

Available in online @ www.iaraindia.com

RESEARCH EXPLORER-International Journal on Economics and Business Management

ISSN: 2250-1940 (P) 2349-1647 (O)

Impact Factor: 3.655(CIF), 2.78(IRJIF), 2.77(NAAS)

Volume XIV, Issue 46

January - March 2025

Formally UGC Approved Journal (63185), © Author

SAVINGS BEHAVIOUR OF RURAL PEOPLE IN SRIVILLIPUTHUR TALUK

Dr.T. JEBASHEELA,

Assistant Professor,

Department of Commerce (CA) – SF,

V.H.N.Senthikumara Nadar College (Autonomous), Virudhunagar..

Dr.C. ANUPRIYA,

Assistant Professor,

Department of Commerce (CS),

A.N.J.A. College, Sivakasi.

Abstract

Savings plays an important role in the development of the standard of living of the people and remove poverty from the economy. Savings means income over the expenditure but cash is kept in idle form. Savings and investment are different in their nature. Rural areas are the back bone of India. Agriculture is primary source to earn income or revenue of rural peoples. Development of the rural areas plays a significant role in the development of the nation. In India, at present, the rural areas are developing in the field of education, medical and communication system. So the researcher aims to study the savings behavior of rural people in the study area.

Keywords: Agricultural, Behaviour, Development, Rural, Savings.

INTRODUCTION

Savings plays an important role in the development of the standard of living of the people and remove poverty from the economy. Savings means income over the expenditure but cash is kept in idle form. Savings and investment are different in their nature. Rural areas are the back bone of India. Agriculture is primary source to earn income or revenue of rural peoples. Development of the rural areas plays a significant role in the development of the nation. In India, at present, the rural areas are developing in the field of education, medical and communication system.

STATEMENT OF THE PROBLEM

Now people have various opportunities to invest their money. The perception of the people are affected by the various factors such as risk involved in the investment avenues, income or return derived from the investment avenues and safety in investment avenues. Especially rural people face problems with respect to expenditure planning and how to utilize savings fund. Therefore, the researcher has made a study on savings behaviour of rural people.

OBJECTIVES OF THE STUDY

The study is undertaken for the purpose of studying the savings behaviour of rural people.

HYPOTHESIS OF THE STUDY

The following hypothesis is framed for the purpose of making analysis.

There is no significant relationship between income earned and amount of savings.

METHODOLOGY OF THE STUDY

Primary Data

Primary data have been collected from the rural people using interview schedules. The researcher has collected data from respondents directly.

Secondary Data

Secondary data are those data which have been already collected and analyzed by some earlier agency for own use; and later the same data are used by researcher. Secondary data have been collected from books, journals, articles, projects and magazines.

Sampling design of the study

Srivilliputhur have a population of 86,358 and 22314 households as per census survey of 2021. It is not possible to study entire population or households in Srivilliputhur taluk. The researcher has selected 0.50 percent of the total households as sample using simple random sampling method. Totally 112 respondents are selected for this study.

ANALYSIS AND INTERPRETATION OF DATA

Occupation

Income is the foremost determinant of savings behaviour of rural people. Rural household’s income is mostly based on the occupation of the family head. Thus researcher has sought to study about the occupation of the respondents. Data collected from the respondents are shown in Table 1.

**Table 1
Occupational Classification**

S. No.	Occupation	No. of Respondents	Percentage
1	Farmer	27	24.11
2	Business man	18	16.07
3	Private job	16	14.29
4	Government job	09	08.04
5	House wife	19	16.96
6	Cooly	23	20.53
	Total	112	100

Source: Primary Data

It is understood from the Table 1 that out of 112 respondents 27 respondents are farmers, 18 respondents are doing own business, 16 respondents are working in Private jobs, 9 respondents Government employees, 19 respondents are homemakers, and 23 respondents are coolies.

Therefore it is obvious from the Table 1 that most of the respondents are farmers. It means most of the rural people are depending on agriculture.

Income Wise Classification of the Respondents

Income is the key factor for improving savings behaviour of rural people. Income of the rural households is depending on the occupation of family head. So the researcher has collected data regarding occupation of the respondent’s family head. Table 2 exhibits the data about respondent’s occupation.

**Table 2
Income Wise Classification**

S. No.	Income(Rs)	No. of Respondents	Percentage
1	Below Rs 10000	57	50.89
2	Rs 10000-20000	24	21.43

3	Rs 20000-30000	18	16.07
4	Above Rs 30000	13	11.61
	Total	112	100

Source: Primary Data

Table 2 has made it clear that 50.89 per cent of the respondents are earning monthly income below Rs 10000, 21.43 per cent of the respondents are receiving monthly income between Rs 10000-20000, 16.61 per cent of the respondents are having monthly income between Rs 20000-30000, and 11.61 per cent of the respondents are receiving monthly income above Rs 30000.

