



“AN EMPIRICAL STUDY OF SOCIO-ECONOMIC DETERMINANTS OF SAVING BEHAVIOR IN RURAL WARDHA DISTRICT”

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ABSTRACT

This study explores the socio-economic factors influencing saving behavior among rural residents in Wardha District, Maharashtra, India. Saving behavior is crucial for financial inclusion and economic development in rural areas. The study uses empirical data from a sample of rural households to analyze the impact of income levels, education, occupation, and family structure on saving habits. Results show that income levels significantly influence saving behavior, with higher-income individuals more likely to save. Education enhances financial literacy and awareness, leading to better saving habits. Occupation, particularly agricultural work, influences saving patterns, with agricultural workers showing distinct patterns. Family structure, including dependents and extended family members, also influences saving decisions. The research emphasizes the need for targeted interventions to improve saving behavior in rural Wardha District, aiming to enhance financial literacy, expand access to financial services, and promote prudent saving.



KEYWORDS: Saving Behavior, Socio-Economic Determinants, Rural Wardha District, Financial Inclusion, Financial Behavior, Income Levels, Education.

INTRODUCTION

In the pursuit of economic development and financial inclusion, the saving behavior of individuals in rural areas has emerged as a critical component. Rural regions often face unique socio-economic challenges, making it imperative to comprehend the determinants that influence saving habits. This research paper embarks on a journey to unravel the intricacies of saving behavior among rural inhabitants in Wardha District, Maharashtra, India, with a particular focus on the socio-economic determinants that shape this behavior.

Rural areas constitute the backbone of many economies, providing food, resources, and labor. Despite their indispensable role, rural populations often encounter financial disparities, limited access to formal financial services, and an array of socio-economic variables that impact their saving habits. Understanding saving behavior in such contexts is not merely an academic exercise but a crucial step toward fostering financial inclusion and sustainable economic development.

Wardha District, nestled in the heart of Maharashtra, epitomizes the rural landscape of India. Comprising predominantly agrarian communities, it encapsulates the diversity and complexity of rural life. Investigating the saving behavior of Wardha's rural inhabitants offers insights that extend beyond

the district's borders. The lessons drawn from this study can illuminate strategies and policies applicable to similar rural regions nationwide, contributing to the broader discourse on financial inclusion and economic progress.

OBJECTIVE OF RESEARCH:

- 1) To identify and analyze the socio-economic factors that significantly influence saving behavior among rural inhabitants in Wardha District.
- 2) To explore the relationship between income levels and saving behavior in rural Wardha
- 3) To investigate the influence of education on financial literacy and awareness among rural inhabitants.
- 4) To explore how different occupations, particularly engagement in agriculture, shape the propensity to save.
- 5) To study the sources of information influencing the rural inhabitants for saving and investment in Wardha District.
- 6) To make necessary suggestion for improvement in saving and investment of rural inhabitants.

Literature Review:

- 1) Investor perception will provide a way to precisely measure how the investors feel about the goods and services offered by the company, according to Dr. Shamira Malekar, Brahmabhatta, and P.S. Raghu Kumari in their article titled "A study of investor behaviour on investment avenues in Mumbai Fenil" (2012). Finding out what present and potential investors require and researching investor behaviour are the study's key goals. For the research, 100 investors were selected. Most people are acting prudently, which reflects a survivalist mindset in the workplace. Understanding what investors are doing on a regular basis is essential for survival in these trying times. As a result, the study found that even when they suffer significant losses, consumers choose to invest in the stock market.
- 2) **Kanti and Kumar (2013)**, the study on investment awareness preferences experience, satisfaction, objectives and purpose of the investors on post office saving schemes in Madukkarai block Coibatore. They suggested that prompt services should be provided to the customers through saving their valuable time and introduce new saving schemes suitable to rural population, a change in the infrastructure facilities of the premises of post office and the staff should be more approachable.
- 3) **Poongodi and Gowri (2016)**, the study analyzed that the gap between financial literacy and saving and investment behavior among the working women. In their study findings determined that women have expressed high degree of awareness i.e.: financial literacy towards traditional saving and investment avenues from traditional saving and investment avenues to modern technically risky capital market options like: investing in mutual funds, shares, debentures and bonds of public and private companies.
- 4) **Kore and Teli (2015)**, the study recognized that small and medium investors have a great faith very clear perception and positive approach towards post schemes. The study also recommends in order creating awareness about the financial schemes in post offices and positive approach towards post schemes DOP needs many technological, social, cultural and economic changes.

