

# **A STUDY ON SAVINGS BEHAVIOUR IN HOUSEHOLDS OF SMALL FARMERS IN RAIPUR DISTRICT (CHHATTISGARH)**

## **ABSTRACT**

Every economy relies heavily on the savings generated by the household sector to expand. They are the primary driver of capital accumulation and the determinants of economic investment possibilities. Numerous factors, both internal connected directly to a certain household and external unrelated to it influence how families behave financially in terms of conserving money. The aim of this paper was to analyse savings behaviour of households of farmers in Raipur district (Chhattisgarh) in 2019, 2020 and 2021. Analyses were conducted on saving ability, Saved income out of total income, Extent able to survive to event to no income, Objectives and Forms of savings accumulation by households of various socio-economic groups.

## **INTRODUCTION**

Savings are a vital aspect of any country's economy. Money functions as a driver for the country's progress since people save in many ways available to them. Saving is a crucial activity for anybody since it protects the future from unforeseen events. As a result, saving necessitates meeting financial obligations. Saving refers to a portion of income that is not immediately used but is saved for future investment, consumption, or unforeseeable events. It is a means of reducing the danger associated with the inability to anticipate the future by serving as a preventative measure. As a result, it is seen as a critical component in bridging the financial gap faced by households.

Savings created by the household sector are a significant contributor in any economy's growth. They are the primary source of capital accumulation, determining a country's investment potential. Increased savings offer circumstances for increased future expenditure from the perspective of a household, (Aniola and Golas, 2013), showing their financial standing (Bywalec, 2009) and the standard of life of a certain family.

Many factors influence household financial behaviour in terms of savings accumulation, both internal (i.e., directly related to a certain household) and external (i.e., unrelated to it) (Skikiewicz, 2013). External factors include, first and foremost, socio-economic elements,

such as the overall economic state and future prospects, supply constraints on certain items, geographical considerations, such as reference groups, and information and educational aspects, such as market knowledge (Krupa et al., 2012).

## MATERIALS AND METHODS

Any good result from a scientific investigation of a problem requires the use of appropriate techniques and procedures. This chapter makes an effort to outline and explain the study's setting as well as the method for selecting participants and developing an interview schedule.

### 1. Sampling methodology

**Table 1: List of selected blocks and villages from Raipur district**

District	Block	Villages	Farmers
<b>Raipur</b>	Arang	Farfoud	50
		Chhatouna	50
	Abhanpur	Dhusera	50
		Patewa	50
<b>Total</b>	<b>2</b>	<b>4</b>	<b>200</b>

### 2. Method of data collection

Following the completion of the research design and interview schedule, the data was collected using the personal interview method. The aims were achieved using the field survey strategy. The researcher contacted each responder directly to collect the data. The researcher presented himself to the participants and asked for their participation in the study while also outlining the purpose of the visit, the study's goals, and its importance. After building a rapport with them, specific information was elicited from them in accordance with a predetermined schedule, and their responses were noted.

Using descriptive data, the saving behaviour of farming households were compared to those of other socioeconomic groups. The percentage of households declaring ownership savings in relation to their height, destination, and types of investing, defined as the

propensity to save, was determined for all households in Raipur district as well as certain socioeconomic groupings. On the basis of increases in the absolute values of the examined attributes, changes in households saving behaviour between 2019, 2020 and 2021 were identified. The value of the C-Pearson contingency coefficient and its statistical significance, based on a test, were used to define the strength of the relationship between the propensity to save and the economic and social groups.

## RESULTS AND DISCUSSION

### 1 Saving ability of households in different categories of farmers in 2019, 2020 and 2021

Household finances are managed in part by household members' decisions on how much of their resources should be spent and how much should be preserved. According to the statistics in Table 2, the ability to save in marginal farmers, small farmers, medium farmers, and large farmers grew in 2021, 2020, compared to 2019.

Obviously, the increased ability to save among all households in the research area in 2021, 2020, compared to 2019, may have indicated a boost in their income and improved financial status, i.e., changes in the overall society's standard of living. Many studies have found that income growth has a favorable impact on saving behavior when measured in various ways. A rise, on the other hand.

