



# INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

## Saving Culture Of Rural And Tribal Households In Morigaon District Of Assam

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**Abstract:** Savings play a pivotal role in the well-being of households, both in developed and underdeveloped countries. This paper delves into the rural scenario at a macroeconomic level, focusing on the real savings of the tribal people residing in the Morigaon district of Assam. Their savings behavior is indicative of their distinct culture, which is prominently showcased during the Junbil Mela. Random sampling techniques were employed to gather primary data, and the analysis was conducted using a regression model. The study's findings shed light on the relationship between the size of savings and the income of tribal households in the Morigaon district of Assam.

**Keywords:** Savings behavior, Income, Macroeconomy, Culture, Tribal

### Introduction:

The magnitude of savings and their allocation towards more entrepreneurial investments play a pivotal role in the advancement of an economy. Dating back to classical economic thought, economists have underscored the significance of savings as a determinant of economic growth. Particularly, in rural areas, there exists substantial potential for savings that has regrettably been overlooked by policymakers, resulting in the absence of concerted efforts to mobilize these substantial savings. In the context of a developing nation, the enhancement of rural areas, often neglected, is indispensable for achieving the overarching objectives of comprehensive development. Within the Indian economic landscape, household savings assume critical importance due to their impact on the growth of various sectors. Historical data spanning from 1950 to 2000 highlights that household savings consistently constituted a substantial portion of gross national savings, ranging from 68% to 82%. This underscores the pivotal role of household savings as a significant component of national savings. Remarkably, despite Assam having a lower per capita income compared to other states, it exhibits a remarkable savings rate. This is evident in the substantial deposits accumulated by commercial

banks, cooperative banks, and regional rural banks. Notably, the total deposits held by scheduled commercial banks in Assam surged from Rs. 31,666 crores in March 2008 to Rs. 67,455 crores in March 2012. Furthermore, the total deposits in regional rural banks increased from Rs. 4,653.08 crores in 2011 to Rs. 5,180.33 crores in 2015.

This observation underscores the substantial contribution of the rural sector in Assam to the state's overall financial savings. However, it is crucial to note that Assam's credit-deposit ratio, standing at 48.1% in 2021, lags significantly behind the national average. This discrepancy clearly highlights the inadequate capital formation within the state. As the level of capital formation plays a pivotal role in promoting development, it is imperative to gain insights into the factors that influence household savings. Building upon this context, this study aims to identify the primary determinants of household savings in Assam, with a particular focus on the rural population. Additionally, Assam's insurance sector demonstrates considerable progress, with an insurance penetration rate of 0.98% in 2012-13, exceeding the national average of 0.66%. Furthermore, Assam's insurance density witnessed an increase, rising from Rs. 336.4 in 2006-07 to Rs. 449.9 in 2012-13. These statistics collectively underscore the robust savings culture in Assam, even in the face of economic challenges, and emphasize the significance of harnessing these savings for the state's economic development.

### Methodology:

The study area encompasses the Morigaon district in Assam. A sample of 92 households was selected using a random sampling method. Initially, one development block was purposively chosen from the five development blocks in the district. The Bhurbandha development block was selected, followed by the selection of three villages, namely Majorbori, Monigaon, and Dighalbori, within this block, employing the community concentration index. A random 25% of the population was selected, resulting in a total of 92 households being included in the study. To gather relevant information on socio-economic characteristics, a well-structured questionnaire was employed. The questionnaire covered details such as household income, the age of the respondent, educational background, occupation, and other pertinent factors. The analysis of factors influencing the savings of rural households was conducted using multiple regression models. The model expressing the relationship between the variables is as follows:

$$S = \alpha_0 + \alpha_1 X_1 + \alpha_2 X_2 + \alpha_3 X_3 + \alpha_4 X_4 + \alpha_5 X_5 + \alpha_6 X_6 + \alpha_7 X_7 + \mu_i$$

Where

S = Amount of rural household saving

$\alpha_0$  = Constant term

$\alpha_1$  .....  $\alpha_7$  are coefficients

$X_1$  = Age of the household head

$X_2$  = No of earners in the household

$X_3$  = Size of land holding

$X_4$  = Occupation of the household head

$X_5$  = Family Size

$X_6$  = Sex of the household head

$X_7$  = Year of schooling of household head

$\mu_i$  = Error term

**Objectives:**

1. To find out size of saving of rural households.
2. To evaluate the determinants of saving of the rural households.

**Hypothesis**

Saving behaviour has socio-economic variations.

