A Study on the Perspectives of Saving and Spending Pattern of the Petti Shopkeepers in Rural Areas of Thiruvallur District

C.Vijayabanu*, C. Therasa, M. Naveen Sharma, S. Saigeetha and M. Pratheesha

School of Management, SASTRA University, Thanjavur - 613401, Tamil Nadu, India; vijayabanu@mba.sastra.edu, samtheras@gmail.com, sharmanaveen644@gmail.com, saigeethas30@gmail.com, pratheeshamarimuthu@gmail.com

Abstract

Objective: The purpose of this research work is to examine the significant difference between the saving pattern and spending pattern of the Petti shopkeepers in rural areas of Thiruvallur district in India, to know the demographic characteristics of them and to examine how much they are willing to control on their spending. Methods/Analysis: We found that a survey method will be the right one to do this research work to make regional comparisons. To capture data on various parameters a questionnaire was prepared. Financial flows are associated with using the questionnaire basis. In saving and spending patterns of the rural people, mainly the Petti shop keepers chosen as our respondent. A questionnaire was collected from 50 Petti shop keepers. Findings: Most of the pettishopkeepers are male when compared to the female pettishopkeepers. The income is mostly between Rs.20000-30000. The majority of the people prefers cash as their saving pattern. Their savings is about Rs.6000-9000 which is nearly one third of their income. Most of their savings are converted into investment in their business and prefers home appliances as their spending. From their viewpoint, home appliances are the necessity goods and other items are considered to be luxurious goods. They show their interest in expanding their business instead of spending on other items. Because it is very vital for improving their standard of living. Applications/Improvements: The study will be an eye opener for the economist, government officials and social activist in enhancing the welfare measures of Petti shopkeepers in Thiruvallur district.

Keywords: Correlation, Income, Petti shop keepers, Saving, Spending

1. Introduction

India is one of the developing countries. In which, the saving rate has been a consistently increased. According to the international standpoint of view when it’s compared with other developing countries, India has a higher saving rate. The saving and spending are the part of the income. For the economic growth, saving is the important variable and for the good development of the country. Saving is an important macroeconomic variable. Saving is the economic activity, which plays the important role of the group or the individual. There is a differ from the rural to urban regions in the pattern of saving and spending and its determinants. The study deals with the saving and spending pattern of the Petti shop keepers in the rural areas of Thiruvallur district.

2. Problem statement

The study examined how individual, institutional, and structural determinants impact the decision-making processes that guide participants’ savings behavior. The study revealed that the assets and age composition does not have a major effect on saving. Expenditure, assets, occupation and saving are factors that make the household investment. The study revealed that, heused an overlapping generational model in his study which analyzed the impact of financial liberalization in the lifecycle framework of the
household saving. The study examined that, “there is still now a gap in the needs of the offering and the poor”. The study shows that, there is a change in the social security system of the nation, productivity growth and in the progress of credit and insurance markets. The study aimed that, to analyze the differences in the industrial countries from a cross-country perspective and household savings behavior in developing. The study on “Income instability and consumption behavior says about the income income instability and behavior of consumption”. The study on “Consumption pattern among different age groups: An econometric study of family budget”, had revealed that the age of expenditure. The study propounded that “High frequency” savings which can be considered as the natural extension of permanent-income. Which postulates that, the rational households consume more if there is a rise in his income is permanent, but the same household people saves whatever it can be out of the transitory income that increases. The study stated that the younger and older families tended to incur debtor to liquidate other assets to satisfy their needs.

3. Methodology

In this research study the sample comprising of 50 Petti shopkeepers was selected from Thiruvallur district. To capture data on various parameters a questionnaire was prepared which explore their saving and spending patterns. The study used convenient random sampling technique to choose the respondents.

4. Data Analysis

The Table 1 shows the demographic characteristics of the respondent. It clearly shown that, the age group between 20 – 30 are more when compared with other age groups with the percentage level of 32 among the petti shopkeeper of Thiruvallur district. 34% of the Petti shopkeepers have their income between 20000 – 30000. Male petti shopkeepers are more when compared with female shopkeepers. 64 percent are male. They also come under the category of self-employed.

The Table 2 shows the classification of gender and saving pattern of the respondent. In this, the Male Petti shopkeepers with the income between 20000 – 30000 mostly they prefer cash as their saving method and 40% are in this category. 20% prefer to save as property by means of buying land, house, etc. 24% have insurance mode of savings, 54 have savings through gold and 36% use their money for further investment to expand the business.

