

## Pattern of Savings and Investment Habit in Rural Households

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### ABSTRACT

**Savings denotes an integral part of earning that is set aside to be used for meeting future needs.**

There are lots of investment avenues for individuals and they can use appropriate one and make them profitable. Common savings habits of people are investment in fixed and current assets. This study is mainly focused on the saving habit of rural households. Now a day's rural households are not willing for savings. There are lot of reasons behind this. One of the major reasons is that they are not aware of financial products and its benefits and majority of rural households are fear of using newly introduced financial product for save their income .financial literacy, financial competency and financial capability are mainly influenced by the saving habits. Financially illiterate people are not ready for make savings. Both primary as well as secondary data is used for the study and this paper is mainly focused on to study the choice and savings preference of the rural people, to analyse the attitude towards savings of rural people and to find the factors which influence the savings habit of rural people. The data for the study was collected from rural people situated in Thrikkodithanam panchayath in kottayam district. The findings of the paper shows that there is a significant variation in the level and density of savings pattern of the rural households

**Keywords:** Household savings, investment, rural people, savings

### INTRODUCTION

Savings means that the part of income which is used for meeting future contingencies, after all the expenses are settled the investors used the remaining amount as savings. He can save his money in many ways there are lot of opportunities for savings such as mutual fund, recurring deposit, banks savings etc. The study aims to know the influence and factors affecting the saving habits of rural people. Need of savings in families are long term security, for meeting emergencies, stress reduction, leaving a financial legacy, saving for fun etc.

Saving of money is necessary for future financial well-being of an individual. The saving's habit should be developed at an early age to ensure continuity and long term benefit. Savings not only for individual its is for nations development. Physical saving and financial saving are the two important savings which is used by the households. Physical savings means savings made in physical assets like building gold automobile et and the financial savings means that savings made in financial asset like insurance, provident fund, pension fund etc.

The patterns of saving are differ from rural to urban region. In rural areas people will not avail any in formations regarding the financial product at the same time they are not willing to make savings because of various factors. According to Lewis (1954), the central problem in the theory of economic development is to understand the process by which a community which was previously saving and investing four or five percent of its national income changes into an economy where voluntary saving is running at about twelve to fifteen percent or more of the national income.

### STATEMENT OF THE PROBLEM

The project involved an analysis of the savings pattern of the rural people. It has been observed that the rural people save money mainly for their social obligations like the education and marriage of their children. They do not have enough knowledge about the investment in industrial securities, insurance and gold. They prefer to invest in the bank and post office. The information available from newspaper, media and television and internet, sometime may not be sufficient for rural people for decision making. The study is made to examine 'The influence and pattern of saving habit in rural households with special reference to **Thrikkodithanam panchayath.**

### OBJECTIVE OF THE STUDY

- To analyse the choice and savings preference of the rural people.
- To examine the attitude towards savings of rural people.
- To examine the factors which influence the savings habit of rural people.

## RESEARCH METHODOLOGY

Research methodology refers to the theoretical analysis of the method appropriate to a field of study or to the body of methods and principles particular to a branch of knowledge. One of the primary concerns of the paper is to identify the important parameters affecting the saving pattern of rural households.

Primary as well as secondary data is used for the study .primary data is collected through well structured questionnaire. The sample size selected from 50 respondents. For this purpose convenience sample method is used. Secondary data secondary data consist of information collected from internet, journals, articles, and other publications.

## REVIEW OF LITERATURE

❖ **Sam jayachandran (2016)** in his research paper titled “saving habit of rural people’ states that savings are very imperative for supporting rural people. savings indicates repayment ability .in this study he reveals that most of the rural people are worked in agricultural sector that influence them for saving their income

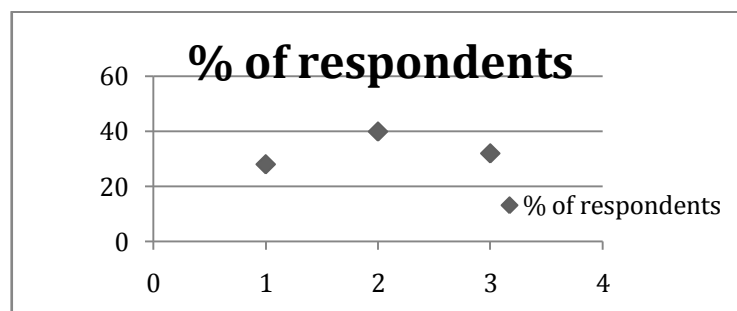
❖ **Schmidt and Sevak. (2006)** argued that women generally have lower earning’s, they tend to have a lower level of saving and wealth, as opposed to men He further found that there are large gender gaps in current and planned retirement income and that Saving behaviour has a significant gender gap. The study showed that there is a significant difference in risk – taking between men and women, such that women are more risk – averse compared to men. The authors showed that in general males are more risk – taking when they want to attract their future partner, and females are more risk averse in their child – bearing periods.

❖ **Jahana sherin (2019)** “A study on attitude and awareness of rural people towards savings and investment “the study is based on rural people situated in kaikkavu village. In this paper she states that there are many investment avenues and saving opportunities which is used by rural people and the study gives a detailed information about guiding factors for investment and savings.

