The Pharma Innovation

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Study of income, investment and propensity to save among the farmers in Gonda district

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Abstract
Agriculture is the main occupation in for the rural farmers. Gonda district forms part of the eastern region of Uttar Pradesh. The topography of Gonda district is generally plain. The soil type is old alluvial. From the very beginning, agriculture is contributing a major portion to our National income. The source of income of farmers of Gonda district is agriculture and per capita income is Rs. 33,193. The per farm disposable income in Gonda district has been estimated to be Rs.33739.65. It constitutes of different sources comprising 38.11 per cent from crop production, 10.14 per cent from milk production. 24.73 per cent from farm wages, 1.28 per cent from other farm sources. The disposable income per farm is Rs. 25856.10 on marginal, Rs. 44221.58 on small and Rs. 90442.53 on medium and large farms. Farm disposable income is allocated of Rs.21840.65 as consumption expenditure and Rs. 4250.74 as investment, while the saving is negative to the tune of Rs.(-)235.29. The marginal propensity to save is 4.23 per cent at the over all level. The marginal propensity to save in marginal farmhouse holds is 0.96 per cent, in small farm households 19.88 per cent and in medium and large farm households 28.83 per cent. It shows that the saving behaviour is varying in different farm households.

Keywords: Marginal, propensity to save, input, investment

Introduction
Agriculture is considered as the only source of primary occupation as a huge size of rural population of the country solely depends on agriculture. Agriculture is considered as the backbone of the Indian economy. More than 70 per cent of our total population earns their livelihood from agriculture. From the very beginning, agriculture is contributing a major portion to our national income. In 1950-51, agriculture and allied activities contributed about 59 per cent of the total national income. Although the share of agriculture has declined gradually with the growth of other sectors but the share still remains very high as compared to that of the developed countries of the world. Although its share in Gross Domestic Product (GDP) has declined from over half at Independence to less than one-fifth currently, agriculture remains the predominant sector in terms of employment and livelihood with more than half of India's workforce engaged in it as the principal occupation. India's agriculture sector has an impressive long-term record of taking the country out of serious food shortages despite rapid population increase. Agriculture still contributes significantly to export earnings and is an important source of raw materials as well as of demand for many industries. India's agriculture sector has an impressive long-term record of taking the country out of serious food shortages despite rapid population increase. GDP from agriculture has more than quadrupled, from Rs. 108374 crore in 1950-51 to Rs. 485937 crore in 2006-07 (both at 1999-2000 price). The Mid-Term Appraisal (MTA) for the Tenth Five Year Plan had drawn attention to the loss of dynamism in agriculture and allied sectors after the mid 1990s. Recent trends that have raise concern regarding food security, farmers income and poverty are Slowdown a growth. Widening economic disparities between irrigated and rain-fed areas. Increased vulnerability to world commodity price volatility following trade liberalization. This had an adverse effect on agricultural economics of regions growing crops such as cotton and oilseeds. Uneven and slow development of technology. Inefficient use of available technology and inputs. Lack of adequate incentives and appropriate institutions. Degradation of natural resource base. Rapid and widespread decline in groundwater table, with particularly adverse impact on small and marginal farmers. Increased non-agricultural demand for land and water as a result of the higher overall GDP growth and urbanization. Aggravation in social distress as accumulative impact of the above, reflected in an upsurge in farmer's suicides. Growth of agricultural GDP decelerated from over 3.5% per year during 1981-82 and 1996-97 to only around 2% during

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1997-98 and 2004-05. Declining rate of investment in agriculture was also attributed to be an important factor for slackened agricultural growth in recent decade. The Approach paper addressed this crucial dimension and accordingly the ambition of the growth had been backed with the investment rate of 35.1% of GDP of which 10.2% of GDP investment is envisaged to be sourced from public channels and 24.9% of GDP investment from private. Thus the investment rate looks forward to a substantial hike from 27.5% of GDP during 10th Plan and 23.8% of GDP during 9th Plan. The options of public and private investments have to be dovetailed with the status of capital stock and depreciation thereof acknowledging the higher concentration of private capital stock of the order of 75 per cent of total capital stock in agriculture. The investment projections in 11th Plan accordingly promoted private investment as well as Public Private Partnership in creation of infrastructure. Therefore, proper synergy between public and private investment would be necessary.

