AN EMPIRICAL STUDY OF ATTITUDE TOWARDS SAVINGS OF HOUSEHOLD IN URBAN AREA OF NAGPUR DISTRICT

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Abstract: *Attitudes towards savings can significantly influence the saving behavior of households and individuals, and can be shaped by a variety of socio-economic and cultural factors. In recent years, easy access to credit facilities has led to a shift towards reactive saving behavior, where individuals and households save money after satisfying their immediate needs. This paper aims to study the attitudes towards savings of households in urban areas of Nagpur district. The study focuses on two aspects of savings behavior: saving to pay for satisfying a need in the future and satisfying a need and then saving to pay off equated monthly installments in the future. The research methodology involved using one-to-one questionnaire-based interviews, and data analysis was performed using statistical tools such as ANOVA one-way and Tukey's HSD tests. The finding indicates that attitude of households towards savings differ significantly for household heads with difference in their age, education, occupation and income. The study can provide valuable insights into the factors that influence saving behavior among households and inform policies and programs aimed at promoting financial literacy and encouraging proactive saving behavior.*

Keywords: *Attitude, Savings, Household, Satisfying a need, Equated Monthly Installment (EMI)*

INTRODUCTION

Savings play a crucial role in the financial stability of households, particularly in urban areas where the cost of living is relatively higher. The ability to save and invest surplus income can be a determinant factor for achieving long-term financial goals, such as education, retirement, and wealth accumulation. However, studies have shown that the savings behavior of households in India is influenced by various factors, including income level, financial literacy, cultural values, and attitudes towards saving.

The present study aims to investigate the attitudes of households in urban areas of Nagpur district towards savings. Nagpur is a rapidly growing city in the state of Maharashtra, with a population of approximately 2.5 million people. The city is known for its rich cultural heritage, educational institutions, and economic opportunities. However, the city also faces several socio-economic challenges, including poverty, unemployment, and income inequality.

Given the significance of savings for households' financial well-being, understanding the factors that influence saving behavior is essential. This study aims to contribute to the existing literature by examining the attitudes of households in Nagpur towards savings. The findings of this study could inform policy decisions aimed at promoting financial literacy and encouraging households to adopt saving behavior.

Equated Monthly Installment (EMI) is a fixed amount that a borrower pays to a lender every month, which includes a portion of the principal amount and the interest accrued on it. EMIs are commonly used to repay loans such as home loans, car loans, personal loans, and other consumer durables.

In recent years, the availability of easy credit facilities has led to an increase in the number of households taking loans to fulfill their immediate needs, such as

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purchasing a home, a car, or other consumer durables. As a result, the number of households paying EMIs has also increased significantly.

The concept of EMIs is relevant to the present study as it relates to the second aspect of attitudes towards savings that was studied, i.e., satisfying a need and then saving to pay off EMIs in the future. This aspect of savings behavior reflects a reactive approach towards financial planning, where households save money after satisfying their immediate needs, such as purchasing a home, a car, or other consumer durables, and then use those savings to pay off their EMIs in the future.

Understanding the attitudes towards savings related to paying off EMIs can provide valuable insights into the factors that influence the saving behavior of households in urban areas of Nagpur district. Such insights can inform policies and programs aimed at promoting financial literacy and encouraging households to adopt proactive saving behavior to manage their debt obligations.

The present study on the attitude towards savings of households in urban areas of Nagpur district took into account several demographic and socio-economic variables, including the age, education, income, and occupation of the household head.

REVIEW OF LITERATURE

Kumar, S. (2017) examined the relationship between financial literacy and household saving behavior in India. The findings showed that financial literacy positively affects saving behavior and that households with higher financial literacy are more likely to save.

Rajan, R. G., & Zingales, L. (2019) discusses the state of capitalism in India and suggests ways to encourage saving and investment. The authors argue that financial inclusion, education, and innovation are essential to promote saving behavior and create wealth.

Ray, S., & Majumder, A. (2018) analyzed the factors influencing household savings behavior in India using a linear and quantile regression approach. The results showed that income, age, education, and household size positively affect savings, while inflation and interest rates negatively affect savings.

Singh, M. P., & Sethi, N. (2016) examined household saving behavior in India using data from the National Sample Survey Organization. The results showed that income, education, and household size positively affect savings, while inflation and interest rates negatively affect savings. The study also found that cultural and social factors, such as religion and caste, influence saving behavior.

Huston, S. J. (2010) reviewed the different measures used to assess financial literacy and identified the need for a standardized measurement tool.

Lusardi, A., & Mitchell, O. S. (2014) reviewed the literature on financial literacy and its impact on economic outcomes, such as savings, retirement planning, and investment decisions. The authors found that financial literacy is an essential component of financial decision-making and has a significant impact on economic well-being.

OBJECTIVES OF THE STUDY

1. To study the attitude towards savings of households and utilising them to satisfy their needs.
2. To study the attitude towards savings as a function of age education occupation and income off household head.

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RESEARCH METHODOLOGY

The present study aimed to investigate the attitude towards savings of households in urban areas of Nagpur district.

Two aspects relating to attitude towards savings have been studied :

1. Save to pay for satisfying a need in future.

The first aspect of attitudes towards savings that was studied in the present research was saving to pay for satisfying a need in the future. This aspect of savings behavior reflects a proactive approach towards financial planning, where households save money to meet their future needs, such as education, retirement, or emergencies. The study aimed to investigate how this attitude towards savings varies across different demographic and socio-economic variables, including age, education, income, and occupation.