It is realized from the above Table 3.8 that more number (57) of rural people has earned income below Rs 10000.

Amount Spent for Family Expenses.

Expenses in the rural families have varied from family to family. Table 3 has presented data with regard to amount spent to meet family expenses in a month.

Table 3
Amount Spent for Family Expenses

S. No.	Amount spent (Rs)	No. of Respondents	Percentage
1	Less than Rs 10000	78	69.64
2	Rs 10000-20000	28	25.00
3	Rs 20000-30000	4	3.57
4	Rs more than Rs 30000	2	1.79
	Total	112	100

Source: Primary Data

It is inferred from the Table 3 that 69.64 per cent of the respondents have spent less than Rs 10000 to meet one month family expenses, 25 per cent of the respondents have spent Rs 10000-20000 in a month to meet family expenses, 3.57 per cent of the respondents have spent Rs 20000-30000 in a month, 1.79 per cent of the respondents have spent more than Rs 30000 in a month to meet family expenses.

Table 3 exposed that more number (78) of respondents families have spent below Rs 10000 to meet expenses in a month.

Highly Spent Expenses

In the families some expenses have needed more amount of income. Those expenses have varied from family to family. The researcher was interested to study about which expense has required more amount of income in respondent families. The details collected from the respondents are presented in Table 4.

Table 4
Highly Spent Expenses

S. No.	Expenses	No. of Respondents	Percentage
1	Education	13	11.61
2	Medical	22	19.64
3	Entertainment	2	1.79
4	Food	72	64.29
5	Cloth	3	2.68

	Total	112	100
--	--------------	-----	-----

Source: Primary Data

Table 4 spells out that the total respondents 13 respondents are spending more amounts to meet educational expenses. 22 respondents are spending more amounts to meet medical expenses. 2 respondents are spending more amounts to meet entertainment expenses. 72 respondents are spending more amounts to meet food expenses. 3 respondents are spending more amounts to meet cloth expenses.

It is clear from the Table 4 majority (64.29%) of the rural families are spending more amount to meet food expenses.

Amount of Investment

The researcher was interested to scrutinize about the amount of investment by the rural people in a month. Details obtained from the respondents are presented in the Table 5.

Table 5
Amount of Investment

S. No.	Amount invested (Rs)	No. of Respondents	Percentage
1	Less than Rs 5000	57	50.89
2	Rs 5000-10000	24	21.43
3	Rs 10000-15000	18	16.07
4	More than Rs 15000	13	11.61
	Total	112	100.00

Source: Primary Data

Table 5 has made it clear that, 50.89 per cent of the respondents have invested below Rs 5000 in a month, 21.43 per cent of the respondents have invested Rs 5000-10000 in a month, 16.07 per cent of the respondents have invested Rs 10000-15000 in a month, 11.61 per cent of the respondents have invested above Rs 15000 in a month.

It is realized from the above Table 5 more (57) number of the rural people families have invested below Rs 5000 in a month. The results are presented in a chart form below.

Investment Avenues Preferred

Many investment avenues are availing in the market. The researcher is securitized about what are the investment avenues have been preferred by the respondents to invest their money. Details obtained from the respondents are presented in the Table 6.

Table 6
Investment Avenues Preferred

S. No.	Avenues	No. Of respondents	Percentage
1	Bank	108	28.88
2	Insurance	71	18.98
3	Government schemes	42	11.23
4	Post office	59	15.78
5	Real estate's	18	4.81
6	Stock market	19	5.08
7	Mutual fund	6	1.60
8	Gold	51	13.64

	Total	374	100
--	--------------	-----	-----

Source: Primary Data

Note: Total number of respondents is not equal to 112 because each respondent has preferred two or more avenues.

It is inferred from the Table 6 that majority of the respondents have preferred Bank for investing their money.

Purpose of Investing in Two or More Avenues

The motives of investing fund are varied from person to person. If the respondents have invested in two or more investment avenues he/ she have definite reason. Table 7 has presented data with regard to the purpose of people investing money in two or more investment avenues. Out of 112 respondents only 71 respondents have invested in two or more avenues.

Table 7
Purpose of Investing in Two or More Avenues

S. No.	Purpose	No. Of respondents	Percentage
1	High amount of return	4	5.63
2	Safety	49	69.01
3	Tax benefit	4	5.63
4	Minimize the risk	12	16.91
5	Capital gain	2	2.82
	Total	71	100.00

Source: Primary Data

It is clear from the above Table 7 that out of 41 respondents 5.63 per cent of the respondents have invested money in two or more avenues with an intention of earning high amount of returns, 69.01 per cent of the respondents have an intention of safety for savings, 5.63 per cent of the respondents have invested with the intention of gaining tax benefits from the government, 16.91 per cent of the respondents have invested with an intention of minimizing the risk.

Table 7 brings to focus that most (49) of the respondents have invested money in two or more avenue with an intention of safety for savings.