Gonda district forms part of the eastern region of Uttar Pradesh. The topography of Gonda district is generally plain. The soil type is old alluvial. Ghaghra is the main river of the district (Minsitry of MSME, Government of India) The normal rainfall of the district is 1149.6 mm. There is significant variation in the average rainfall from year to year. The distribution of rainfall reveals that it is 88.01 per cent in monsoon, 5.26% in post monsoon, 3.06 per cent in winter and 3.66 per cent in summer. This indicates that there is extremely sharp seasonal variation in rainfall in the district as the result of which the district is affected by drought in years of scanty rain. It is further evident that 88.01 per cent of the rain is concentrated in the months of June, July, August and September, while only 11.99 per cent of the rain precipitates during the remaining 8 months. The distribution of rain in a particular year significantly affects the cropping pattern in the district. The maximum and minimum temperature varies between 37.6^0C to 8.3^0C centigrade.The month of May extending up to second week of June is normally the hottest period whereas december and January are the coldest months. Share of net cultivated area in cultivable land in the district is 86.6 per cent. The percentage of Net irrigated area to net cultivated area in the district is 62.6. The cropping intensity in the district is 153.6 per cent. In view of the recent changes in the farming system leading to adoption of multiple cropping pattern, the intensity of cropping in district seems to be relatively lower. The fertilizer consumption rate per hectare has been estimated to be 96.23 kg. of plant nutrients in the district. The excessive input usage not only deteriorate the soil productivity and fertility status but make the cultivation expensive. So there is an attempt to made to calculate the disposable income of the farmers of Gonda district and their propensity to save.

Methodology
The primary data was collected by personal interview and secondary data was collected by Directorate of Economics and Statistics, Ministry of Agriculture.
At the first stage of sampling ten per cent of two development blocks from the 16 blocks of Gonda district has been selected randomly.

Saving and investment Behaviour
The saving and investment behaviour of cultivators in Gonda district has been studied with the help of the estimates of the propensities to save and invest. It has been obtained by fitting the Cobb Douglas function of the type $Y=a.x^b$ to the disposable income, savings and investment data. The estimation procedure is:
Marginal propensity to save/ invest

Where
y   = Savings on farm investments/Farm household
$\overline{x}$ = Disposable income/farm household
$\overline{b}$ = Estimation of elasticity.

$$\frac{dy}{dx} = b\frac{\overline{y}}{\overline{x}}$$

Result and Discussion
Disposable Income
Disposable income in this study is sum of the net farm income, net non-farm income, borrowing and sale of assets. This is the variable normally used in income, savings and investment studies. The per farm disposable income in Gonda district has been estimated to be Rs.33739.65. It constitutes of different sources comprising 38.11 per cent from crop production, 10.14 per cent from milk production. 24.73 per cent from farm wages, 1.28 per cent from other farm sources. These add to 74.23 per cent from farm sources. It also comprises of 19.43 per cent non-farm income, which is on account of 6.13 per cent non-farm wages, 10.65 per cent from salary, 2.33 per cent from self-employment 0.32 per cent other non-farm sources. In addition to it also includes 2.79 per cent borrowing and 3.56 per cent sale of assets. These have been derived from estimate of household belonging to different holding groups. The examination of the disposable incomes from different sources in operational holding groups reveals that the net income from crop production is Rs. 6214.36 on marginal, Rs. 20800.84 on small and Rs. 58526.53 on medium and large holding. These are 24.03 per cent of the disposable income on marginal, 47.04 per cent on small and 64.71 per cent on medium and large farms. The per cent of income from crop production is positively associated with the size of holding. The net income per farm from milk production is Rs. 2264.09 on marginal, Rs. 7708.86 on small, Rs. 7678.00 on medium and large holdings. There are 8.76 per cent of the disposable income on marginal, 17.43 per cent on small, 8.49 per cent on medium and large holding. So far as contribution of milk production in disposable income is concerned there is absence of association with the size of operational holding. Income from farm wages is Rs. 9600.80 on marginal, Rs, 5958.30 on small and Rs. 810.00 on medium and large holdings is the contribution to disposable income. These are 37.13 per cent of marginal 13.47 per cent of small and 0.90 per cent of medium and large farm household to respective disposable income. The contribution and its share is inversely associated to the size of holding. Income from other farm sources on an average is Rs. 431.67 per farm in Gonda district. It is Rs. 330.50 on marginal Rs. 820.80 on small and Rs. 4625.00 on medium and large farms. Contribution of other farm sources to farm income on marginal farms is 1.28 per cent, on small farms 1.86 per cent and on medium and large farms 5.11 per cent. It leads to observation that both in money term and in term of contribution to disposable income the association with size of holding is positive. The income from agricultural production in Gonda district is Rs. 25054.55 per farm. It is 74.23 per cent of the disposable income in the district. The per farm income from agricultural production is Rs.18409.75 on marginal,

