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Saving Behaviour of Urban Householdings (A Study across Income Different Income Groups in Hyderabad, Telangana)

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Abstract: *The main purpose of this paper is to examine the saving behaviour of urban householders of Hyderabad& Secunderabad. This study has applied the objectives and methodology of this research is an exploratory – survey research. A sample size of the respondents was chosen using Yamane's technique from twin cities of Hyderabad and Secunderabad. The total households (population) in Hyderabad District are 8, 49,051Out of them, the researcher drew a sample size of 400 by using Yamane's formula (Yamane, 1967) with 5% precision value. Further, the data were collected from 200 Hyderabad and 200 from Secunderabadhouseholders. A structured questionnaire was developed based on 5pointsLikert scale. The primary data were collected from representative respondents of the above cities householders through the use of a structured questionnaire and analysed using percentages, Pearson Chi- Square analysis by using SPSS(Statistical Package for Social Sciences). In this study,the researcher found that there is a significant relationship between saving behaviour and income, family dependency ratio and education expenses by using of chi square test with percentages. Finally, I conclude that there is factors effect on saving behaviour of the urban holders namely, income, family dependency ratio,and Education expenses.*

Key Words: *Saving behaviour, Income, Education Urban Householder, Demographic variable.*

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I. Introduction

Saving is one of the crucial factors to speed up the process of Economic Development; it plays a significant role in the development of the Indian Economy. There are several factors which will influence the economic development of a country like Natural Resources, Capital formation, Human resources,and technical factors etc. In India, there are three imperative sectors namely; Public sector, Private Sector & Household sector which are contributing to Gross Domestic Saving. The Household saving contribution in domestic saving is more than 82% out of total share[1]. In a general sense, any activity results like a person, or business activities savings termed as the excess of income (Inflow) over the expenditure (Outflow).In order to analyse the saving behaviour of household among different income groups, this study was conducted in urban areas between Hyderabad and Secunderabad of the Telangana State. Nowadays, the field of savings is even more vibrant than it was only a decade ago. The key to a successful financial plan is to preserve apart a greater amount of savings and invest it wisely, by using a longer period of time. For maintaining a high level of investment, savings are significant. Wealth is the collection of resources. Adam Smith defines wealth as "the yearly produce of land and labour of the society".According to classical economists like Adam Smith, David Ricardo,andJ.S.Mill, "saving is an important determinant of economic growth". Saving components can be based on an individual or on a household basis which proves to be the well-being [2]. India is a developing country where, there has been a consistent increase in the domestic saving rate after the independence period, though with considerable fluctuations from year to year.

II. The Need For And Importance Of The Study

The saving activities of householders depend upon savings and disposable income one has. Which in chance is affected by several factors such as kind of occupation, size of family, marital status, level of education, level of awareness, objectives of investments etc. which influences the last strategy and preferences that the investor gives to one Investment avenue over another. The study also makes an attempt to examine the perception of householders and analyse the relationship between occupation, size of family, marital status, level of education, level of awareness income, and savings demographic factors in Hyderabad & Secunderabad.

III. Statement Of The Problem

Family members, level of Education, kinds of occupation, responsibilities, family commitments etc. determine the ability to save householders'. Present financial crises. (living cost of the Hyderabad has been increasing it include (1) Education fees (2) House rent, (3) Medical expenses (4) Family members (5) unexpected Hence, the problem arises what affects or influences the investor's decision. No comprehensive study has been made to study this behaviour of urban householders in Telangana State. Hence, the present study is an attempt to study and analyse the savings behaviour of householders in Hyderabad twin cities. Thus, the statement of the problem for this study is "**SAVING BEHAVIOUR OF URBAN HOUSEHOLDERS STUDY IN HYDERABAD TWIN CITIES**".

IV. Review Of Literature

The researcher reviewed many studies pirating to saving behaviour of the householder's and quoted in subsequent lines.

Gupta, Raj Kishore (1967)[3] made a precarious study of the small savings movement in India in the context of a planned economy. In his study, he found that small savings have been frolicking a noteworthy role in financing the five year plans of our country.

Turner and Manturuk (2012)[4]examinedhow institutional, singular and structural factors impact the decision-making procedures that monitor participants' savings behaviour of the householders. They found that ability to save of the individuals affected on the fallowing factors such, as family obligations, employment experiences. The saving behaviour of the house holders also affected by institutional factors such as incentives, disincentives,and organisational culture.

