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An investigation on the investment patterns of farmers in the Indian market, with a particular focus on the state of Bihar

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Abstract
This study examines ranchers' speculation behaviour between 1981 and 2019 using the annual National Sample Survey Debt and Investment Survey (Schedule 18.2). First, the organisation of fixed capital consumption is examined spatially, with a focus on patterns and varieties. Next, factors determining interest in horticulture and its impact on ranch pay are examined. According to the analysis, there was a remarkable increase in family unit speculation from Rs. 2133 in 1981-1982 to Rs. 6993 in 2012-13 at 2004-05 prices. Private land and buildings make up a sizable portion of this, accounting for 68%, then ranch business (23.3%) and non-ranch business (8.7%). During this time, capital consumption on private property and buildings has increased at a significantly faster rate (4.7%) than in ranch and non-ranch organisations (2.52 and 3.31%, respectively). Growing urbanisation, the expansion of contemporary activities, and the poor pay associated with development may have made interest in land more lucrative than cultivation. Ranchers' evolving needs for ventures include recommendations for horticulture development, however this is done at the expense of homestead resources. The precise study, which relies on three-stage least squares, provides support for these findings since it shows that ranchers' shifting preferences and governmental investment have a negative impact on interest in horticulture. Both public and private initiatives, as well as strong foundational improvements and motivational structures, have a significant and favourable impact on horticultural pay. The analysis places a strong emphasis on sustaining ranchers' passion for gardening in light of the rapidly shifting demands of their business ventures. Because of this, increasing asset distribution and providing institutional financing to agriculture is a fundamental function of the distinct state government.
When compared to the other progressive states in the nation, Bihar's agriculture sector is growing at a significantly faster rate. Nevertheless, the state lacks the necessary commercial infrastructure to effectively handle the agricultural commodities. In reality, Bihar was ranked third from the bottom among states in a 2019 World Bank study for the calibre and extent of its regulated marketing infrastructure. Regarding farmers' satisfaction with the current state of the market, the state came in fourth to last. Farmers are discouraged from attending the markets by the expensive transportation expenses and the 20 inadequate and subpar infrastructure at the regulated markets.

Keywords: Investment, capital expenditure, capital market

Introduction
For the agricultural industry to support economic growth and the incomes of the vast rural population that depends on agriculture, its marketplaces must operate efficiently. Stable consumer pricing, increased farmer returns, and a decrease in post-harvest losses are all dependent on efficient markets. Effective agricultural markets guarantee that farmers receive fair prices and that consumers can purchase products at fair prices. The Agriculture Produce Marketing (Development & Regulation) Act established and controlled agricultural markets in nearly every State to guarantee an effective trading system. Over time, these marketplaces have become inefficient, despite the fact that the APMCs were established to safeguard farmers from the abuse of middlemen and traders, as well as to guarantee improved pricing and prompt payment for their produce.
The APMC Acts of several State Governments have already been revised, and as of September 1, 2006, the Government of Bihar revoked its APMC Act. In order to increase the system's efficiency, Bihar's repeal of the APMC statute has made room for new markets and private investment in the infrastructure supporting agricultural trading.

In fact, infrastructure that may boost efficiency by lowering transaction costs and market risks must be invested in if Indian agriculture is to remain competitive on a global scale. Increasing capital stock is the general definition of investment given above. Money is typically invested on capital goods that support the production process for the duration of their useful lives. This relates to the notion of investing as an upfront expense with the goal of earning returns down the road. This characteristic serves as the cornerstone of the topic's micro foundation, which uses the net present value model to represent a firm's investment decision in terms of discounted cash flow. It is possible to calculate the net present value, internal rate of return, and other indicators using the discounted-cash-flow method.

Literature Review

1) (Bajtelsmit & Bernasek, 1996) [12]. In an effort to come to an agreement regarding the reasons behind women's investment differences, Bajtelsmit and Bernasek summarise the literature that examined the differences in risk taking between men and women. They discover that the body of research backs up the claim that women make more cautious decisions than men, especially when it comes to investing, based on both experiment and field data.
2) (Hinz, McCarthy, & Turner, 1997) [13]. Hinz, McCarthy, and Turner discover that even after controlling for demographics, which indicates that men are more inclined to invest in riskier assets, the female effect still holds true. The association between human capital and investment decisions is just as significant as the level of capital. There has been a lot of discussion on how gender differences exist in investment preferences. The research has assigned both men and women culpability for the gap. However, there are a wider range of causes for the variations. Men may be more inclined to rebalance away from default assets or pick riskier strategies due to their probable overconfidence in the valuation of stocks. The opposing viewpoint in the gender debate.
3) (Volpe *et al*. 1996) [14] evaluated 454 college students' personal investment knowledge and the correlations between investment literacy and experience, gender, and academic field. A number of personal investment issues, such as risk, diversification, financial advisors, tax planning, stock market valuation, business mathematics, bond and mutual fund performance, worldwide investing, and interest rates, were covered in an exam-style questionnaire. The findings showed that college students generally lacked knowledge about personal investing, particularly when it came to areas like international investing, stock market valuation, the effects of interest rate changes, and tax planning. The findings showed that, compared to male students, female students knew substantially less about personal investing, particularly when it came to stock valuation, mutual fund performance, business mathematics, and international investing.
4) (Croson & Gneezy, 2009) [15] Croson and Gneezy provide a summary of the studies on gender variations in investing and contend that women tend to select less risky portfolios due to their greater risk aversion.

