



SAVING AND CONSUMPTION PATTERN OF RURAL HOUSEHOLDS IN NANGUR VILLAGE, SIRKALI TALUK, NAGAPATINAM DISTRICT

Abstract

The present paper analyses the saving and consumption pattern of rural households. The rural 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 of the nation income. In developing countries like India income is quite uncertain and unpredictable and therefore saving provides a better to maintain the already lower level of consumption. Consumption of a community depends upon the level of income. In other words consumption is a function of income. The consumption function relates the amount of consumption to the level of income when the income of a Community rises, consumption also rises. How much consumption rises in response to a given increase In Income depends upon the marginal propensity to consume. In this paper an attempt has been made to study the saving and consumption pattern of rural household in Nangur village Nagapatnam District.

Keywords: Voluntary saving, Consumption Expenditure, Rural Household,

Introduction

Saving is the conservation of money, method of saving includes putting money aside in a bank or physical assets or financial assets. In economics, personal saving has been defined as personal disposable income minus personal consumption expenditure. Saving is a strategic variable in the theory of economic growth. Role of saving as a determinant of economic growth has been emphasized by the classical economists like Adam Smith, Ricardo and Mill. Keynes (1936) places the saving function or its counter part consumption function at the very heart of the macro economic system.

For an individual, the acquisition of more wealth enables him to safeguard against future contingencies and thus provide him with a cushion of security. At the national level saving is the where with all of supporting investment in the economy. To achieve higher rate of economic growth with relative price stability, the marginal propensity to save should be raised by appropriate incentives and policies. Rao (1980) opines that saving constitute the basis for capital formation, and capital formation constitutes a critical determinant of economic growth. A national saving ratio broadly in line with economy's investment needs is the key to reduce the country's vulnerability to unexpected shifts in international capital flows. As the international financial integration is increasing higher domestic saving will ensure macro economic stability also.

Statement of the problem

The share of physical saving of the household sector has declined from 87.19 percent of the total household saving in 1950-51 to 45 percent in 1999-2000, which means that the contribution of this sector for investment in the private corporate sector and the public sector has increased. The rural sector is almost important to the Indian economy not only the income generated and also employment potential of this sector. This sector to the growth of other sectors. The take off the rural economic lead on the mobilization of saving and their transfer into the hands of the more enterprising investors. The rural households are too poor to save and even if they get some additional income through some windfall they spend it on consumption and have ignored the savings. However, substantial saving potential exists in the rural sector in India.

Objectives

1. To study the socio demographic profile of the rural households.
2. To examine the sources of income of the rural households.
3. To identify the determinants of saving pattern of rural households.
4. To examine the consumption pattern of the rural households.

Methodology

The presents study is based on saving and consumption pattern of household in selected village. The study made use a primary data were collected from 50 households by the interview method. The household might have provided such information about saving and consumption pattern and simple random technique was adopted.

Nangur Village

The Nangur village is situated 10 km away from Sirkazhi. It is panchayat union of Sirkazhi taluk and Nagappattinam district. The total household are 1216 in the study area, it has 1373 family numbers. The total population of this village has 4128 of whom male 1958 and 2170 female. The Nangur village has good transport and communication facilities. This village has 25 temples, sub post office and public telephone. The education of village there are one panchayat union primary school, one middle school, one higher secondary school. Higher education facilities are available in Sirkazhi 10 km away from this village. Poompuhar collage is also available in 8 km. For the benefit of the public, this village has a village administrative office, a public television from panchayat union and 725 street light and 2 library available this village, Tamilnadu integrated nutrition centre and noon meal centre (Balwadi = 2). Further, it has a primary health centre.

ANALYSIS OF DATA

Table No.1: Socio Demographic Profile of the Respondents Family

Demographic Profile			N=164	Percentage
	Population		84	
a.	Gender	Male	45	53.57
		female	39	46.43
b.	Education	Primary	24	28.57
		Middle	18	21.43
		High sec	35	41.66
		Degree	8	8.34
c.	Earn/Dependent	Earner	35	41.67
		Dependent	49	58.33

Sources: Computed from primary data.

The details of the respondents family members are given in the table 4.2. The table discusses the gender, education and earner/dependent.

a. Population: of the surveyed 50 respondents the total population stood at 84 of this 53.57 percent was male and the rest were female.

b. Education: The education status of the surveyed Population shows that primary (24) and middle (18) and higher secondary (35) and degree (7). The overall education of the village is fair.

Earner/dependent: The earner of the surveyed villagers stood at 41.67 percent while dependent was 58.33 percent and it shows, the partly dependent.

Table No.2: Household Wealth Composition of the Respondents

SI. No	Sources	Average wealth Composition (Rs)	Percentage
1	Land	540700	25.94
2	House	382600	18.36
3	Livestock	21100	1.05
4	Durable	116720	5.60
5	Machineries and Firms	240	0.01
6	Bank deposits	103840	4.92
7	Cash	3950	0.18
8	Properties	600000	28.79
9	Jewels	261800	12.56
10	Insurance	52700	2.52
11	Others	160	0.07
	Total	2083810	100

Source: Computed from primary data.