Nathridee, S. and Piyarat, K. (2015)[5]wrote an article on investigated saving and investment behaviour and determinants of the forms of saving in Thailand. They found that the average saving rate of the householders in Thailand was 29.17%. The key objective of savings was for the post-retirement outlay. The household tended to invest more in conservative saving forms, such as insurance policies, gold, bank deposits, and properties, than in financial assets such as corporate bonds, stock government bonds, and mutual funds.

WogeneMarkos (2015)[6] examined the factors of household savings based on data collected from Dale district through multistage random sampling technique in 2012/2013. He foundthat this study supports the life cycle hypothesis. Age has a positive relationship and square of age is negatively related to household savings. Education of household head, Number of livestock, size of land holdings, sex and marital status of the household head are significantly and inversely affecting household savings. Total income of the household, family size and Occupation has a significant direct relationship with household savings. MPS value is recorded 0.42 for Dale district.

V. Objectives Of The Study

The main objective of the study is to analyse the saving behaviour of urban householders in Hyderabad Twin cities. However, in order to give direction to the study, the following specific objectives are set forth.
The specific objectives of the study are:

1) To study the saving behaviour of urban households belonging to different income groups.
2) To examine the effect of different socioeconomic variables such as education,

employment, income, and dependency ratio on saving behaviour of urban households.

VI. Hypotheses Of The Study

Based on the objectives of the study, the following hypotheses of the study are framed.

1. Ho1: There is no significant relationship between the savings and Incomes
2. Ho2: There is no significant relationship between the savings and the Dependency ratio.
3. Ho3: There is no significant relationship between savings and Education.

VII. Research Methodology

The study is based on both primary and secondary data. The primary information was collected by serving a structured questionnaire to the respondents and direct interview method. The secondary data were collected from 1. Published reports 2. Theses, 3. Articles.

7.1 Research Design

The study adopted a survey research design. Copies of the questionnaire served as an instrument for data collection, and the generated data were analysed using Chi-Square. A total of 400 respondents were selected as the sample size using Yamane's sampling technique. The Yamane's sampling technique was further adopted to give equal opportunity for selection to every element of the population.

Chi-Square was used to test the hypotheses. Data were presented and analysed using simple statistical tables and percentages. The value of the Chi-Square was calculated using the formula;

$$\chi^2 = \sum \frac{(o-e)^2}{e}$$

Decision Criteria:

The researcher shall determine whether to accept to or reject the null or alternative hypothesis. The decision rule is that.

7. 2.Pilot Study

The questionnaire was first tested with 30 respondents to evaluate whether the questionnaire met the objectives. Problems were faced in receiving sensitive information like income, savings,and investments in absolute terms. Hence, few questions were changed thereby, the respondents were asked to recognize their income groups and other details. Few questions were partly changed and reformed, and data collection was continued after conforming to the achievement of the objectives of the study.

7.3 Sample Selection

The total households (population) in Hyderabad District are **8, 49,051.**Out of them, the researcher drew a sample size of 400 by using **Yamane's formula (Yamane, 1967)**[7]with 5% precision value. Further, the data were collected from 200 Hyderabad and 200 from Secunderabadhouseholders. Yamane (1967) developed an easy formula to determine the sample sizes. The standardized questionnaire was used to collect the data by interviewing the household heads.

Formula:

$n= N/1+N (e)^2$

n = Sample size,

N = Total number of saving households in an area

e = Precision value, set as 5% (0.5)

Where, N= 849051

Yamane (1967) developed an easy formula to determinethe sample sizes.

7.4Statistical Techniques

Data wereanalysedby using Statistical techniques like percentages, and Chi square analysiswas used with the help MS.Excel 2009

VIII. Theoretical Framework

The simple meaning of the saving is expenditure is less than the income. It is withholding the present consumption for future use. Savings are occasionally made by the household as a matter of habit. But most of the cases there is a specificobjective in mind for savings. It could be to earn income, come acrossforthcomingrequirements, contingencies uncertainties, and, growth wealth, increasethe standard of living etc. Householder's Savings are made with particulargoalsin mind. The following objectives have been recognized, for the duration of the review of the literature.