Rs.35288.80 on small and Rs. 71639.53 on medium and large farm households. In reference to the disposable income it is 71.20 per cent on marginal, 79.80 per cent on small and 79.21 per cent on medium and large farm households. Besides, the income from farm activities, the income from non-farm activities, it emerged from the study is substantial on different size of holdings. Non-farm income has been estimated to be Rs. 6555.93 in Gonda district. It is Rs. 6402.48 on marginal, Rs.7091.15 on small and Rs. 7156.56 on medium and large farms. Share of non-farm income is 24.76 per cent on marginal, 16.04 per cent on small and 7.91 per cent on medium and large holdings. It shows that while the association between non-farm income and size of holding is positive, the association between non-farm income share in disposable income and holding size is inverse. Examination of components of non farm income reveals that in Gonda district Rs. 2068.13 is per farm income from non farm wages, per farm income from salary/service is Rs. 3594.70, per farm income from self employment is Rs. 784..98 and per farm income from other non farm sources is Rs.108.12. Perusal of the table reveals that income from salary is Rs. 3350.00 on marginal, Rs. 4370.00 on small and Rs. 4660.00 on medium and large farms. It is positively associated with the size of holding. Contribution of salary in disposable income is 12.96 per cent on marginal, 9.88 per cent on small and 5.15 per cent on medium and large farms. This shows that the salary's contribution to disposable income is inversely related to the size of holding. Income from self-employment per farm is Rs.776.00 on marginal, Rs.650.00 on small and Rs.1030.00 on medium and large farms. The contribution of income from self employment is 3.00 per cent of marginal farms, 1.47 per

cent of small farms and 1.13 per cent of medium and large farms. There is inverse relationship between per cent contribution of income from self-employment and size of operational holding. The income from other non-farm sources is Rs. 96.48 per farm on marginal, Rs. 131.15 on small and Rs. 176.56 on medium and large farms. It shows that there exists positive association between income from non-farm sources and size of operational holding. The contribution of other non-farm sources to disposable income is 0.37 per cent on marginal, 0.30 per cent on small and 0.20 per cent on medium and large farms. The non-farm income is Rs. 6402.48 on marginal, Rs. 7091.15 on small and Rs. 7156.56 on medium and large per farm. There is evidence of positive association between income from non-farm income and size of holding. The income from borrowing is Rs. 542.42 per farm on marginal. Rs. 832.23 per farm on small and Rs. 4392.20 per farm on medium and large farms. It shows positive association with size of holding. The contribution of income from borrowing of disposable income is 2.10 per cent on marginal, 1.88 per cent on small and 4.86 per cent on medium and large farms. The per farm income from sale of assets is Rs. 501.45 on marginal, 1009.40 on small and Rs. 7254.24 on medium and large farms. It shows positive relationship between income from sale of assets and size of holding. Sale of assets contributes 1.94 per cent to disposable income of marginal, 2.28 per cent of small and 8.02 per cent of medium and large farms. It shows that there is positive association between contribution of sale of assets and size of holding. The disposable income per farm is Rs. 25856.10 on marginal, Rs. 44221.58 on small and Rs. 90442.53 on medium and large farms.

Table 1: Show the operational holding group

Sources of Income	Operational holding group			Overall
	Marginal	Small	Medium & Large	
1. Crop production	6214.36 (24.03)	20800.84 (47.04)	58526.53 (64.71)	12856.88 (38.11)
2. Milk Production	2264.09 (8.76)	7708.86 (17.43)	7678.00 (8.49)	3422.77 (10.14)
3. Farm Wages	9600.80 (37.13)	5958.30 (13.47)	810.00 (0.90)	8343.23 (24.73)
4. Other farm Sources	330.50 (1.28)	820.80 (1.86)	4625.00 (5.11)	431.67 (1.28)
Farm Income	18409.75 (71.20)	35288.80 (79.80)	71639.53 (79.21)	25054.55 (74.23)
5. Non farm wages	2180.00 (8.43)	1940.00 (4.39)	1290.00 (1.43)	2068.13 (6.13)
6. Service/Salary	3350.00 (12.96)	4370.00 (9.88)	4660.00 (5.15)	3594.70 (10.65)
7. Self Employment	776.00 (3.00)	650.00 (1.47)	1030.00 (1.13)	784.98 (2.33)
8. Other non farm sources	96.48 (0.37)	131.15 (0.30)	176.56 (0.20)	108.12 (0.32)
Non Farm Income	6402.48 (24.76)	7091.15 (16.04)	7156.56 (7.91)	6555.93 (19.43)
9. Borrowing	542.42 (2.10)	832.23 (1.88)	4392.20 (4.86)	936.51 (2.79)
10. Sale of Assets	501.45 (1.94)	1009.40 (2.28)	7254.24 (8.02)	1192.66 (3.56)
Disposable Income	25856.10 (100.00)	44221.58 (100.00)	90442.53 (100.00)	33739.65 (100.00)