Awareness about Investment Avenues

Awareness has placed an important role in taking effective investment decision. The following persons have provided awareness to the general people, (i.e.) media, related organization staff, government, brokers and friends and relatives. Table 8 has presented data with regard from which the respondents have awareness.

Table 8
Persons Provided Awareness

S. No.	Person	No. of Respondents	Percentage
1	Media	23	20.54
2	Friends and relatives	57	50.89
3	Related organization staff	22	19.64
4	Government	4	3.57
5	Brokers	6	5.36
	Total	112	100

Source: Primary Data

Table 8 pinpoints that out of 112 respondents 23 respondents (20.54%) have awareness from media, 57 respondents (50.89%) have awareness from Friends and Relatives, 22 respondents (19.64%) have awareness from related organization staff, 4 respondents (3.57%) have awareness from government, 6 respondents (5.36%) have awareness from Brokers.

From the Table 8 it is revealed that most (50.89%) of the respondents have got awareness from friends and relatives.

TESTING OF HYPOTHESIS

For the purpose of testing hypothesis the researcher has used chi-square test.

Hypothesis: There is no significant relationship between income earned and savings amount of the rural people.

Table 9
Observed Frequency Table

	Below Rs 5000	Rs 5000 – 10000	Rs 10000 – 15000	Above Rs 15000	Total
Below Rs 10000	34	4	3	4	45
Rs 10000 - 20000	21	12	7	1	41
Rs 20000 - 30000	0	7	6	3	16
Above Rs 30000	2	1	2	5	10
Total	57	24	18	13	112

Source: Primary Data

Calculation of Expected Frequency

The following formula has been used to calculate expected frequency

$$\text{Column Total} * \text{Row Total} / \text{Grand Total}$$

Table 10
Expected Frequency Table

	Below Rs 5000	Rs 5000 – 10000	Rs 10000 – 15000	Above Rs 15000	Total
Below Rs 10000	22.90	9.64	7.23	5.22	45
Rs 10000 - 20000	20.87	8.79	6.59	4.76	41
Rs 20000 - 30000	8.14	3.43	2.57	1.86	16
Above Rs 30000	5.09	2.14	1.61	1.16	10
Total	57	24	18	13	112

Calculation of chi-square table value

The following formula has been used to find out chi-square value

$$\chi^2 = (O-E)^2/E$$

Table 11
Chi-Square Value

O	E	O-E	$\chi^2 = (o-e)^2/e$
34	22.90	11.10	5.38
21	20.87	0.13	0.00

0	8.14	-8.14	8.14
2	5.09	-3.09	1.88
4	9.64	-5.64	3.30
12	8.79	3.21	1.18
7	3.43	3.57	3.72
1	2.14	-1.14	0.61
3	7.23	-4.23	2.48
7	6.59	0.41	0.03
6	2.57	3.43	4.57
2	1.61	0.39	0.10
4	5.22	-1.22	0.29
1	4.76	-3.76	2.97
3	1.86	1.14	0.70
5	1.16	3.84	12.70
X ² value			48.30

Degrees of Freedom

The following formula has been used to find out degrees of freedom

$$v = (C-1) (R-1)$$

$$v = (4-1) (4-1) = 9$$

Table value of degrees of freedom 9 at 5% level is **16.92**

Calculated value is **48.30**

Result

The calculated value is more than the table value. So, the null hypothesis is rejected. Therefore there is an association between income earned and amount of savings of the rural people.

CONCLUSION

The development of a nation depends upon the savings and investment of the people. In India, 70% of the people live in rural areas. Traditionally Indian investors have invested their savings in unproductive investment like gold, silver and land and building. These investments have not resulted in industrial or agricultural development. But, this research has disclosed that rural people are investing their savings in bonds, post office, and government schemes. This is welcome trend of investment by rural people.

REFERENCES

1. Auadhant .V.A. "Investment Management" Himalaya Publishing House PVT. LTD., Mumbai, 2001.
2. Bandyopdhyay S.C & Thingalayo N.K, "Rural Banking" Macmillan Publishers India Limited, New Delhi, 2003
3. Gordon E & Natarajan K, "Banking Theory Law and Practice" Himalaya Publishing House Pvt. Ltd., Mumbai, 2010.
4. Murthi A, "Principles and Practices of Insurance" Himalaya Publishing House Pvt. Ltd., Mumbai, 2008.

5. Pillai R.S.N & Bagavathi, “Statistical Theory and Practice” S.Chand Publication Limited, New Delhi, 2002.
6. “12th Five Year Plan 2012-2017 Faster, More Inclusive and Sustainable Growth Volume 1” Planning Commission, Government of India, New Delhi.
7. “Financial Planning for Young Investors”, Handbook published by Security and Exchange Board of India, New Delhi.
8. www.libgen.org
9. www.sbi.co.in
10. www.sebi.in