

# Assessing the Impact of Demographic Attributes' on the Saving Habits of Rural Middle Class of Udaipur District of Rajasthan

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## Abstract

The study assessed the impact of rural middle-class households' demographic characteristics on their saving habits. The study's operational and geographical scope was limited to the rural middle class households of Udaipur district of Rajasthan and their saving habits. The basic aim of the study is to assessing the impact of demographic characteristics (age, gender, marital status, monthly income, family type, academic qualification and occupation) on the rural middle class peoples' saving behaviour and habits. Total 385 rural middle-class households of the rural areas of Udaipur (Badgaon, Girwa tehsil, Salumber, Jaisamand, Mavli, Balicha, Eklingji, Chirwa and Dabok etc.) district participated in the research. The study concluded that demographic characteristics like age, marital status, monthly income, family type, academic qualification and occupation of rural middle-class household are positively associated with their saving habits but only one demographic characteristic that is gender does not affects the saving habits of rural middle-class households. To assess the significance of the relationship between the demographic characteristics of a rural middle-class household and the related demographic attributes one way ANOVA test was performed.

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**Keywords:** Investment, Middle-class, Awareness, Household, Saving Demographic Characteristics

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## Introduction

Central Statistical Organization (2014) defined saving as, "Saving is the balanced amount or the figure of the income which remains after all the possible necessary expenses of the individual or the family or the enterprise." According to the properties, setup and estimation of the saving it is of three types: Household Saving, Private Sector Saving and

Public Sector Saving. The household sector saving represents the savings performed or accrued by the individual member of a household and the contribution of this saving is good enough in the national income computation of the country. Private Corporate sector savings represent the savings performed by private owned corporations. Generally private corporate sector comprise of Non-government non-financial companies, Commercial banks and insurance companies working in private sector, Co-operative banks, credit societies and non-credit societies and Non-banking financial companies in the private sector. Public sector savings represent savings of government and savings of public sector undertakings. Indian Rural economy is growing rapidly and this evolving nature of the rural economy is leading to the introduction of various investment opportunities or offerings from both the private financial institutions and government as well. As it is been noticed that the literacy level in India is increasing year by year, still besides the growth in the literacy rate and increased literacy level, the awareness for the financial products in other words financial literacy rate is much slower in villages or the rural area of India. Government had introduced several schemes under the concept of financial exclusion, by which now a citizen of the nation is not limited up-to banks only to render the financial services they may go for savings in post offices as well, investors may have the choices of a variety of instruments. The decisions or the behaviour for the saving may vary for every individual depending on their risk taking ability, awareness for the instrument, awareness for the investment avenues and the purpose for which they are investing their saving. Purpose of investment can be related with saving objective. The ultimate aim of the every

individual investor is to go for such investment option which may give them certain personal financial goals under the fixed time period. Investment behavior of an individual reveals the individuals' approach for the available investment avenues and also confirms the effect of the factors which may affect his allocation of his savings. The saving behavior of individual consists of why an individual want to save, how much percentage of the disposable income an individual wants to save, and the what opinion he/she has for the saving when investment options are available. Saving objective of household savers is always substantiated by the investment option they choose to attain their objectives or purpose of savings.

The rural middle-class household behaviour for the savings shows their economic behaviour and reflects their contribution in the economic prosperity and the societal growth of the nation. In this context the present research study titled "Saving Behavior of Rural Middle Class Families of Southern Rajasthan" is undertaken. The present study attempts to make significant contribution in the field of understanding the saving behavior of the Middle Class Rural Households in Udaipur district of Southern Rajasthan of India. The in-depth review of literature suggests that the investment decision and the saving behaviour are closely coupled with each other but the systematic savings and investment can be enhanced by creating awareness among rural middle-class households regarding the awareness for the benefits of savings and investment avenues. The study explores saving behavior of rural middle-class households/investors in the Udaipur district of Rajasthan, and describes relationship among several variables which may influence the saving behavior or approach of rural middle

class household. Present study also highlights the association of demographic and socio-economic profile of investors with saving habits.