Allocation of Disposable Income
In economics, the balance after deduction of consumption expenditure from disposable income is denoted as savings. In the studies, referred to the beginning of this Chapter,

disposable income comprises of consumption expenditure, investment and savings. The allocation of disposable income in consumption expenditure, investments and savings is presented in Table 2.

Table 2: Allocation of Disposable Income(Rs./Farm)

Operational Holding Groups	Disposable Income (Rs.)	Consumption Expenditure (Rs.)	Investments (Rs.)	Savings (Rs.)
Marginal	25856.10	21840.65 (84.47)	4250.74 (16.44)	(-)235.29 (-0.91)
Small	44221.58	28978.40 (65.53)	9171.56 (20.74)	6071.62 (13.73)
Medium and large	90442.53	42309.69 (46.78)	24455.84 (27.04)	23677.00 (26.18)
Overall	33740.14	24607.62 (72.93)	6727.05 (19.94)	2405.47 (7.13)

The table shows that on marginal farm per farm disposable income is allocated of Rs.21840.65 as consumption expenditure and Rs. 4250.74 as investment, while the saving is negative to the tune of Rs.(-)235.29. The per cent allocation consumption is 84.47 of disposable income and 16.44 per cent in investment. On small farm the per farm disposable income is allocated as Rs..28978.40 in consumption, and Rs.9171.56 in investments and Rs.6071.62 in savings. The per cent allocation in consumption expenditure is 65.53 per cent, investments 20.74 per cent and savings 13.73 per cent. The disposable income of Rs.90442.53 on medium and large farms is allocated Rs.42309.69 as consumption expenditure Rs. 24455.84 as investments and Rs.23677.00 as savings. The consumption expenditure is 46.78 per cent, investments 27.04 per cent and savings 26.18 per cent of the disposable income on medium and large farms. The disposable income on average is Rs. 24607.62 in Gonda district, out of which Rs. 24607.62 is allocated as consumption expenditure. Rs. 6727.05 as investment and Rs.2405.47 as savings. Perusal of the table reveals that the per cent consumption expenditure is inversely associated with size of holding, where as investments and savings are positively associated with the size of holdings.

Sources of Investment
There are studies in which borrowings and sale of assets have not been considered as income, but are treated as national income for the purpose of the estimation of 'Disposable Income'. In view of the fact that in developing economies 'Institutional Credit' is made available for investment, borrowings become an important and essential constituent of 'investment'. Similarly, there exists the practice of the sale of assets for replacement, e.g. the prevailing practice of selling livestock for immediate purchase of new one or to save fodder and purchase of new one after some time. In such situations, sale of assets also emerge as essential source of investment. Thus, these components of investment, *viz.*, borrowings, sale of assets and savings i.e. from the amount left over after deduction of production and consumption expenditures from the gross income, emerge as the sources funds for investment. Though, in this study we have included the net income from borrowing and sale of assets in 'Disposable income' as has been done in the studies referred to, in the beginning of this chapter, we are treating these sources separately for the purpose of examination, as has been done in similar studies. The amount available for investment from borrowings. Sale of assets and net savings are presented in Table 3.