- Children education and Marriage
- Provision for contingency
- Purchase of physical assets
- To earn interest
- To earn stable and regular income

Table No: 1 DEMOGRAPHIC PROFILE

Demographic Factors	**Annual income**						
AGE	Less than 120000	120000-240000	240000-360000	360000-500000	500000-1000000	above 1000000	Total
18-28(%)	63(64.28)	28(28.57)	4(4.08)	3(3.06)	0(0)	0	98(100)
28-38(%)	55(31.42)	71(40.57)	32(18.28	10(5.71)	3(1.71)	4(2.28)	175(100)
38-48(%)	17(23.28)	27(36.98)	21(28.76	3(4.10)	1(1.36)	4(5.47)	73(100)
48-58(%)	10(27)	11(29.72)	12(32.4)	3(8.10)	1(2.70)	0(0)	37(100)
58- 68(%)	8(47)	4(23.52)	3(17.64)	1(5.88)	1(5.88)	0(0)	17(100)
TOTAL (%)	**153(38.25)**	**141(35.25)**	**72(18)**	**20(5)**	**6(1.5)**	**8(2)**	**400**
GENDER							

MALE	110(30.89)	131(36.79)	75(21.06)	22(6.17)	7(1.96)	11(31.42)	356(100)
FEMALE	27(61.36)	10(22.72)	5(11.36)	2(4.54)	0(0)	0(0)	44(100)
TOTAL	**137(34.25)**	**141(35.25)**	**80(20)**	**24(6)**	**7(1.75)**	**11(2.75)**	**400(100)**
OCCUPATION							
Private job	59(32.59)	77(42.54)	35(19.33)	5(2.76)	2(1.10)	3(1.65)	**181(100)**
Govt. Job	8(5.75)	37(26.61)	65(46.76)	16(11.51)	5(3.59)	8(5.76)	**139(100)**
Business	14(17.5)	25(31.25)	21(26.25)	11(13.75)	3(3.75)	6(7.5)	**80(100)**
TOTAL	**81(20.25)**	**139(34.75)**	**121(30.25)**	**32(8)**	**10(2.5)**	**17(4.25)**	**400(100)**

Source: Primary Data

Table No. 1 is depicted the demographic factor wise income of respondents

AGE

Income of the respondents is based on age wise analysis reveals that the **age group of 18-28** majority i.e., 64.28% respondents earned less than Rs. 1,20,000 /- p.a., followed by 28.57% respondents earnings between Rs. 120000-240000/-. In the **age group of 28-38**, majority i.e., 40.37% respondents earned between 120000-240000, followed by 31.42% respondents earned less than Rs. 120000 p.a. Next age group of the respondents**i.e., 38-48** majority i.e., 36.98% respondents earned between Rs 120000/- to 240000. While in the **age group of 48-58** majority i.e., 32.4% respondents earned between Rs. 240000/- to 360000/-, followed by 29.27% respondents earns between 120000/- to 240000. The majority of the respondents from the **age group of 58+** and above i.e., 47% earned less than 120000/-, followed by 23.52% respondentsearnings between 120000-240000.

Finally, the majority of the respondents across the age group i.e., 38.25% earned less than Rs. 120000/- , followed by 35.25% earnings between Rs. 120000/- to 240000/-, least i.e., 1.5% respondents only one respondent earned a between 500000 to 10, 00, 0000/.

GENDER

As per the above table, it is depicted that the income reveals that the majority of the Males i.e., 36.79%, earned between Rs 5, 00, 000 to 10, 00,000. But as per female analysis income of these members reveals the majority i.e., 61.36% and least is 4.54%.

OCCUPATION

Occupation wise analysis indicates that the maximum income of the private job respondents is 42.54%, belong to 120000- 240000, followed by 32.59% belongs to less than 1200000. On the other hand maximum income of the Govt. job i.e., 46.76% belongs to 240000-360000 income respondents.

IX. Primary Data Analysis And Interpretation

Q. No: 12 what is the source of funds for your savings?

Table No: 2 The source of funds for your savings

VARIABLE	NO OF RESPONDENTS	PERCENTAGE
Salary	194	48.5
Business	128	32
Rental income	78	19.50
TOTAL	400	100

Source: Survey result

Table 2 reveals that majority respondent's percentage of the source of fund for savings is 48.5%, followed by 32% source of their savings and the least percentage is 19.50% of rental incomes.