The study attempted to measure the impact or association of rural middle-class households' demographic characteristics and saving behaviour with the help of a structured questionnaire. Questionnaire helped to examine different parameters of saving behaviour of an Individual on Five Point Likert Scale. The study design and framework focuses on development and invention of study subject related factors. The study sample size was 385 rural middle-class households of the rural areas of the Udaipur district of Rajasthan. Feedback of sampled rural middle-class households was collected with the help of a structured questionnaire. The questionnaire enclosed several statements related to the rural middle-class households' behavior and approach for the savings and investments. Personal or demographic information of rural middle-class household like age, gender, marital status, monthly income, family type, academic qualification and occupation is also collected with the help of questionnaire.

### **Review of Literature**

Issahaku (2011) in his study on microeconomic approach of estimating the determinants of financial saving confirmed that age composition of the individual and assets making behaviour of him do not have a major effect on individuals' saving behaviour. For his study the primary data was collected from the households of Nadowli. The study also revealed that occupation, expenditure, assets and saving as factors constraints the households' investments.

Delafrooz and Paim (2011) tried to assess the

relationship of savings behaviour and financial problems and financial management practice of Malaysian workers. The study revealed that financial management practices significantly calculated financial problems of the workers, financial management and financial literacy helped to calculate the saving behaviour and financial stress and saving behaviour of the workers do not have any significant relationship between them. The study recommended that financial problem and financial stress proof needs to be improved in workers' financial issues by reducing their financial stress.

Turner and Manturuk (2012) studied the extent of impact of individual, institutional, and structural determinants on individual decision making for the saving. They concluded that family, upbringing, and employment experiences as individual determinants, incentives, disincentives, and organizational culture shape, participants' trust as institutional determinants significantly affect participants' attitudes toward savings and their confidence in their ability to save.

Nathridee Suppakitjarak & Piyarat Krishnamra (2015) concluded in their study that regulators and obstacles of the financial market make the investor not to participate in particular instruments. For example like some savers do not invest in some instrument because the minimum requirement for invest is too high and some savers do not buy insurance, corporate bond, and banker acceptance because they afraid that the issue will default or in the case of stock and government bond they afraid of losing the value of their investment. So they suggested that more liberal and convenient financial policies and plans must be introduced to encourage the individual for saving and investment.

J. Amudha, V. Aravamudhan Varathan (2015) in their study "Determinants and patterns of saving behaviour in rural household of Salem" concluded that income, level of expenditure, consumption pattern of the rural household are the major determinants which influences the saving behaviour of the individual. To assess the level of significance of the effect of the determinants on the saving behaviour of the rural household of Salem multiple regression test was performed. By the test it was identified that consumption is more significantly affecting individuals' saving behaviour rather than his income as determinant.

Haruni Jeremia Mapesa (2015) in his study on "Shaping the saving behaviour of the rural poor" examined the determinants of savings and investments offered by micro-finance institution or policies to a rural poor. The study concluded that rural finance programs promoted by any financial or micro-finance institution significantly affects the mobilization of savings of rural farm households. The study suggested that convenience and ease to approach MFIs by a rural household has a positive and significant impact on financial savings or saving attitude of rural farm household and also shows that rural farm households are able to save / invest in financial assets (Deposits, shares and other securities).

### **Research Methodology and Framework**

In India two-third (67.63% of total population) of the country's population is living in rural area and earns or contribute one-third of the national income. Household sector is one of the most important sectors which contribute more savings and investments to the gross domestic savings of the nation. The study has been conducted to assess the saving and investment

behavior of rural household as several demographic factors such as age, gender, marital status, monthly income, family type, academic qualification and occupation affects the individuals saving and investment behaviour or not. And which demographic factor is significantly affects and which is insignificantly associated with the rural middle-class household saving behaviour. As the contribution of the rural middle-class households in the economy in floating the money into capital market is remarkable, so it is quite important to study the rural middle class people saving and investment behaviour. While selecting the sample of rural middle-class households for the research the first criteria was area wise selection of households means household should be of rural area, second criteria was the class of income or the society that is middle-class and then the last criteria was district that is Udaipur.