Table 3: Sources of Investment

Operational Holding Group	Borrowing	Sale of Assets	Savings	Investment
Marginal	1906.03 (44.84)	1770.86 (41.66)	573.85 (13.50)	4250.74
Small	1429.85 (15.59)	1845.31 (20.12)	5896.40 (64.29)	9171.56
Medium and large	1802.40 (7.37)	3027.63 (12.38)	19625.81 (80.25)	24455.84
Overall	1839.22 (27.34)	1897.09 (28.20)	2990.74 (44.46)	6727.05

(Figures in parentheses are per cent value of investment)

It reveals that in Gonda district the contribution of savings in investments is 44.46 per cent, sale of assets 28.20 per cent and borrowings 27.34 per cent. On marginal holdings the contribution of savings is 13.50 per cent, sale of assets 41.66 per cent and borrowing 44.84 per cent. On small farm the contribution of savings in investment is 64.29 per cent, sale of assets, 20.12 per cent and borrowings 15.59 per cent on medium and large farms the contribution of savings to investment is 80.25 per cent, sale of assets 12.38 per cent and borrowings 7.37 per cent. It shows that the percent contribution of borrowing in investment is inversely associated with the size of holding. Likewise the per cent contribution of sale of assets for investment too is inversely associated with the size of holding. Contrary to these relationships the percent contribution of saving to investment is positively associated with the size of holding. This shows that the contribution of difference is substantial both in total amount and percent contribution.

Farm and Non-farm Investments
In all India Debt and Investment surveys, Conducted by the reserve Bank of India, 'Capital expenditure' are classified under two broad categories *viz.*, Capital expenditure in farm business and capital expenditure in non-farm business. Capital expenditure on farm businesses, includes expenses in respect

of purchases of land, purchases of land rights, land reclamation, bonding and other land improvements, orchards and plantations, wells, other irrigation resources, agricultural implements, machinery and transport equipments, farm houses, barns and cattle sheds, purchase of livestock, etc. The capital expenditure in non-farm business includes expenditure in residential plots and buildings, transport, furniture and fixtures.

Table 4: Farm and Non Farm Investments (Rs./Farm)

Operational Holding Group	Farm Investment	Non Farm Investment
Marginal	3239.91 (76.22)	1010.83 (23.78)
Small	7951.74 (86.70)	1219.82 (13.30)
Medium and large	14640.92 (53.09)	9814.92 (46.91)
Overall	4869.42 (72.39)	1857.63 (27361)

(Figures in parentheses are per cent share of Investments).

Besides these, durable consumer assets are also treated as non-farm capital expenditures. Following the pattern as above, the capital expenditure in respect of the items included in All India Debt and Investment Surveys are included in the 'Farm Investments' in this study and remaining capital expenditures are treated as 'Non farm investment'. In marginal farms the share of farm and non-farm investment is 76.22 and

23.78 per cent. In small farms the share of farm and non-farm investment is 86.70 and 13.30 per cent In medium and large farms farm and non-farm investment is 53.09 and 46.91 per cent. At the over all level the farm investment is 72.39 per cent and non-farm investment 27.61 per cent.

Farm Investment Pattern
The term 'pattern' indicates the directions of the flow of amounts of investment or the amount spent in different items of farm capital expenditure. In absolute terms the per farm house hold farm investment on marginal, small, medium and large holdings are Rs. 3239.25, Rs. 7952.32 and Rs. 12207.15 respectively. The average per farm household farm investment is Rs.4641.74. The relative share of different items of farm capital expenditure on sample house representing Gonda district is 39.06 per cent for purchase of livestock, 23.45 per cent for purchases of implements and machineries 14.95 per cent for purchase of land, 6.20 per cent for land development, 12.38 pr cent for irrigation resources and

structure, 2.03 per cent for farm house Barn, cattle shed etc. and 1.93 per cent for orchard and plantation. The relative share of investment on purchase of livestock on marginal farm is 42.98 per cent, on small farm 40.38 per cent and on medium and large farm households 29.16 per cent. While the money invested on purchase of livestock is positively associated with size of holding the per cent relative share is inversely related. The Relative share towards investment on implements and machineries etc. is 23.04 per cent on marginal, 15.78 per cent on small and 30.73 per cent on medium and large farm households. While the investment in absolute money is positively associated with the size of holding, the relative share as percentage of total farm investments seems to have no relationship. Purchase of land is one of the most important investments. per farm investment on purchase of land is Rs. 717.643 on marginal farm households and Rs. 1079.65 on small farm households. No purchase of land was observed by medium and large farmhouse holds.