The Table 3 shows the gender and saving per month by the respondent. 20% of the respondents with the income between Rs 20000 – 30000 save up to Rs 6000 – 9000. The Petti shopkeepers who own their shops for more period of time earn income, so their savings are also more. Their saving is nearly one third of the income. All the pettishopkeepers have the habit of of saving. From their viewpoint, money is important factor for their day today function. So they are very keen about their saving at the same time they are not keeping the saved amount idle. Most of their savings are converted into investment in their business.

The Table 4 shows the gender and purchase behaviour of the respondent. Most of the Petti shopkeepers spend their money in buying the products like home appliances(40%). They consider it as the essential one. Then they prefer to spend on buying cloths and fashion because of their daily use(20%). They show very less interest to spend on mobile and mobile accessories and other electronics(2%), even if they have more income. From their viewpoint, home appliances are the necessary goods and other items are considered tobe luxurious goods. They show their interest in expanding their business instead of spending on other items. Because it is very vital for improving their standard of living.
Table 2. Gender of the Respondent Vs Saving Pattern of the Respondent

| Methods                      | Particulars  | Gender | Total (%) |
|------------------------------|--------------|--------|-----------|
| Mode of saving               |              |        |           |
| Cash                         | Male (%)     | 40     | 22        | 62        |
|                             | Female (%)   | 22     | 22        | 62        |
|                             | Total (%)    | 64     | 36        | 100       |
| Property                     | Male (%)     | 20     | 14        | 34        |
|                             | Female (%)   | 14     | 14        | 34        |
|                             | Total (%)    | 34     | 34        | 68        |
| Others savings               | Male (%)     | 0      | 0         | 0         |
|                             | Female (%)   | 4      | 4         | 4         |
|                             | Total (%)    | 4      | 4         | 8         |
| Life insurance               | Male (%)     | 24     | 12        | 36        |
|                             | Female (%)   | 12     | 12        | 24        |
|                             | Total (%)    | 36     | 36        | 72        |
| Medical insurance            | Male (%)     | 12     | 2         | 14        |
|                             | Female (%)   | 2      | 2         | 4         |
|                             | Total (%)    | 14     | 14        | 28        |
| Home insurance               | Male (%)     | 0      | 0         | 0         |
|                             | Female (%)   | 0      | 0         | 0         |
|                             | Total (%)    | 0      | 0         | 0         |
| No insurance                 | Male (%)     | 26     | 22        | 48        |
|                             | Female (%)   | 22     | 22        | 44        |
|                             | Total (%)    | 48     | 44        | 92        |
| Total                        | Male (%)     | 64     | 36        | 100       |
|                             | Female (%)   | 36     | 36        | 72        |
|                             | Total (%)    | 100    | 100       | 200       |

(Source: Primary data)

Table 3. Gender of the Respondent Vs Approximate Saving Per Month by the Respondent

| Approximate saving per month by the respondent | Gender of the respondent | Total (%) |
|-----------------------------------------------|--------------------------|-----------|
|                                              | Male (%)     | Female (%)|           |
| 3000 – 6000                                  | 12           | 6          | 18        |
| 6000 – 9000                                  | 20           | 14         | 34        |
| 9000 – 12000                                 | 12           | 12         | 24        |
| 12000 – 15000                                | 16           | 0          | 16        |
| 15000 <                                      | 4            | 4          | 8         |
| Total                                        | 64           | 36         | 100       |

(Source: Primary data)

Table 4. Gender of the Respondent Vs Buying Products by the Respondent

| Buying products by the respondents | Gender of the respondents | Total (%) |
|-----------------------------------|---------------------------|-----------|
|                                   | Male (%)     | Female (%)|           |
| Mobile & mobile accessories       | 2            | 0          | 2         |
| Other electronics                 | 2            | 0          | 2         |
| Home appliances                   | 40           | 18         | 58        |
| Cloths and Fashion                | 20           | 18         | 38        |
| Total                             | 64           | 36         | 100       |

(Source: Primary data)

Table 5. Correlation for Income Vs Control Of Spending by the Respondents

| Particulars of the respondent      | Pearson Correlation (r) | Sig   | Correlation |
|------------------------------------|-------------------------|-------|-------------|
| Transport charges                  | –0.194                  | 0.178 | Negative    |
| Phone bill                         | –0.275                  | 0.054 | Negative    |
| Electric bill                      | –0.184                  | 0.201 | Negative    |
| Tax paid                           | –0.096                  | 0.507 | Negative    |
| Outside food                       | –0.047                  | 0.744 | Negative    |
| Buying unnecessary things          | 0.01                    | 0.944 | Positive    |
| Liquor, smoking, etc consumption   | 0.16                    | 0.267 | Positive    |
| Buying fuel for vehicles           | 0.055                   | 0.707 | Positive    |
| Towards hospital                   | –0.201                  | 0.162 | Negative    |

(Source: Primary data)
the expenditure in the form of reducing transport charges, phone bill, electricity bill and also towards the hospital. The correlation for the transport charges is ($r = -0.194$), the negative correlation occurs here because the expenditure is less. The correlation for phone bill is ($r = -0.275$), electric bill is ($r = -0.184$), tax paid is ($r = -0.096$). Here also a negative correlation occurs because the expenditure occurs. The correlation for buying unnecessary things is ($r = 0.010$), liquor consumption is ($r = 0.160$) and buying fuel for a vehicle is ($r = 0.055$). Here the positive correlation occurs because the expenditure is more.