❖ Umesh maiya(2020)his research paper titled “savings and investment habit of women in rural area” states that saving habit will help for financially secure. In modern days women are doing lots of jobs and they are willing to save their money for meeting contingencies and for meeting other needs and he also states that saving habit can also be seen in uneducated women’s , they are using SHG ‘s, pigmy , banks etc for saving their money.

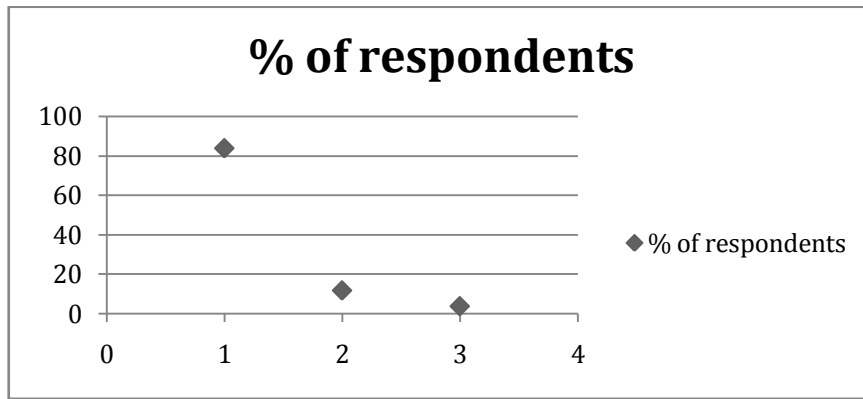
## ANALYSIS AND INTERPRETATION

**Figure no: 1 Classification on the basis of investment preference in general**



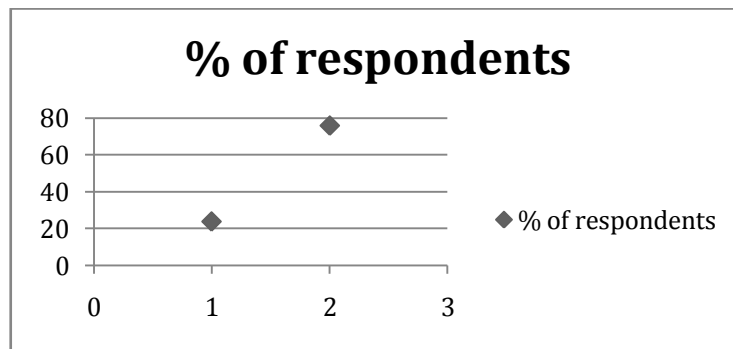
Above table represent the responder prefers what kind of investment. Out of 50 respondents 28%. are long term investment. 40% are medium term investment 32% are short term investment. Majority o respondents are medium term investment.

**Figure no: 2 Preference particularly for traditional schemes**



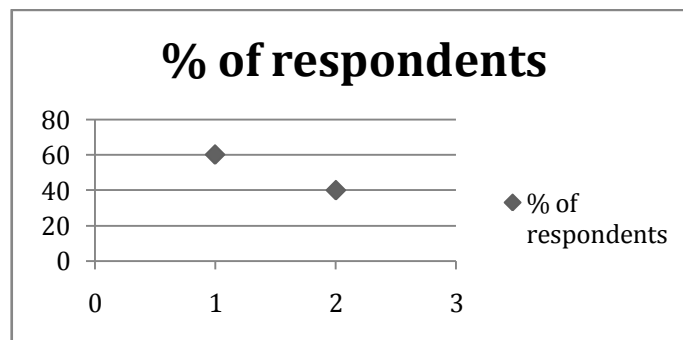
Above table represent the respondents prefer which type of traditional investment. Out of 50 respondents 84% are prefer bank deposit, 12% are post office and 4% are others. Majority of respondents are prefer bank deposit.

**Figure no: 3 Classification on the basis of new savings account open with in 12 months**



Above table represent new saving account open within 12 months of respondents. Out of 50 respondents 24% of respondents opened new saving account with in 12months, 76%

**Figure no: 4 Classification on the basis of Regular savings**



Above table represent the regular Savings respondents. Out of 50 respondents 60% are saving regularly and 40% are not saving regularly. Majority of respondents are Saving regularly.

**SUGGESTIONS**

1. The banks should try to increase the interest rates towards savings among rural people.
2. Improve the education level among rural by providing various scholarship and reservation for rural peoples.
3. The financial institutions should make awareness program such as Advertisement, seminar about high return saving method such as mutual fund, bond etc.
4. The government should adopt various wage act policy to the rural.
5. The government should allow free medical facilities to the rural peoples. It help the
6. Rural communities to make a increase in saving.

## **CONCLUSION**

This study attempted to identify the influencing factors that affect the pattern of saving of rural households. The findings of the paper shows that there is a significant variation in the level and density of savings pattern of the rural households because the saving platforms available with convince manner The study make the need of improving the attitude towards saving among rural peoples. Government must try to implement An active wage act policy as many of people live in rural areas are the daily wage workers amounting them to proper way which can meet the consumption needs and some portion of income can saved. The financial institutions should amount to high interest rates provide on saving which will encourage people in rural areas to save their money in these institutions mostly in post office ,banks etc. Instead of keeping their money at home.

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