DEMOGRAPHIC CONSTRUCTS AND SAVINGS BEHAVIOR OF ADULT PEOPLE

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Abstract: Savings of the households is the excess of income over the household expenditures. Savings are important for Individuals as well as for the nation. Savings contributes growth of the economy of the country directly. This study makes an attempt to assess savings behavior of adult people and to analyze the differences between demographic constructs and savings behavior of adult people in Bangalore. The study is based on primary data collected through structured questionnaire. The data collected are analyzed using student "t" and one way ANOVA tools.

Index terms - Savings behavior, Adult, Bangalore, demographics, constructs

I. INTRODUCTION

The habit of savings among households promotes development of a family's economy and the economy of the country at the larger perspective. Savings habit is to be inculcated right from the childhood. Even though people earn adequate amount of money, if they don't have savings habit, people end up with dismal future. Savings habit enables people to access formal financial system and thereby savings facilitates people's access to various financial services of banks and other financial institutions. Savings behavior of people differs from person to person based on their demographic characteristics. Savings behavior changes even on the basis of caste in India (Lahiri, 2013).

II. STATEMENT OF THE PROBLEM

Savings behavior of the people is the function of certain psychological factors like self control, willingness, commitment and soon which prompt them to do rational spending. Generally, people become conscious about savings when they get older. In this Information and Communication Technology era, young people earn handsome salary and they spend more. Therefore, it is essential to study about savings behavior of adult people and to analyze the differences in savings behavior of adult people and their demographic characteristics.

III. REVIEW OF LITERATURE

Demographic factors like age, education and actual income traditionally play an important role in savings research.

The Life-Cycle Hypothesis (LCH) presumes that "people will restrict themselves from spending at certain periods of time in their lives to insure their ability to maintain their lifestyle and quality of life when their income will be lower" (Nyhus & Webley, 2001).

Warneryd (2004) suggested that self-control is higher in people who are older, more educated, and belong to the middle or upper class. Traditionally, most of the research on savings behavior has focused on purely economic factors (Browning & Lusardi, 1996)

Katona has distinguished three types of savings behavior. The first type is contractual, which means entrusting your money to the bank or employer, by setting aside a certain fraction of the salary every month. The second saving type is discretionary: in the Western world (mostly) some money is left in households after the basic needs are covered, so the truck operators may decide to save it in order to buy something bigger and more expensive in the future or to pay for children's college. The third type is residual saving, which refers to the money that is not spent yet.

Hofstede (2004) has explored whether saving for members of some cultures and nationalities comes more easily and naturally than for others. That author has developed a cultural dimension labeled long-term/short-term orientation, which has a strong impact on savings behavior. Hofstede explained (2004) that long-term orientation values future rewards, perseverance, and thrift. These traits have been strongly associated with actual savings habits.

IV. SCOPE AND RESEARCH METHODOLOGY

The study was conducted in Bangalore, India. Savings behavior of adult people was assessed using primary data. Survey method has been adopted for collecting primary data. Research design of the study has been presented in the table -1.

Table – 1: Research design of the study

S.No	Particulars	Type of the study
1	Purpose of the study	Descriptive and hypothesis testing
2	Type of the investigation	Causal study
3	Study method	Survey method
4	Study setting	Non-contrived field study
5	Unit of analysis	Adult People in Bangalore, India
6	Time Horizon	One shot or Cross sectional study
7	Data Type	Primary data

V. ANALYSIS OF DIFFERENCES IN SAVINGS BEHAVIOR OF ADULT PEOPLE AND THEIR DEMOGRAPHIC CHARACTERISTICS

The demographic characteristics of adult people in Bangalore who have been considered for the study are presented below;

1. Male respondents constitute 50.4% of the sample and female respondents constitute 49.6%

2. 90.4% of the respondents are married.

3. 81.2% of the respondents are below the age of 40 years.

4. 82.5% of the respondents belong to Hinduism, 13.4% belong to Christianity and the rest (4.1%) belong to Muslim.

5. 35.7% of the respondents belong to backward class, 43.6% belong to most backward class, 7.8% belong to scheduled class and scheduled tribe class and 12.9% belong to forward class.

6. The respondents who have completed at least under graduate degree constitute 30% of the sample, 59.2% of the respondents completed school education and 10.8% of the respondents don't have formal school education.

7. Respondents with "up to 6 dependents" constitute 93.5% of the sample.

8. 43.8% of the respondents work in agriculture and its allied activities, 30.6% work in private sector, 9.6% are professionals, 9.2% are government employees and 6.8% are home makers.

9. 43.4% of the respondents are from rural area and 56.6% of the respondents belong to urban area.

10. 56.6% of the respondents have two sources of income, 37.6% of the respondents have only one source of income and 5.8% of the respondents have three or more than three sources of income.

11. Only 61.9% of the respondents have full time employment.

12. 58% of the respondents earn less than Rs 1,00,000. Further, Gross income level of 42% of the respondents fall in the category of Rs 100001 to Rs 3,00,000.

Table 2 presents results of empirical analysis of difference between demographic characteristics of the respondents and their savings behavior using student "t" test and one way ANOVA.

Table 2

Demographic characteristics and savings behavior

Particulars	F value	t value	P value	Result
Gender	.950	-3.001	0.330	Not Significant
Marital status	30.319	-5.008	0.000	Significant
Age	0.594	1.968	0.441	Not Significant
Religion	9.854	-	0.000	Significant
Category	17.460	-	0.000	Significant
Education	9.248	-	0.000	Significant
Occupation	11.116	-	0.000	Significant
Gross annual income	55.070	-	0.000	Significant
Place of living	0.031	-	0.861	Not Significant

From the table 2, it can be seen that there are no significant differences between gender and savings behavior and between place of living and savings behavior of the respondents. Further, it can be observed that there are significant differences among marital status, age, religion, category, education, occupation, gross annual income and savings behavior of the respondents.

VI. CONCLUSION

This study measured and analyzed savings behavior of adult people in Bangalore and empirically analyzed the savings behavior of the adult people in Bangalore on the basis of their demographic constructs. From the results of this study, the following conclusions are found;

1. Male and female respondents don't have different level of savings behavior
2. Married and single status respondents have different savings behavior
3. Savings behavior doesn't change according to age of the respondents
4. The respondents who belong to different religion have varied level of savings behavior
5. Savings behavior varies based on category of the respondents
6. Education of the respondents and their savings behavior differ significantly
7. Savings behavior of the respondents fluctuates significantly with regard to occupation
8. Different income respondents have different savings behavior
9. Rural and urban respondents don't have different savings behavior

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