Q. No: 13. Whether there is any relationship between Incomes and savings?

Table No: 3 Relationship between Incomes and savings

VARIABLE	NO OF RESPONDENTS	PERCENTAGE
STRONGLY AGREE	341	85.25
AGREE	59	14.75
DISAGREE	0	0
STRONGLY DISAGREE	0	0
UNDECIDED	0	0
TOTAL	400	100

From Table 3 indicates that 82.25 % of the respondents strongly agree with the statement of "Relationship between Incomes and Savings" while 14.25% of respondents agree with the above statement.

But lastly, the investigator concluded that there is a relationship between income and savings.

Q. No: 13. Whether there is any relationship between family dependency ratio and savings?

Table No: 4 Relationship between family dependency ratio and savings

VARIABLE	NO OF RESPONDENTS	PERCENTAGE
STRONGLY AGREE	297	74.25
AGREE	93	23.25
DISAGREE	10	2.5
STRONGLY DISAGREE	0	0
UNDECIDED	0	0
TOTAL	400	100

Table 4 presents that the 74.25% of the respondents strongly agree with the statement of "Whether there is any relationship between family dependency ratio and savings" while 23.25% of respondents agree, 2.5% of the respond ents disagree with the above statement. It means majority people say that there is a relationship between family dependency ratio and savings.

Q. No: 13. Whether there is any relationship between family education and savings?

Table No: 5Relationship between family education and savings

VARIABLE	NO OF RESPONDENTS	PERCENTAGE
STRONGLY AGREE	243	60.75
AGREE	78	19.5
DISAGREE	54	13.5
STRONGLY DISAGREE	25	6.25
UNDECIDED	0	0
TOTAL	400	100

Table 5 indicates that 60.75% of the respondents strongly agree with the statement of "Whether there is any relationship between family education and savings" while 19.5% of respondents agree and 13.5% of the respondents disagree with the above statement. Finally, the researcher concluded that there is a relationship between family education and savings.

Q. No: 14 whether there is any relationship between age and savings?

Table No: 6 Relationship between age and savings

VARIABLE	NO OF RESPONDENTS	PERCENTAGE
STRONGLY AGREE	212	53.00
AGREE	78	19.5
DISAGREE	65	16.25
STRONGLY DISAGREE	45	11.25
UNDECIDED	0	0
TOTAL	400	100

Table 6 presents that 53% of the respondents strongly agree with the statement of "Whether there is any relationship between are and savings" while 19.5% of respondents agree and 16.25% of the respondents disagree with the above statement. Finally, enumerator concluded that there is a relationship between age and savings.

HYPOTHESIS TESTING (CHI -SQUARE TEST)

Ho1: There is no significant relationship between the savings and Incomes

Table No: 7Observed values

Variable	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Strongly agree	341	0	0	0	0	341
Agree	0	59	0	0	0	59
Disagree	0	0	0	0	0	0
Strongly Disagree	0	0	0	0	0	0
Undecided	0	0	0	0	0	0
Total	341	59	0	0	0	400

Source : Primary data

Table No: 8 Expected frequencies

Variable	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Strongly agree	290	51	0	0	0	341
Agree	51	8	0	0	0	59
Disagree	0	0	0	0	0	0
Strongly Disagree	0	0	0	0	0	0
Undecided	0	0	0	0	0	0
Total	341	59	0	0	0	400

Source : Primary data

Table No: 9 Showing calculation of $\chi 2$ – value

O	*E*	*O-E*	*(O-E)2*	*(O-E)2/E*
341	290	51	2601	8.9689
0	51	-51	2601	51.0000
0	0	0	0	0.0000
0	0	0	0	0.0000
0	0	0	0	0.0000
0	51	-51	2601	51.0000
59	8	51	2601	325.12
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
			$\chi 2$	**436.088**

Source: MS.Excel 2009

Calculated value of Chi-Square = 436.088
Degree of Freedom = (r-1) (c-1) = (5-1)(5-1) = 4*4 = 16
Table value of $\chi 2$ for dof = 16 @ 5% level of significance = 34.27
Note: O= Observed Frequency
E= Expected Frequency

Result: Calculated value of $\chi 2$ (436.088) is greater than the table value of $\chi 2$ (34.27), Hence H_0 is rejected and concluded that there isa significant relationship between the savings and Incomes. Further, it is concluded that incomes positively affected the savings.

Ho2: There is no significant relationship between the savings and the Dependency ratio.