The above table shows, the household wealth composition are studied. It has been classified into 11 categories, there are, land, house, livestock, durable, machineries and firms, bank deposits, cash, prosperities, Jewels, insurance and others. The most of the wealth of households in study area are land (25.94%) and properties (28.79%) and remaining part of the wealth are house (18.36%, live stock (1.01%), durable (5.60%), machineries and firms (0.01%), bank deposits (4.98) cash (0.18%), jewels (12.56%), insurance (2.52%) and others (0.007%).

Table No.3: Sources of Income of the Respondents

SI. No	Sources	Average Monthly Income (Rs)	Percentage
1	Agriculture	11140	62.06
2	Main occupation	5002	27.86
3	Business	1100	6.14
4	Interest from Bank Deposits	199	1.10
5	Wages	44	0.24
6	Government	240	1.34
7	Other	228	1.26
	Total	17953	100

Sources: Computed from primary data.

The table reveals the sources of income of the respondent. In the study for the household only 62.06 percent income get from the main sources of Agriculture and the rest of the from supplementary sources such as main occupation (27.86%), business (6.14%), Interest from bank deposits (1.10%), government (1.34%), and others (1.26%). Hence, majority of the people get income from agriculture source, 50 respondents are living in sufficient income because they are working in agriculture area.

The pattern of disposition of saving is an important factor in determining how the saved around is utilized for productive purpose. The proportion of household saving in financial assets determines the channelization of saving for investment in other sectors of the economy. The volume of investment of saving in physical assets determines the productivity and generation of income in the sector itself. The present study has made an analysis of the pattern of investment of the households, in general. For the different occupation groups, for different income groups and for households with different education qualifications, there will be differences in the asset preferences.

Table No.4: Investment of Saving in Financial Assets

SI. No	Type of Assets	Average Saving in Financial Assets (Rs)	Percentage
1	Insurance	52700	32.44
2	Post office saving	1726	1.06
3	Bank deposits	103840	63.94
4	Money	3950	2.44
5	Saving in SHG	200	0.12
	Total	102416	100

Source: Computed from primary data.

The Table shows, the households decide its allocation among compiling financial assets depending on (a) availability of various assets (b) Their respective rates of return and (c) the rate of return on physical assets. The share of saving in the form of financial investment Rs.162416 of the various financial assets, the highest share in the form of bank deposits 63 percent Post office saving have also attracted the attention of many rural households even through the total amount involved is comparatively low and only 1 percent of household have reported saving through Post office.

Rural households have selected contracting saving assets like insurance, chit funds for investment only 32.4 Percent of saving in the study area.

Table No.5: Investment of Saving in Physical Assets

SI. No	Types of Assets	Average Saving in Physical Assets (Rs)	Percentage
1	Land	540700	38.55
2	Gold and Silver	261800	18.66
3	Properties	600000	42.79
	Total	1402500	100

Source: Computed from primary data.

The above Table shows the share of saving in the form of physical investment Rs.1402500, of the various physical assets. The highest share in the form of land 38 Percent of total physical saving is in the form of purchase of land, 42 Percent share in the form of Properties, 18 percent share in the gold and silver but these assets consider some time financial assets because highly liquidity than other physical assets. Hence, the returns are very high for financial assets than physical assets.

Table No.6:Expenditure Pattern of Households

Sl. No	Item of Expenditure	Average Monthly Expenditure (Rs)	Percentage
1	Rice	8536	48.28
2	Wheat	464	2.62
3	Pulses	297	1.68
4	Oils	258	1.46
5	Grocery	52	0.29
6	Fruits	446	2.53
7	Vegetables	691	3.91
8	Meal	192	1.09
9	Fuel and Lighting	3025	17.11
10	Clothing's	596	3.37
11	Education	2128	12.03
12	Luxury Goods	963	5.45
13	Others (specify)	32	0.18
	Total	17680	100

Source: Computed from primary data

The above table shows the rural households are derive income from various sources. Consumption expenditure is based on income. For the calculation of consumption expenditures, spending under all heads of consumption for all members of the family for regular items of expenditure monthly data are collected. Under the head consumption expenditure all items under food and non food including

expenditure on consumption durables are included. Data on expenditure on each item of food were collected on a monthly basis. Data for expenditure on non food item like fuel clothing, education, Luxury were collected for each numbers of the family on a monthly basis.

The above table shows household monthly average consumption expenditure per household consumption expenditure is Rs.17680 people to spend 48.28% income for Rice expenditure and rest of these expenditure like luxury (5.45%), education (12.03%), and clothing (3.37%). Hence most of the income to spend for rice.

CONCLUSION

The average wealth composition of households is Rs. 2083810 and portfolio of majority of wealth are land, properties and house. The average monthly income of the respondents is Rs. 17953 and the majority of income gets from agriculture. Therefore, the study area is depends on agriculture.

Saving pattern of respondents are divided into two categories financial and physical saving in the form of physical assets are land, gold and silver and properties. Researchers find most of the respondents in physical assets in the form of land because in rural area land holding is prestige of the society. Average saving of physical assets is Rs. 1402500 portfolio investment in land and properties are greater than others investment.

The respondents savings pattern of financial assets are insurance, post office saving, bank deposits etc. majority of the people save the money as form of bank deposits. In India, particularly in rural area generally in from of saving in post office and SHG but find the village these form of saving are very low.

The average expenditure pattern of households is Rs.17680 and majority of the income to spent for rice. It is necessary goods for human life in this village.

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