The Table 6 which shows regression for the income vs. control of spending habits by the respondents. The study confirms that the (- 18.2) % of beta value for the transport charges, (-20.5%) of beta value for phone bill, (-13.9%) for electric bill, (-5.5%) for tax paid, (-3.4%) for outside food, (5%) for buying unnecessary things, (10.3%) for liquor, smoking and etc consumption, (3.7%) for buying fuel for vehicles, (-9.2%) for hospitals.

### Table 6. Regression for Income Vs Control Of Spending Habits by the Respondents

| Particulars                        | R   | R Square | Adjusted R square | Beta (B) | F     | Sig.  |
|-----------------------------------|-----|----------|-------------------|----------|-------|-------|
| Income vs.Transport charges       | 0.194 | 0.038 | 0.017 | -0.182 | 1.87 | 0.178 |
| Income vs.Phone bill              | 0.275 | 0.075 | 0.056 | -0.205 | 3.913 | 0.054 |
| Income vs.Electric bill           | 0.184 | 0.034 | 0.014 | -0.139 | 1.678 | 0.201 |
| Income vs.Tax paid                | 0.096 | 0.009 | -0.011 | -0.055 | 0.448 | 0.507 |
| Income vs.Outside food            | 0.047 | 0.002 | -0.019 | -0.034 | 0.108 | 0.744 |
| Income vs.Buying unnecessary things | 0.01 | 0 | -0.021 | 0.005 | 0.015 | 0.944 |
| Income vs. Liquor, smoking, etc. consumption | 0.16 | 0.026 | 0.005 | 0.103 | 1.263 | 0.267 |
| Income vs.Buying fuel for vehicles | 0.055 | 0.003 | -0.018 | 0.037 | 0.143 | 0.707 |
| Income vs.Towards hospital        | 0.201 | 0.04 | 0.02 | -0.092 | 2.015 | 0.162 |

(Source: Primary data)

Income=$C_0+18.2\%(\text{transport Charges})-20.5\%(\text{phone bill})-13.9\%(\text{electric bill})-5.5\%(\text{tax paid})-3.4\%(\text{outside food})-5\%(\text{buying unnecessary things})-10.3\%(\text{liquor, smoking,etc consumption})-3.7\%(\text{buying fuel for vehicles})-9.2\%(\text{hospitals})$

### 5. Conclusion

There is a great significant difference between the saving and spending pattern of the Petti shop keepers in the rural areas of the Thiruvallur district. They involve in the saving for their future. There is saving is more than they spend. Nearly the half of their income is spent on investment.

### 6. References

1. Cank TQ. Income instability and consumption behaviour: A study of Taiwanese farm households. Dissertation Abstract International. 1975; 36:1030A–1031A.
2. Friedman M. A Theory of the Consumption Function. Princeton, NJ: Princeton University Press. 1957.
3. Froeder MM. Influence of age on saving and spending pattern Mon. Labour Reviews. 1955; 78.11:1240–44.
4. Haruna I. Determinants of Saving and Investment in Deprived District Capitals in Ghana - A Case Study of Nadowli in the Upper West Region of Ghana, Wilolud Journals, Continental J Social Sciences. 2011; 4(1):1–12.
5. Tullio J, Marco P. The Determinants of Saving: Lessons from Italy, Paper prepared for the Conference on Determinants of Domestic Savings in Latin America, organized by the Inter-American Development Bank, Santafe de Bogota. 1997.
6. Kwang C. Consumption pattern among different age groups: An econometric study of family budget. Dissertation Abstract International. 1972; 33A:1303A.
7. Paul M, Tamim B, Hossein S. International Evidence on the Determinants of Private Saving. The World Bank Economic Review. 2005; 12(3):483–501.
8. Muradoglu Gulnur and Taskin Fatma , Differences In Household Savings Behavior: Evidence From Industrial and Developing Countries. The Developing Economies.1996; 34-2.
9. Thomas, Sriram MS. Beyond Micro-Credit. Putting Development Back into Micro-Finance New Delhi: Sage-Vistaar, 2002.
10. Kea T, Kim M. Individual, Institutional, and Structural Determinants of Household Savings Decisions, Utrecht University, Working Paper. 2012 Apr.