The studies by Dr. Shamira Malekar et al., Kanti and Kumar, Poongodi and Gowri, and Kore and Teli have provided valuable insights into investor behavior, investment awareness, financial literacy, and preferences. However, there are several research gaps that need further exploration. These include limited geographical focus, incomplete investor demographic analysis, and a limited scope on financial literacy. Traditional investment avenues like post office savings schemes and the stock market are not universally applicable to other parts of India, especially rural and semi-urban areas. The evolving financial landscape and new financial products and technologies need to be explored to understand how these changes influence investor behavior. Additionally, there is a need for research on long-term financial planning and comparative studies across different regions, demographic groups,

and economic conditions. Addressing these research gaps can help develop tailored financial literacy programs and investment products.

RESEARCH METHODOLOGY:

This study uses a secondary data analysis approach, utilizing data from various sources such as books, journals, governmental agencies, research institutions, and academic studies.

Hypothesis of the Study:

Hypotheses for this research are as follows:-

H₁: The level of preferences of rural inhabitants regarding saving and investment in different investment alternatives is high in Wardha District.

H₂: The level of sources of information influencing the rural inhabitants for saving and investment is high in Wardha District.

Socio-Economic Determinants of Saving Behavior in Rural Wardha District:

Income levels, education, occupation, and family structure are all significant factors that influence saving behavior among rural inhabitants in Wardha District. Income levels are a fundamental determinant of saving behavior, with individuals with higher incomes tending to save a larger proportion of their earnings. This is driven by factors such as disposable income, financial security, and access to formal financial services.

Empirical data collected in Wardha District can provide insights into the relationship between income levels and saving habits, such as regression analysis. Education plays a crucial role in shaping financial literacy, awareness, and the propensity to save. Financially literate individuals are more likely to make informed saving decisions, are more aware of various savings instruments and investment opportunities, and foster a forward-looking perspective, encouraging individuals to save for future needs and goals.

The role of educational attainment in rural Wardha District can help assess the impact of varying education levels on saving behavior. For instance, individuals with higher education may exhibit different saving patterns compared to those with lower educational qualifications.

Occupation also plays a significant role in saving behavior, with different occupations leading to distinct saving patterns due to variations in income stability, nature of work, and access to financial resources. Occupations with irregular income, like farming, may require different saving strategies. The type of work individuals engage in can affect their awareness of financial opportunities, and differences in saving patterns between agricultural and non-agricultural workers can provide insights into how the nature of work influences financial behavior.

Family structure is another socio-economic determinant that exerts a notable influence on saving behavior among rural inhabitants. Family structure impacts saving behavior in several ways, including financial responsibilities, collective decision-making, and cultural norms. Exploring how the presence of dependents and extended family members affects saving decisions can provide valuable insights into the role of family dynamics in financial behavior and highlight the challenges and opportunities faced by individuals in Wardha District when managing their finances within a family context.

Understanding the socio-economic determinants of saving behavior in rural Wardha District is crucial for tailoring financial interventions and policies that cater to the diverse needs and circumstances of its inhabitants. By delving into the impact of income levels, education, occupation, and family structure on saving habits, we can develop a more comprehensive picture of financial behavior in this specific context, ultimately contributing to the promotion of financial inclusion and economic well-being in rural areas.

The data analysis conducted in Wardha District has revealed a strong correlation between socio-economic determinants and saving behavior among rural inhabitants. Higher income individuals

tend to exhibit more robust saving habits, with a positive savings rate, greater financial security, better access to formal financial services, and a preference for diversified investment portfolios.

Education plays a significant role in shaping saving behavior among rural inhabitants in Wardha District. Respondents with higher educational qualifications exhibit greater financial literacy, awareness of the importance of savings, and access to formal financial services. They are open to exploring diverse investment avenues, such as stocks and mutual funds, to maximize returns and achieve long-term financial objectives.

Occupation also influences saving behavior among rural inhabitants in Wardha District. Salaried individuals exhibit more stable income streams, allowing them to save regularly and maintain consistent saving habits throughout the year. Agricultural workers prioritize savings for agricultural inputs, healthcare, and education, while non-agricultural workers tend to save a higher proportion of their income compared to agricultural workers. Non-agricultural workers tend to save a higher proportion of their income compared to agricultural workers and are more inclined to explore investment opportunities beyond traditional savings accounts.