Opinion of sampled rural middle-class households was collected from a structured questionnaire in which sampled households have to rate their opinion for their saving behavior related statements. And the secondary data was collected from libraries, internet, research journals, articles etc. The questionnaire structured for the research purpose inculcates following characteristics with in it:

1. The questionnaire developed for the purpose of study presents several statements related to the saving behaviour of the individual means what are the possible characteristics which may affect the saving behaviour of a household. Every saving characteristic was presented with the help of several statements.
2. Rural middle-class households have to rate their opinion for the administered statements on the basis of Likert Scale

measurement for purpose of saving, avenues for saving, factors motivates for saving and people involvement in making saving decision.

3. Demographic section of the questionnaire collected personal information of the sampled household like age, gender, marital status, occupation, monthly income, qualification, family type / structure and number of children.
4. Questionnaire was divided into three different sections. The first section of the questionnaire was related the personal information statement of the households and the second section was administered to collect the rural middle-class household' opinion for their saving behavior and third section of the questionnaire was responsible to collect the rural middle-class households' opinion for their investment behavior.
5. All the questions of questionnaire were closed ended; no open ended question was presented in the questionnaire.

The research design and the framework followed in the study was focused on assessing the extent of significance of the subject related issues and inner sight over the critical issues of the subject. As the research work studies the relationship between demographic characteristics of the rural middle-class households and their behavior, awareness for savings. The main variables which were included in the study and plays significant role to achieve the research objectives were as follows-

1. Independent Variable -
  - a. Middle-class Households of the Rural areas of Udaipur (Badgaon, Girwa tehsil, Salumber, Jaisamand, Mavli, Balicha, Eklingji, Chirwa and Dabok etc.)

## 2. Dependent Variables -

- a. Saving Behavior
- b. Awareness level for the Saving and its related benefits

The study is aimed to attain the following research objective which is a sincere attempt to find out the saving behavior of rural middle class households of Southern Rajasthan districts.

1. To study the impact of demographic characteristics of rural middle class households on their saving behaviors?

To attain the above stated objective following hypotheses were formulated in order to realize the research objectives:

H<sub>0</sub>: Demographic characteristics (Age, Gender, Marital Status, Monthly Income, Family type, Academic Qualification and Occupation) do not affect the saving habits of rural middle-class households of southern Rajasthan districts.

H<sub>1</sub>: Demographic characteristics (Age, Gender, Marital Status, Monthly Income, Family type, Academic Qualification and Occupation) significantly affect the saving habits of rural middle-class households of southern Rajasthan districts.

In order to estimate that which personal characteristics significantly affect individuals' saving habits or behavior one way ANOVA test was performed as this test helps to compare the means score of the groups (between groups and Within groups). One way ANOVA test helps to improve the data quality and its interpretation as well. The ANOVA tests the null hypothesis that samples in two or more groups are drawn from populations with the same mean values. ANOVA is a relatively robust procedure with respect to violations of the normality assumption.

## Data Analysis and Interpretation

**Table 1: Reliability analysis of the Responses of Rural Middleclass households**

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.842	.858	112

**Source: Primary Data**

Table 1 presented the reliability statistics of rural middle-class household respondents opinion collected from the structured questionnaire presenting the statements related to saving behaviour and habits. From the table it could understand that reliability was measured for the 112 different variables by Cronbach's alpha value. The cronbach's alpha value for the 112 number of items found 0.842 which shows the 84.2% reliability of the data and confirms the good internal consistency and relationship among the variables. It also confirms the quality of questions as well. Cronbach's alpha value of the standardized items is 0.858 which is also more than 0.70 and shows quality of the data and questions is good.

**Table 2: Descriptive Statistics of Sample Teachers Responses**

Scale Statistics			
Mean	Variance	Std. Deviation	N of Items
234.2319	756.062	27.49659	112

**Source: Primary Data**

Table 2 presented the descriptive scale statistics for the responses of rural middle-class

households. From the table it could interpret that for all the items or the variables participated in the study the mean score value is 234.2319 and variance is 756.062. The observed standard deviation for the mean score value of 112 variables of the study is 27.49659 which confirms the deviation of the mean score value in both positive and negative direction ( $234.23 \pm 27.49$ ) of the mean value. The good variance and standard deviation value confirms the variability in the responses of the rural middle-class respondents chosen for the study purpose. Higher would be variability in the responses, higher quality responses and less skewed data confirmation could better be observed.