Objectives of the Study

- To assess farmers' knowledge about various investment options.
- To investigate the factors influencing farmers' decisions to choose Investment Avenue.
- To understand how rural and urban investors invest in various investment options.

Research Methodology

The primary data for the study are used. A series of interviews with 250 respondents, representing various categories of farmer investors, yielded primary data. Numerous books, magazines, journals, newspapers, and websites will be the source of the secondary data. The study will pick a sample of investors using the convenience sampling method.

Table 1: Factors influencing for various investment behavior

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
Liquidity	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

The above table shows that 40% of respondents gave capital appreciation importance, and 20.8% of respondents gave it high importance. In contrast, 17.2%, 11.6% and 10.4% of respondents expressed neutral, less important, and non-important opinions regarding capital appreciation. High return on investment is important, according to 44% of

respondents, and most important, according to 37.6% of respondents. In contrast, the opinions of 6.8%, 6.8%, and 4.8% of respondents are neutral, less important, and not at all significant when it comes to high return on investment. In reference to tax savings, 43.2% of respondents claim that this is not at all an important factor that influences their investment decisions, and 28.4% believe that tax savings is less significant. In contrast, 13.2%, 8% and 7.2% of respondents believe that tax savings are important, most important, and neutral, respectively. Regular income from investments is vital, according to 40% of respondents, and is deemed most important by 18% of respondents; in contrast, the opinions of 16.8%, 15.2%, and 10% of respondents are neutral, less important, and not at all significant, respectively. While 16%, 4.2%, and 5.8% of respondents said safety and security was neutral, less important, or not at all important, respectively, 43.6% of respondents said it was an important factor influencing investment in various avenues, and 30.4% said it was the most important. Regarding the liquidity of funds, 46.4% and 29.2% of respondents gave it importance, whilst 10% and 4.4% of respondents said it was neutral, not important at all, or less important than that.45.2% of respondents think risk is significant, and 17.2% think it's the most important aspect when making investments. In contrast, 20.8%, 10%, and 6.4% of respondents think risk is less important, not relevant at all, 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

According to the above table, 25.2% of respondents learned about the various investment options from friends and relatives, followed by magazines (21.2%), television (19.6%), newspapers (18.8%), and pamphlets and agents (15.2%). The majority of respondents learned about the investments from friends and family.

Findings

- 48.8% of those surveyed said they farmed coconuts.
- Thirteen percent of the participants earn less than Rs 60,000-Rs 1,50,000 annually.
- Twenty percent of the respondents preserve money for safekeeping purposes rather than for certain aims and objectives.
- A quarter of the participants save their money with banks.
- Forty percent of the participants cited capital appreciation as a significant factor influencing investing across several channels.
- According to 44% of the respondents, a major element influencing investment in different avenues is a high return from those avenues.
- 43.6% of the respondents believe that security and safety are significant factors that affect investments made in a variety of ways.
- Of the respondents, 46.4% and 29.2% ranked liquidity of funds as the most important factor.
- 45.2% of the participants believe that risk is a significant issue that affects investment in a variety of ways.
- The majority of those surveyed learned about the investments from friends and family.

Conclusion

There should be a positive correlation between the amount of savings and capital accumulation and the farmer's farm revenue. The study's findings indicate that the amount of savings was influenced by the farmers' sources of income. The study's conclusions were based on the data, which indicated that agricultural households had a strong inclination to save and invest and that factors such as age, educational attainment, family size, experience in agriculture, and household income significantly impacted this capacity. One of the main factors influencing the amount of savings and capital accumulation of the local farmers is their non-farm income turnout. This suggests that the amount of money farmers save or accumulate in their capital is most likely to depend on their income from non-farm pursuits. To solve the distance issue and boost rural savings, the government could encourage commercial banks to open branches in rural areas. In order to teach rural farmers the value of savings and investments, appropriate enlightenment programmes should be provided. Farmers should also receive timely microcredit extensions to support increased production, which will inevitably result in surplus funds for savings and investments.

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