**Table 2. Saving ability of households in different categories of farmers group in 2019, 2020 and 2021**

S.N.	Years	Marginal farmers		Small farmers		Medium farmers		Large farmers	
			%		%		%		%
1.	2019	8,000	27.11	568,000	29.95	1,969,000	30.25	4,599,000	31.45
2.	2020	8500	28.81	586,000	30.90	2,029,000	31.17	4,614,000	31.55

3.	2021	13,000	44.06	742,000	39.13	2,510,000	38.56	5,407,000	36.98
<b>Total</b>		<b>29,500</b>	<b>100</b>	<b>1,896,000</b>	<b>100</b>	<b>6,508,000</b>	<b>100</b>	<b>14,620,000</b>	<b>100</b>

Households selected based on the primary source of income varied in terms of able to save. Analysis of the data given in Table 2, shows that in the years 2019, 2020 and 2021 the greatest able to save was found for households of large farmers. Marginal farmers saved 27.11% in 2019, 28.81% in 2020, 44.06% in 2021, small farmers saved 29.95% in 2019, 30.90% in 2020, 39.13% in 2021, medium farmers saved 30.25% in 2019, 31.17% in 2020, 38.56% in 2021, and large farmers saved 31.45% in 2019, 31.55% in 2020, 36.98% in 2021. It is clear from this result that in 2021, the savings of households have increased as compared to 2019, and 2020.

## 2.Saved income out of total income of the respondents

Table 3 show the results of the respondents' Saved income out of total income of the respondents'

**Table 3: Saved income out of total income of the respondents.**

S.N.	Saved income	Numbers	Percentage
1.	Less than 20%	67	33.5
2.	Between 20-40%	99	49.5
3.	More than 40%	34	17
<b>Total</b>		<b>200</b>	<b>100</b>

According to the table3, 33.5 percent of total respondents save less than 20 percent of their income, followed by 49.5 percent who save between 20-40 percent of their total income, and 17 percent who save more than 40 percent of their entire income.

### 3.Extent able to survive to event to no income

Table 4 show the results of the respondent extent able to survive to event to no income.

**Table 4 Extent able to survive to event to no income**

S. N.	Category	No. of farmers	percentage
1.	Up to 3 months	22	11
2.	Over 3 months up to 6 months	30	15
3.	over 6 months up to annual	65	32.5
4.	More than year	63	31.5
5.	Hard to say	20	10
<b>Total</b>		<b>200</b>	<b>100</b>

According to the table 4 extent able to survive to event to no income 11% farmers said up to 3 month, 15% farmers said over 3 months up to 6 month, 32.5% farmers said over 6 months up to annual, 31.5% farmers said more than year and 10% farmers said hard to say.

### 4. Objectives for savings in respondents

Household savings decisions can be influenced by a variety of motives and goals for saving, including the following, according to the literature: reserve for ongoing consumption spending, Expenses that are fixed Purchases for long-term use Purchase of a home or a deposit with a housing association medical expense, Children's future is protected with a

contingency fund. To provide for one's elderly age, to increase one's economic activity, a contingency fund, Expenses that is required.

**Table 5 Objectives for savings in respondents**

<b>S. N.</b>	<b>Objectives for savings</b>	<b>No. of farmers</b>	<b>percentage</b>
1.	Reserve for running consumption expenditure	4	0.49
2.	Fixed expenses	200	24.66
3.	Purchase for durable goods	117	14.42
4.	Purchase of a house/flat or deposit to housing association	6	0.73
5.	Medical bills	163	20.09
6.	Contingency fund	108	13.31
7.	Providing for the future of children	115	14.18
8.	Provision for old age	58	7.15
9.	To expand one's economic activity	21	2.58
10.	Emergency fund	6	0.73
11.	Necessary expenses	13	1.60
<b>Total</b>		<b>811</b>	<b>100</b>

Table 5 presents priorities for savings of households belonging to different category of farmer. It results from the presented data that the primary objectives of savings for households in the analyze. These households which had savings, most frequently declared that they accumulated them as a fixed expense (24.66%), Medical bills (20.09%) and

Purchase for durable goods (14.42%). Other objectives included most frequently Providing for the future of children (14.18%), Contingency fund (13.31%), Provision for old age (7.15%), To expand one's economic activity (2.58%), Necessary expenses (1.60%), Purchase of a house/flat or deposit to housing association (0.73%), Emergency fund (0.73%) and Reserve for running consumption expenditure (0.49%).

## 5. Forms of savings in respondents

Table 6 show the results of the respondents' survey on their forms of savings.