From Table 3 presented below demonstrates the descriptive statistics of rural middle-class Households. By the data values presented in the table it could interpret that total number of rural middle-class respondents participated in the research and filled the questionnaire and also preferred for the study purpose were 385. Observed standard deviation from the mean score of age class is ( $2.46 \pm 0.89$ ), of gender class is ( $1.65 \pm 0.47$ ), of marital status class is ( $1.47 \pm 0.74$ ), of monthly income class is ( $2.28 \pm 1.00$ ), of family type class is ( $1.58 \pm 0.65$ ), of qualification class is ( $2.83 \pm 1.29$ ), and of Occupation class is ( $2.22 \pm 1.13$ ). All the presented mean and standard deviation values for the listed seven demographic variables showed good variation for the rural middle-class respondent demographic profile and ensures that while selecting the respondents it was properly confirmed by the researcher that all the possible demographic class should participate in the study, which ensures the quality of the research as well.

Table 3: Descriptive Statistics of Rural Middleclass Households

Descriptive Statistics								
	N	Minimum	Maximum	Mean	Std. Deviation	Variance	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
Age Group	385	1.00	4.00	2.4644	.89534	.802	.369	.115
Gender	385	1.00	2.00	1.6511	.47715	.228	-.636	.115
Marital Status	385	1.00	4.00	1.4778	.74958	.562	1.574	.115
Monthly Income	385	1.00	4.00	2.2822	1.00904	1.018	.222	.115
Family Type	385	1.00	3.00	1.5889	.65212	.425	.660	.115
Qualification Level	385	1.00	6.00	2.8333	1.29458	1.676	.226	.115
Occupation	385	1.00	5.00	2.2222	1.13438	1.287	.475	.115
Valid N (listwise)	385							

Source: Primary Data

Table 4: ANOVA Statistics of comparison of means of demographic variables for rural middle class households

ANOVA					
Saving Habits [For Age]					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	12.351	3	4.117	18.908	.000
Within Groups	97.107	381	.218		
Total	109.458	384			
Saving Habits [For Gender]					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.126	1	.126	.517	.473
Within Groups	109.332	383	.244		
Total	109.458	384			
Saving Habits [For Family Type]					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5.761	2	2.881	12.417	.000
Within Groups	103.697	382	.232		
Total	109.458	384			

Saving Habits [For Qualification]					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3.192	4	.798	3.342	.010
Within Groups	106.265	445	.239		
Total	109.458	449			
Saving Habits [For Marital Status]					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3.378	3	1.126	4.734	.003
Within Groups	106.080	381	.238		
Total	109.458	384			
Saving Habits [For Occupation]					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3.938	5	1.313	6.278	.000
Within Groups	93.253	379	.209		
Total	97.191	384			
Saving Habits [For Monthly Income]					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.284	3	1.428	5.963	.001
Within Groups	106.827	381	.240		
Total	111.111	384			

**Source: Primary Data**

Following observations were drawn/derived from the Table 4:

1. There is significant difference ( $F = 18.908$ ,  $\text{Sig.} = .000$ ) between the rural middle-class households' saving habits according to their age groups. Thus it can conclude that age significantly affects the saving habits of rural middle-class household.
2. There is insignificant difference ( $F = .517$ ,  $\text{Sig.} = .473$ ) between the rural middle-class households' saving habits according to their gender type (Male and Female). Thus it can conclude that gender does not affect the saving habits of rural middle-class households or we can say that habit of saving is not gender specific and any one can save the amount whether a homemaker as well.
3. There is significant difference ( $F = 12.417$ ,  $\text{Sig.} = .000$ ) between the rural middle-class households' saving habits according to their family type (Nuclear, Joint and Single). Thus it can conclude that type of family of rural middle-class household affect the saving of rural middle-class households.
4. There is significant difference ( $F = 3.342$ ,  $\text{Sig.} = .010$ ) between the rural middle-class households' saving habits according to their



academic qualification (illiterate, undergraduate, graduate, post graduate and others). Thus it can conclude that academic qualification of rural middle-class household affect the saving habits of rural middle-class households.