Table No: 10 Observed values

Variable	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Strongly agree	297	0	0	0	0	297
Agree	0	96	0	0	0	93
Disagree	0	0	10	0	0	10
Strongly Disagree	0	0	0	0	0	0
Undecided	0	0	0	0	0	0
Total	297	93	10	0	0	400

Source : Primary data

Table No: 11Observed Frequency

Variable	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Strongly agree	220	69	8	0	0	297
Agree	69	22	2	0	0	93
Disagree	8	2	0	0	0	10
Strongly Disagree	0	0	0	0	0	0
Undecided	0	0	0	0	0	0
Total	297	93	10	0	0	400

Source : Primary data

Table No: 12 Showing calculation of $\chi 2$ – value

O	E	O-E	(O-E)2	(O-E)2/E
297	220	77	5929	26.95
0	69	-69	4761	69
0	8	-8	64	8
0	0	0	0	0
0	0	0	0	0
0	69	-69	4761	69
93	22	71	5041	229
0	2	-2	4	2
0	0	0	0	0
0	0	0	0	0
0	8	-8	64	8
0	2	-2	4	2
10	0	-10	100	100
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
			$\chi 2$	**444.95**

Source: M.S.Excel 2009

The calculated value of Chi-Square = 444.95
Degree of Freedom = (r-1) (c-1) = (5-1)(5-1) = 4*4 = 16
Table value of $\chi 2$ for dof = 16 @ 5% level of significance = 34.27
Result: Calculated value of $\chi 2$ (444.95) is greater than the table value of $\chi 2$ (34.27), **Hence H_0 is rejected and concluded that there isa significant relationship between the savings and Dependency ratio**. Further, it is concluded that saving positively affected by thedependency ratio means if family members increased savings decreased, but family members decreased savings increased.

Ho3: There is no significant relationship between saving and Education.

Table No: 13 Observed Frequency

Variable	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Male	273	23	11	7	0	314
Female	10	58	8	10	0	86
Total	283	81	19	17	0	400

Source : Primary data

Table No: 14 Expected Frequency

Variable	Strongly agree	Agree	Disagree	Strongly Disagree	Undecided	Total
Male	222	63	15	13	0	314
Female	61	18	4	4	0	86
Total	283	81	19	17	0	400

Source: Primary data

Table No: 15 Showing calculation of $\chi 2$ – value

O	E	O-E	(O-E)2	(O-E)2/E
273	222	51	2601	11.71
10	61	-51	2601	11.71
23	63	-40	1600	25.39
58	18	40	1600	25.39
11	15	-4	16	1.06
8	4	4	16	4.00
7	13	-6	36	2.76
10	4	6	36	9.00
0	0	0	0	0.00
0	0	0	0	0.00
			$\chi 2$	**91.02**

Source: MS.Excel 2009

Calculated value of Chi-Square = 91.02
Degree of Freedom = (r-1) (c-1) = (5-1)(5-1) = 4*4 = 16
Table value of $\chi 2$ for dof = 16 @ 5% level of significance = 34.27

Result: Calculated value of $\chi 2$ (91.02) is greater than the table value of $\chi 2$ (34.27), **Hence H_0 is rejected and concluded that there isa significant relationship between the savings and Education**. Further, it is concluded thateducation expenses also one factor which is the effect on the savings behaviour of the householders. Meansif education expenses decreased savings capacity increased if it is increased saving capacity would decrease.

X. Conclusion

The study analyzes factors of household savings based on data collected from Hyderabad district through Yamanesampling technique. It is revealed that age has a positive relationship. Education of household head, sex and marital status of the household head are significantly and inversely affecting household savings. Total income of the household, family size and Occupation hasa significantdirect positive relationship with household savings.

Based on the above results, the study suggests to the householders is that please joined your children's in Governments schools ,and government colleges because this is the major saving factor. Government providing quality free education materials and scholarships to the students at the school, college and university levels. So that household can save more rather than spending on their education. Institutions that are involved in development projects need to increase their support to improve the business environment of the rural populations. Such decisions containenhancement in the Transport and communication infrastructure. Also of importance is increased the involvement of the government in services that support economic activities in rural areas such as, electricity, water, extension services,and marketing channels. These will motivate households to increase their production, income and hence saving. Since this research covers monetary savings among households living in the rural dale District, it may be of an interest to establish whether other households in different set-ups such as in urban areas behave the same. Even within the urban region, there exist different sub-populations with different socioeconomic features. There is an essential of examining the influence of the above factors on genuine saving. Since only monetary savings was considered within this study, it would be of interest for future research to assess households where nonmonetary income and savings form a significant part of their budget.

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