**Table 6 Forms of savings in respondents**

S. N.	Forms of savings	No. of farmers	percentage
1.	Banks (saving a/c, FD, RD, etc.)	138	69
2.	Post office	9	4.5
3.	Cash in hands	40	20
4.	LIC	9	4.22
5.	saving scheme	4	2
<b>Total</b>		<b>200</b>	<b>100</b>

Table 6

illustrates that 69% respondents prefer to save in banks Followed by 20% respondents who save in cash in hands, 4.5% prefer Post office, 4.22% respondents save in LIC. And only 2% respondents prefer saving scheme. Which indicate that maximum number of people prefer to save in banks. It may be because households found banks safer than other options for saving.

## CONCLUSION

Family members' decisions on how much of their resources should be spent and how much should be saved help to manage household finances. The results in Table 2 show that

marginal farmers, small farmers, medium farmers, and large farmers all had greater capacity for saving in 2021 and 2020 than they did in 2019. It is obvious that the higher ability to save among all households in the research area in 2021 and 2020 compared to 2019 may have signaled changes in the overall level of living of society. Numerous studies have discovered that, when taken into account in different ways, income increase has a positive effect on saving behavior. Alternatively, a rising Table 3 shows that, overall, 17 percent of respondents save more than 40% of their income.

Table 4 shows the extent to which one can subsist in the event of no income. 32.5% said over six months up to an annual, and 31.5% said more than an annual.

Table 5 lists the top savings priority for households that fall under various categories of farmers. The data that is being presented leads to the conclusion that households should assess their main savings goals. Most frequently, these households who had savings stated that they had saved for fixed expenses (24.66%), medical expenses (20.09%), and purchases of durable goods (14.42%).

Table 6 shows that 69% of respondents favor saving in banks. which show that the majority of individuals favor saving with banks. Perhaps because banks were perceived by households as being safer than alternative means of saving.

## REFERENCES

- Aktas, A., Guner, D., Gurssel, S., Uysal, G. (2010). Structural determinants of household savings in Turkey: 2003-2008. Betam Working Paper series 007. Bahcesehir University Center for Economic and Social Research.
- Ashturkar, B.H. and C.D. Deole (1989): Income and saving of selected holding in agriculture under the command Area of Purna project in Parbhani district. *Indian J. Agril Economics*; XXVII (4): 85.
- Bérubé, G., Côté, D. (2000). Long-Term Determinants of the Personal Savings Rate: Literature Review and Some Empirical Results for Canada. Bank of Canada Working Paper 2000–2003. Ottawa: Bank of Canada.
- Bhole, B.D., S.B. Udirwade and M.D. Kad (1990): Income and family expenditure of farmers and landless labourers in selected area of Buldana district. *Maharashtra Jr. of Agriculture Economy* 3(1):66.

- Buragahain, Tarujoyti. (2008), Household saving in India, National Council of Applied Economic Research. vol. 11, pp.163-192.
- Burgess, R and Pande, R. 2003. Do rural banks matter? Evidence from the Indian Social Banking Experiment, Discussion Paper DEDPS/40, The Suntory Centre, London School of Economics and Political Science, London, U.K.
- Chaturvedi, Minakashi and Khare, Shruti. (2012) Saving pattern and investment preferences of individual household in India, International Journal of Research in Commerce and Management, vol.3, No.5, pp.115-127.
- Chmielewska (2000), Farmers households are a distinct socioeconomic group. Journal of agribusiness and rural management, 4(42) 2016, 557–566
- Fisher, P., Anong, S. (2012). Relationship of Saving Motives to Saving Habits. J. Fin. Couns. Plan., 23, 1, 63–79.
- Floro, Maria and Stephanie Seguini. (1999), Gender effects on aggregate saving, International Journal of Social Science Research, vol. 5, pp.5-39.
- Guaziglia, P. and Kim, H.D. (2004), Rural household saving investment pattern : an empirical study in Kerele, International Business and Economic Research Journal. vol.9. pp.289-310.
- Kushwaha, R.K.S.: O.P. Maurya and G.N. Singh (1996): Income, saving and investment pattern in farming in district. Etawah (U.P.) Indian J. Agril. Econ. 51(4): 628.
- Loayza, Norman and Shanker, Rashmi. (2002), Private saving and investment in India. The World Bank Economic Review, vol. 10, pp.571-94.