types of investments

#### Financial investment

When the money is put in to bank or invested in to any financial instruments like fixed deposits, shares debentures, bonds and mutual funds, Life insurance etc are known as financial investment. In simple words, this can be say, if the money is invested in financial market that is called financial investment.

#### Economical investment

When expenditure has been made to purchase like heavy machinery tools equipments that can do production of goods and services by resulting of this income will be generated. This will constitute capital formation.

#### General investment

When investment is made in agriculture, horticulture, car,

building, health, education, recreational activities, personality development and home appliances etc.

### **Saving Objectives of Investors**

1. Saving for basic needs.
2. Saving for emergency and safety.
3. Saving for retirement and security.
4. Saving for love and affection/family needs/societal needs.
5. Saving for luxuries or esteem needs.
6. Saving for self-growth.

### **Investment Options**

1. Bank deposit schemes like Fixed deposit, saving account, recurring deposit scheme and bank life insurance schemes etc.
2. Post office saving schemes like saving account, recurring deposits, fixed deposits like KVP, IVP NSC etc.
3. Life insurance investment cum insurance schemes.
4. Stock market investment in Equity shares, preference shares and debentures/bonds etc.
5. Mutual fund schemes
6. Commodity trading market
7. Gold and silver
8. Real estate
9. Livestock and business

### **Review of literature**

#### **Suman Chakraborty, Dr. Sabat Kumar Digal<sup>[1]</sup>**

A study on Saving and Investment behaviour of Individual Households – An Empirical Evidence from Orissa. The study reveals the habits of saving is influenced by demographic features of investors. The study was undertaken by selecting 200 educated households. It is found that the male investors were interested in fixed deposits in banks and investing in real estate whereas, the female investors preferred investment in real estate and bullion market. The investors who have the income from salary, they preferred savings for post-retirement life. The entrepreneur class of investor kept their savings in liquid form to meet out futuristic business needs. Investment instruments like NSC, PPF and Indian post office saving schemes have been widely accepted by the respondents.

#### **Lokhande (2015)<sup>[2]</sup>**

A research has been undertaken by author to find out the awareness level of rural households for various investment avenues, and this has also been studied by the author that what are the preferences of choices and what is considered by investor while investing. The result of the study indicated that the investors have a great trust in bank deposits. While gold and jewellery were the second preference of the households. The investment in real estate was at number three. The study concluded that the investors have a traditional attitude toward investing money.

#### **Lakshmi and Raghva (1989)<sup>[3]</sup>**

A study was conducted and it is found in the study that the share of financial assets in domestic sector has increased by 35.8% and share of investment in the physical assets has reduced to 55.5%.

#### **Sadhaka (1989)<sup>[4]</sup>**

Sadhaka undertaken a study and found that urban area has

contributing in domestic saving more than the saving by rural investors. It is also found that there is increase in saving rates of investors from urban area as compare to rural area's investors.

#### **Rajiv Ranjan<sup>[5]</sup>**

For RBI, RBI Bulletin, Dec. 2003, has published the data of Small Savings Growth, p. S1134, 1136, No. 54, Table Small Savings, the year 1990-91 are taken as base year. Since 1990-91 to 2002-03 post office saving bank deposit are showing an increasing trend and there are decline in the trend of investment in national saving scheme 1987. The data are showing aggregate increase in monthly income scheme, there was 2340 cr. Outstanding in 1990-91 in this scheme, whereas it becomes 80,915 crore in 2002-2003 in monthly income scheme. RBI found increasing trend in savings of post office time deposit scheme. The investors have shown interest in investing in five years post-office time deposit scheme with greater extent. The study report was relating to study NSC, IVP, KVP, NSC VI issue, NSC VII-Issue, other certificates and PPF, NSC-VI and NSC-VII are showing decrease in numbers.

#### **Burns and Dwyer 2007<sup>[6]</sup>**

Conducted a study on household attitude to saving, investment and wealth. The study reveals that household saving has declined over the last two decades and now appears to be negative. On the other hand household wealth has risen. This has been due to rise in house prices, which have pushed up the enquiry held by households in residential property. New Zealand households have lower level of wealth than households in Australia, Canada, The UK and The US.