**Analysis and Results:*****Age group and size of saving and Income***

The data demonstrates the average income, average saving of household heads of different age groups and their saving income ratio. The saving income ratio is increasing at the initial stage, reaches the peak and then coming down. With the exception to the youngest age group (below 30) saving follow the hump shaped pattern as proposed by the life cycle theorists.

**Table1: Age-wise distribution of saving (Rs. per annum)**

Age	% of Household	Average Income	Average Saving	S/Y
Below 30	3.57	127934	42205	0.33
30-40	19.64	136322	30964	0.23
40-50	44.65	134723	35466	0.26
50-60	27.68	207143	77640	0.37
Above 60	4.46	187335	44053	0.23

**Source:** Survey data

***Occupation groups and the size of saving and income*****Table2: Income and saving of different occupational groups (in Rs.)**

Occupation group	% of Households	Average Income	Average Saving	S/Y
Cultivators	31.3	119766	14453	0.12
Agri. Labour	14.1	77875	15434	0.19
Non-Ag. Labour	16.1	88978	19756	0.22
Salaried	19.6	32786	15875	0.48
Self-employed	18.9	126544	26453	0.21

**Source:** Survey data

Table 2 shows that the saving income ratio of the cultivator households is the lowest among all the occupational groups. This may happen due to the reason that more than 90% of the cultivator households depend upon small scale, non-commercial traditional agricultural practices. Similarly the saving income ratio of the agricultural labour group is only 0.18.

**Table3: Regression estimates for determinants of rural household saving**

Variables	Coefficient	T-Value
Age	247.310	.597
Land Holding	302.234	.507
Occupation	136601.7***	15.61
Family Size	-5372.07**	-2.255
Sex	47561.04***	3.507
Earners	33867.57***	6.432
Year of Schooling	2301.54**	2.453
Constant	-91862.12***	-3.43
F-test	53.89	
R <sup>2</sup>	0.62	

**Source:** Author's own calculation

\*\*\*, \*\* and \* indicate significant at 1, 5 and 10 percent level.

The result of the F-test is significant at 1 percent in all areas. The study shows the positive relationship between age and household saving, however it is not significant meaning that the Life Cycle Hypothesis may not be a very strong phenomenon in the surveyed area. In case of size of land holding, the result is insignificant for all households. On the other hand, the number of income earners is found to be significant at 1% level of significant which means that the rise of one income earner in a particular household is associated with the increase in household saving of Rs. 33867 in the study area. The educational attainment of the household is found to be significant at 5% level and it means that one more year of schooling will increase household saving by Rs. 2301. Family size is found to be negative at 5% level and it means that an increase on one member in the household is associated with a decline in saving by Rs. 5372. The R<sup>2</sup> of 0.62 indicates how well the regression line fits the data and shows that our explanatory variables are explaining 62% of the variation in the dependent variables. Variance Inflationary Factor (VIF) less than 5% confirms that there is no multi collinearity problem.

### **Conclusion:**

The study attempts to find out saving behaviour of rural and tribal population in Morigaon district of Assam. The findings demonstrate both positive and negative influences of saving behaviour of rural households. The significant determinants of savings of scheduled tribe population are family size, number of earners, occupation, sex and year of schooling. Moreover, the findings also reveal that the average saving among the people significantly differ depending on the socio-economic background especially, among different age groups, educational attainment which clearly fulfills the hypothesis of the study.

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