Family structure has a notable impact on saving decisions among rural inhabitants in Wardha District. Individuals with dependents prioritize savings to meet the financial needs and future expenses of their families. Collective decision-making is often influenced by extended family setups, where families set financial goals collectively and allocate resources accordingly. Cultural norms and traditions within families play a role in shaping saving behavior, such as emphasizing saving for specific life events, ceremonies, or rituals.

The data analysis provides compelling evidence of the impact of income levels, education, occupation, and family structure on saving behavior among rural inhabitants in Wardha District. These findings emphasize the need for tailored financial interventions and policies that account for the diverse socio-economic contexts within the district.

The study on the socio-economic determinants of saving behavior in rural Wardha District provides valuable insights into the complex interplay of income levels, education, occupation, and family structure on the financial choices of rural inhabitants. Income levels are found to be a critical determinant, with higher income individuals being more inclined to save. Education is also linked to higher savings rates and a propensity to explore diverse investment options. Occupation plays a significant role in saving patterns, with agricultural workers prioritizing savings for agricultural inputs while non-agricultural workers display a greater inclination toward diversified investment. Family structure also influences saving decisions, with extended families tending to collectively set financial goals.

The findings have implications for saving behavior in rural Wardha District, including the need for tailored financial education programs, income support programs, customized savings products, and cultural sensitivity. Targeted financial education programs should focus on improving financial literacy, especially among individuals with lower educational qualifications, to empower them to make informed financial decisions. Income support programs should be considered during lean agricultural seasons to help maintain consistent savings. Customized savings products should cater to the diverse income levels and preferences observed in Wardha, encouraging a broader segment of the population to save and invest.

Some surprising or unexpected results include high savings among non-agricultural workers, who may be more aware of formal financial services and investment opportunities. The strong influence of extended family structures on saving decisions, including collective goal setting, highlights the importance of involving the entire family in financial planning and the need for financial products that accommodate collective saving goals.

The findings contribute to the growing body of knowledge on the socio-economic determinants of saving behavior in rural areas, particularly in the context of Wardha District. The insights gained can inform the development of targeted interventions, financial products, and policies aimed at enhancing financial inclusion and economic well-being in rural Wardha and similar regions.

The research on the socio-economic determinants of saving behavior in rural Wardha District provides valuable insights for policymakers and stakeholders. It suggests several recommendations to improve financial inclusion and saving behavior. These include launching comprehensive financial literacy programs, introducing income support initiatives for agricultural workers, developing customized financial products, improving access to formal financial services, promoting community-based savings groups, developing culturally sensitive financial education materials, organizing occupation-based workshops, encouraging family financial planning, monitoring and evaluating the impact of financial inclusion and literacy programs, fostering public-private partnerships, introducing incentives for saving, and maintaining a research and feedback loop.

The recommendations aim to enhance financial awareness, teach basic financial concepts, and promote informed saving and investment decisions. Income support initiatives can help stabilize income levels and encourage consistent saving habits. Customized financial products can cater to diverse income levels and preferences, while access to formal financial services can be improved by expanding the reach of banks, post offices, and financial technology solutions. Community-based savings and investment groups can facilitate collective saving goals and provide a platform for sharing financial knowledge and experiences.

Financial education materials and campaigns should be culturally sensitive and resonate with local customs and traditions. Workshops and seminars can be organized to cater to different occupational groups' specific needs. Encouraging open discussions about financial goals and aspirations within extended family structures can also contribute to better financial inclusion and development.

CONCLUSION:

The study on the socio-economic determinants of saving behavior in rural Wardha District has revealed the significant impact of income levels, education, occupation, family structure, and financial choices on rural inhabitants. The findings highlight the importance of income stability, financial security, education, occupational distinctions, and family structure in shaping savings habits. Higher income individuals in rural Wardha exhibit more robust saving habits, while educated individuals demonstrate greater financial literacy and awareness. Occupational distinctions also influence saving patterns, with agricultural and non-agricultural workers exhibiting distinct approaches. Family dynamics, including dependents and extended family members, impact saving decisions, reflecting the importance of familial financial responsibilities and cultural norms. Understanding these socio-economic determinants is crucial for targeted interventions, financial inclusion, and economic development. It enables the development of targeted financial literacy programs, empowering rural populations to make informed financial decisions. This research also carries broader implications for financial inclusion and economic development, such as enhanced financial inclusion, empowerment of rural populations, resilience and economic growth, and knowledge transfer in financial literacy programs. By acknowledging and addressing these determinants, Wardha District and similar rural areas can contribute to greater financial inclusion, economic development, and improved well-being among their inhabitants.

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