#### **Mrs. Nidhi Bala<sup>[7]</sup>**

Conducted a study on income, saving and investment behaviour of agriculturist in Punjab (2009). The study concluded that India is depending upon agriculture economy. Large numbers of cultivators are small farmer and marginal farmers who have very less agriculture land and mostly are depending on big farmers. They have less income. Further the author found that the quantum of savings and pattern of investment by and large defines the rate of economic growth. Domestic savings play vital role for financing planned investment. Nidhi Bala found 2/3<sup>rd</sup> of the respondents have no knowledge about shares, debentures, and bonds.

### **Objectives of the Study**

1. To study the investment pattern of apple producers
2. To study the perception of investors

### **Hypothesis**

1. Perception of rate returns, liquidity and tax benefits does not affect the investment decision of investors in relation to demographic features of investors.
2. There is no relationship between saving and demographic features of investors

### **Need of the Study**

The study of financial behaviour of investor gives the idea of, how the investors save and how they invest and why they invest. The data relating to apple producers about investment pattern are in dire need to be studied because there is a big and quick inflow of money by selling apple in related area. Apple has become a revolution in the field of horticulture in the Himachal Pradesh as well as in the study

area selected for research paper that is Kullu district. It should be tested that what are the relationship between perception and investment pattern along with demographic features. The apple business is about 4000 crore as the report is given by the government of Himachal Pradesh. This is a big amount which comes in a summer season for about two month's game, Therefore this becomes the need to test the investment pattern of apple producers.

**Scope of the Study**

The present paper is generally focussed on, to study investment pattern, income consumption, saving and saving objectives of the investors. For the present paper 70 respondents has been selected randomly but keeping in view the demographic need of the study.

**Research Methodology  
Sampling procedure**

Sample of 70 respondents have been taken by using convenient sampling method keeping in view the contribution respondents in apple cultivation in the entire distt.

**Data Collection**

The primary data has been used to study the investment pattern of apple producers through preprogrammed questionnaire.

**Research Tools**

Chi square test, Percentages, Ratio has been used to analyze the data.

**Testing hypothesis**

12.1 Perception of rate of return do not affect the investment decision of investor in relation to demographic features of apple producing investors.

**Table 1:** Age wise distribution of investors in relation to rate of return does not affect the investment decision.

Investing decision	Age25-35	35-45	45-55	Above 55yrs	total
Affect	6	16	18	15	55
Not affect	4	2	2	7	15
	10	18	20	22	70

**Source:** data through questionnaire Since the Chi square = 6.08<P value for d.f. V<sub>3</sub> at 0.05= 7.81 and hence null hypothesis accepted. Perception of rate of return as per age does not affect the investment decision.

**Table 2:** Category wise distribution of investors in relation to rate of return

Investing decision	Category Gen	SC	ST	OBC	Total
Affect	30	16	-	9	55
Not affect	10	4	-	1	15
Total	40	20	-	10	70

Since the Chi square =0.768< P value for d.f. V<sub>3</sub> at 0.05= 7.81and hence null hypothesis accepted. Perception of rate of return as per category does not affect investment decision.

**Table 3:** Education wise distribution of investors in relation to rate of return does not affect the investment decision of investors

Investing decision	Up to matric	10+2	Graduates	Masters	Total
Affect	34	17	3	1	55
Not affect	1	3	7	4	15
	35	20	10	5	70

Since the Chi square =35.123> P value for d.f. V<sub>3</sub> at 0.05= 7.81 and hence null hypothesis rejected. Perception of rate of return as per education affects the investment decision of investors.

**Table 4:** Income wise distribution in relation to rate of return does not affect investment decision.

Investing decision	Income 2-3L	3-4L	Above 4L	Total
Affect	38	9	8	55
Not affect	7	6	2	15
	45	15	10	70

Since the Chi square = 4.907< P value for d.f. V<sub>2</sub> at 0.05= 5.99 and hence the null hypothesis accepted. Perception of rate of return as per income of investors does not affect the investment decision of investors.

12.1.2 Perception of liquidity does not affect the investment decision of investor in relation to demographic features of apple producing investors.

**Table 5:** Age wise distribution in relation to liquidity does not affect investment decision

Investing decision	Age25-35	35-45	45-55	Above 55	Total
Affect	8	14	17	6	45
Not affect	2	4	3	16	25
	10	18	20	22	70

Chi square =19.36> P value for d.f. V<sub>3</sub> at 0.05= 7.81, Hence the null hypothesis rejected. Perception of liquidity as per age wise distribution, affects the investment decision of investors.