Table 5: Pattern of Farm Investments (Rs. / Farm)

Items of Investment	Marginal	Small	Medium & Large	Overall
1. Livestock	1391.86 (42.98)	3210.91 (40.38)	3557.74 (29.16)	1812.29 (39.06)
2. Implements, Machineries etc.	746.47 (23.04)	1254.78 (15.78)	3751.00 (30.73)	1087.89 (23.45)
3. Land	717.64 (22.15)	1079.65 (13.57)		694.03 (14.95)
4. Land Development		391.22 (4.92)	2584.12 (21.17)	288.13 (6.20)
5. Irrigation Resources & Structure	316.21 (9.76)	1314.42 (16.53)	1803.76 (14.77)	574.83 (12.38)
6. Farm house, Barn cattle shed	67.07 (2.07)	162.21 (2.04)	240.11 (1.96)	94.64 (2.03)
7. Orchards		539.13 (6.78)	270.42 (2.21)	89.93 (1.93)
Total farm Investment	3239.25 (100.00)	7952.32 (100.00)	12207.15 (100.00)	4641.74 (100.00)

(Figures in parentheses are values of percentage of total farm investment).

The relative share in investments for purchase of land on marginal farm households is 22.15 per cent and in medium farm households 13.57 per cent. The association between relative share of purchase of land and size of holding is inverse. Land development is one of the basic investment activities in rural society. The per farm investment of land development in small farm household is Rs.391.22 and Rs.2584.12 on medium and large farm households. The relative share in investment for land development is 4.92 per cent on marginal, 21.17 per cent on medium and large households. In the post green revolution period the investment on irrigation resources and structure has emerged as one of the important areas of investment. The per farm investment for irrigation resources and structures is 316.21 on marginal Rs.1314.42 on small and Rs.1803.76 on medium and large farm households. The per farm investment is positively associated with the size of holding. The relative share of investment for irrigation resources and irrigation structure on total farm investment is 9.76 per cent on marginal farms, 16.53 per cent on small and 14.77 per cent on medium and large farms. The investment per farm for farmhouse, Barn and Cattle shed on marginal farms is Rs. 67.07, on small farms is Rs. 162.21 and medium and large farms is Rs. 240.11. It shows that the investment is positively associated with the size of farmhouse holds. The relative share of this investment in total farm investment is 2.07 per cent on marginal, 2.04 per

cent on small and Rs. 1.96 per cent on medium and large farm households. The share is inversely associated with the size of farm holding. The per farm investment on orchard is Rs. 539.13 on small and Rs. 270.42 on medium & large farms. The investment is 6.78 per cent on small and 2.21 per cent on medium and large farms. The investment on orchards in absolute term as well as share in total farm investment is inversely associated with size of holding.

Saving and investment Behaviour
The saving and investment behaviour of cultivators in Gonda district has been studied with the help of the estimates of the propensities to save and invest. It has been obtained by fitting the Cobb Douglas function of the type $Y=a.x^b$ to the disposable income, savings and investment data. The estimation procedure is:
Marginal propensity to save/ invest

Where
y = Savings on farm investments/Farm household
$\bar{x}$ = Disposable income/farm household
$\bar{b}$ = Estimation of elasticity.

$$\frac{dy}{dx} = b\frac{\bar{y}}{\bar{x}}$$

Marginal Propensity to Save

The marginal propensity to save is the increase in savings associated with a unit increase in disposable income. The influence of disposable income in determining savings has been studied in respect of different operational holding groups and areas. The estimates of the constant of elasticities and propensities are presented in Table 6

Table 6: Estimates of income Elasticity and Marginal Propensity to save

Operational Holding Group	Constant Elasticity	R^2	Marginal Propensity
Marginal	(-)1.0541*	0.6243	0.0096
Small	1.4469*	0.5617	0.1988
Medium and large	1.1012*	0.2842	0.2883
Overall	0.6768.*	0.6114	0.0423

*Significant at.05 level of significance.

The marginal propensity to save is 4.23 per cent at the over all level. The marginal propensity to save in marginal farmhouse holds is 0.96 per cent, in small farm households 19.88 per cent and in medium and large farm households 28.83 per cent. It shows that the saving behaviour is varying in different farm households.

Conclusion

The per farm disposable income in Gonda district has been estimated to be Rs.33739.65. The highest disposable income was calculated for Medium and Large farmers (Rs. 90442.53) among all the farmers in study period. The farm income comprises about 74.23 per cent to the disposable income, in which crop production imparted highest (38.11 percent). The non farm income comprises about 19.43 per cent to the disposable income, in which service shares about 10.65 per cent. The total farm investment was recorded Rs. 4041, in which Medium and large farmers shares highest among all the farmer (Rs.12207.15). The consumption expenditure was recorded 24607.62. The highest consumption expenditure was recorded for medium and large farmers. On the basis of this the marginal propensity to save was recorded highest (0.2883) for medium and large farmers.

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