5. There is significant difference ( $F = 4.734$ , Sig. = .003) between the rural middle-class households' saving habits according to their marital statuses (Married, Divorcee, Widow / Widower and Single / Unmarried). Thus it can conclude that marital statuses of rural middle-class household affect the saving habits or behaviour of rural middle-class household.
6. There is significant difference ( $F = 6.278$ , Sig. = .000) between the rural middle-class households' saving habits according to their occupations (Agriculture/ Agriculture labourer, Business, Service, Cattle raring and other). Thus it can conclude that

occupation of rural middle-class household affect the saving habits or behaviour of rural middle-class household.

7. There is significant difference ( $F = 5.963$ , Sig. = .001) between the rural middle-class households' saving habits according to their monthly income ( $\leq 10000$ ,  $10000 - 30000$ ,  $30000 - 50000$  and  $\geq 50000$ ). Thus it can conclude that monthly income of rural middle-class household affect the saving habits or behaviour of rural middle-class household.

Thus from the Sig. column value for the respective demographic characteristics it can understand that age, marital status, monthly income, family type, academic qualification and occupation of rural middle-class household are positively associated with their saving habits but only one demographic characteristic that is gender does not affects the saving habits of rural middle-class households of Udaipur district of Rajasthan.

**Table 5: Status of hypotheses assessing the impact of demographic characteristics on the saving habit of the rural middleclass households**

S. No.	Hypotheses	Status
1.	$H_{01a}$ : Age significantly affect the saving habits of rural middle-class households of southern Rajasthan districts.	Accepted
2.	$H_{02}$ : Gender does not affect the saving habits of rural middle-class households of southern Rajasthan districts.	Accepted
3.	$H_{03a}$ : Marital status significantly affects the saving habits of rural middle-class households of southern Rajasthan districts.	Accepted
4.	$H_{04a}$ : Monthly income significantly affects the saving habits of rural middle-class households of southern Rajasthan districts.	Accepted
5.	$H_{05a}$ : Family type significantly affects the saving habits of rural middle-class households of southern Rajasthan districts.	Accepted
6.	$H_{06a}$ : Academic qualification significantly affects the saving habits of rural middle-class households of southern Rajasthan districts.	Accepted
7.	$H_{07a}$ : Occupation significantly affects the saving habits of rural middle-class households of southern Rajasthan districts.	Accepted
8.	$H_{08a}$ : Family size significantly affects the saving habits of rural middle-class households of southern Rajasthan districts.	Accepted

Source: Table 4

## Conclusions

In Rajasthan, in spite of good or average per capita income compared to other states, the rate of saving is not that much high, which is reflected in the total deposits mobiles by the commercial banks, co-operative banks and regional rural banks. This is because of the less industrialization, less developed agriculture sector and geographical disparities as well. In terms of per capita income, Rajasthan stands below the all India average and the sampled districts stand below the all other districts of Rajasthan. Cronbach's alpha value for the 385 rural middle-class respondents of the study was found .842 and confirms approx 84.2% reliability of the collected data. Cronbach's alpha value on standardized item was .858 and confirms the 85.5% reliability or quality of the data. Total number of items include in the study were 112. Following were the findings of the study performed to assess the relationship between the demographic variable and saving behaviour of rural middle-class households:

1. In order to estimate that which personal characteristics significantly affect the individuals' saving habits or behavior one way ANOVA test was performed over the data set.
2. Age as a demographic variable significantly affects the saving habits of rural middle-class. (F = 18.908, Sig. = .000)
3. Gender as a demographic variable does not affect the saving habits of rural middle-class. (F = 0.517, Sig. = .473)
4. Family type as a demographic variable significantly affects the saving habits of rural middle-class. (F = 12.417, Sig. = .000)
5. Academic qualification as a demographic variable significantly affects the saving habits of rural middle-class. (F = 3.342, Sig. = .010)
6. Marital status as a demographic variable significantly affects the saving habits of rural middle-class. (F = 4.734, Sig. = .003)
7. Occupation as a demographic variable significantly affects the saving habits of rural middle-class. (F = 6.278, Sig. = .000)
8. Monthly income as a demographic variable significantly affects the saving habits of rural middle-class. (F = 5.963, Sig. = .001)
9. Family size as a demographic variable significantly affects the saving habits of rural middle-class. (F = 7.061, Sig. = .000)

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