**Table 6:** Category wise distribution of investors in relation to liquidity.

Investing decision	Category Gen	SC	ST	OBC	Total
Affect	26	12	-	7	45
Not affect	14	8	-	3	25
	40	20	-	10	70

Chi square =0.637< P value for d.f. V<sub>3</sub> at 0.05= 7.81, Hence null hypothesis accepted. Perception of liquidity as per category wise distribution of investors do not affects the investment decision.

**Table 7:** Education wise distribution in relation to liquidity does not affect investment decision.

Investing decision	Up to matric	10+2	graduates	Post graduate	total
Affect	26	12	4	3	45
Not affect	9	8	6	2	25
	35	20	10	5	70

Chi square = 3.031< P value for d.f. V<sub>3</sub> at 0.05= 7.81 hence the hypothesis accepted. As per education the perception regarding liquidity does not affect the investment decision of investors.

**Table 8:** Income wise distribution in relation to liquidity does not affect investment decision

Investing decision	Income2-3L	3-4L	Above 4	Total
Affect	36	6	3	45
Not affect	9	9	7	25
Total	45	15	10	70

Chi square =13.302> P value for d.f. V<sub>2</sub> at 0.05= 5.99 hence the null hypothesis rejected. As per income, perception regarding liquidity affects the investment decisions of investors.

12.1.3. Perception of tax benefits does not affect investment decision of the investors

**Table 9:** Age wise distribution of investors

Investing decision	Age 25-35	35-45	45-55	Above 55	Total
Affect	2	3	4	9	18
Not affect	8	15	16	13	52
Total	10	18	20	22	70

Chi square =3.434<P value for d.f. V<sub>3</sub> at 0.05= 7.81hence hypothesis accepted. As per age, tax benefits from investment do not affect investment decision of investors.

**Table 10:** Income wise distribution of investors for tax benefits from investment.

Investing decision	Income 2-3L	3-4L	Above 4L	Total
Affect	3	7	8	18
Not affect	42	8	2	52
	45	15	10	70

Chi square =34.77> P value for d.f. V<sub>2</sub> at 0.05= 5.99 hence hypothesis rejected, As per income wise, tax benefits from investment affects the investment decision of investors.

12.2 There is no relationship between saving and demographic features of investors

**Table 11:** Age wise distribution of saving

Saving	Age 25-35	35-45	45-55	Above 55yrs	Total
Up to 1L	8	7	6	17	38
1L-2L	2	11	8	3	24
Above 2L	-	-	6	2	8
Total	10	18	20	22	70

Chi square = 25.983>P value for d.f. V<sub>6</sub> at 0.05= 12.59 hence hypothesis rejected, there is significant relationships between savings and age of investors.

**Table 12:** Income wise distribution of saving

Saving	Income 2-3L	3L-4L	Above 4L	Total
Up to 100000	38	-	-	38
100000-200000	6	13	5	24
Above 200000	1	2	5	8
	45	15	10	70

Chi square =61.75> P value for d.f. V<sub>4</sub> at 0.05= 9.49 hence null hypothesis rejected. There is significant relationship between income of investors and savings.

**Findings, Suggestions and Conclusion**

1. It is found in the study that rate of return does not affect investor’s investment decision when this is studied with the age, category and income of investors. If rate of return is studied with income of investors then rate of return affects the investment decision of investors. Therefore education and rate of return is the deciding factors that can influence investment decision.
2. The factor of liquidity does not affect the investor’s investment decision as per education of investor and the category of investors. But as per age and income investment decision is affected by liquidity factor of investment.
3. Perception of tax benefits does not affect investment decision when this factor is studied with the age of investors. As per Income of investors the tax benefit affects the investor’s investment decision. As the income is increases the investors wants to save taxes therefore investors switch to the investment which gives tax benefits.
4. It is found in the study that there is a significant relationships between demographic features especially the age and income of investors.

**Suggestions**

This is a main suggestion which can improve the accessibility of investors to various investment avenues that govt should open more branches of banks and banks should provide financial expertise to the investors about various investment schemes. Every bank should provide the facility of D-MAT account.

**Conclusion**

Concluding the study, this can be said that investors has less knowledge of various investment avenues and investors do not know how to invest. Overall the paper shows a good impression for studying saving and investment pattern of investors.

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