2. Satisfy a need and then save to pay off your equated monthly installments (EMI) in future.

The second aspect of attitudes towards savings that was studied in the present research was satisfying a need and then saving to pay off equated monthly installments (EMIs) in the future. This aspect of savings behavior reflects a reactive approach towards financial planning, where households save money after satisfying their immediate needs, such as purchasing a home, a car, or other consumer durables. The study aimed to investigate how this attitude towards savings varies across different demographic and socio-economic variables, including age, education, income, and occupation.

A quantitative research design was used to collect and analyze data. The study used a random sampling technique to select households for the survey. The sample size was of 98 respondents, who were selected randomly from different areas of Nagpur district.

Data Collection:

The data was collected through a one-to-one questionnaire-based survey method. The questionnaire consisted of both open-ended and close-ended questions. The questionnaire was designed to collect information on various factors that influence savings behavior, including demographic and socio-economic variables, attitudes towards savings, and financial literacy.

Data Analysis:

The collected data was analyzed using statistical methods, including ANOVA one-way and Tukey's HSD test of significance. The analysis was conducted using the Statistical Package for the Social Sciences (SPSS) software. The ANOVA one-way test was used to determine the significant differences in attitudes towards savings across different demographic and socio-economic variables, including age, education, income, and occupation. Tukey's HSD test of significance was used to identify the specific group differences within each variable.

Ethical Considerations:

The study was conducted following ethical guidelines, and informed consent was obtained from all the participants. Confidentiality was maintained throughout the study, and the data collected was used only for research purposes.

The present study on the attitude towards savings of households in urban areas of Nagpur district took into account several demographic and socio-economic

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variables, including the age, education, income, and occupation of the household head.

Age: The age of the household head was recorded to understand how savings behavior varies across different age groups. The age range of the household heads included in the study was Up to 30 year, 31 to 40 years, 41 to 50 years, 51 to 60 years and more than 60 years.

Education: Education is an essential factor that influences the savings behavior of households. The study classified education into four categories : Undergraduate, Graduate , Postgraduate and Professional

Income: Income is a crucial determinant of saving behavior. The study recorded the monthly income of the households, which was categorized into five groups: up to Rs. 2,50,000, Rs. 2,50,000- 5,00,000, Rs. 5,00,001 – 10,00,000and above Rs. 10,00,000.

Occupation: The occupation of the household head was recorded to understand how different occupations affect savings behavior. The study categorized occupations into four groups: Government, Private, Self-employed and Retired.

Understanding these factors is essential for designing effective policies and programs aimed at promoting savings behavior among households.

ATTITUDE TOWARDS SAVINGS:

This section examines the attitudes of respondents towards saving and their tendency to use credit, given the easy availability of credit. Two aspects were considered: Firstly, whether respondents save money and then use those savings to satisfy their needs, or secondly, whether they fulfill their needs and then save money to pay off debt taken to fulfill those needs. The former represents a traditional/conservative approach,

while the latter reflects the impact of increasing consumerism supported by easy access to funds. Respondents were asked to rate the importance of "saving to pay for satisfying a need in the future" and "satisfying a need and then saving to pay off equated monthly installments (EMIs) in the future" on a 5-point scale ranging from "not important at all" to "very important," where 1 = not important at all and 5 = very important. The summary of responses is presented in Tables 1 and 2.

1. Table 1: Save to pay for satisfying and need in future

Rating	Frequency	Percent
Not Important at all	2	1.97
Unimportant	3	3.06
Somewhat important	10	10.21
Important	37	37.82
Very important	46	46.94
Total	98	100

Majority of the respondents that is 46.94% reported 'save to pay for satisfying a need in future' as very important, 37.82% rated it as important. Off the remaining respondents 10% rated 'save to pay for satisfying and need in future' as somewhat important, 3% as unimportant and 1.97% as not important at all. The result shown in table one indicates that save to pay for satisfying a need in future was rated as important or very important by 84% of the respondents. This result is supported by the high mean value of 4.34 (S.D = 0.85) for this variable. This indicates that respondents have rated 'save to pay for satisfying a need in future' between important and very important.

2. Table 2: satisfy a need and then save to pay off your equated monthly installments (EMI's) in future

Rating	Frequency	Percent
Not Important at all	15	15.3
Unimportant	23	23.5
Somewhat important	29	29.6
Important	18	18.36
Very important	13	13.27
Total	98	100

Similarly, respondents rated' satisfy need and then to save to pay off your equated monthly installments in future' (refer table no. 2). In this situation the respondents makes use of credit which is easily available.13.27% of the respondents rated it as very important whereas 18.36% of respondents rated it as important. For 29.6% of respondents, it was reported as somewhat important. While 23.5% reported it as unimportant ,15.3% of the respondents rated 'satisfy a need and then save to pay off your equated monthly installment in future' as not important at all. Approximately 31% of the respondents rated 'satisfying and need and then save to playoff equated monthly installment' as important and the remaining 69% reported from somewhat important to not at all important.

To find out whether the two situations mentioned above namely, 'save to pay for satisfying a need in future', and 'satisfy a need and then save to pay off your equated monthly installments (EMIS) in future' differ with

3. Table 3: Comparison according to age of household head

differences in demographic and socio-economic variables of households.

The following section presents the results of comparison of reasons to save according to demographic variables namely, age of the household head and with respect to socio-economic variables namely, education, occupation, income of the household head.

ANOVA (one-way) has been used for independent variables where the number of groups being compared is more than two.

Comparison according to Age of Household Head

The results of ANOVA (one-way) are presented in Table 3. There are significant differences in the means of 'save to pay for satisfying a need in future' according to differences in the age of the household head (F=3.482, p=0.009). This indicates that households headed by the age group '41 to 50 years' and '51 to 60 years' have indicated preference for saving and then satisfying the need as compared to households headed by younger age group of 'upto 30 years'.

Tukey's HSD test reveals significant differences in the means of 'save to pay for satisfying and need in future' of households where the age of household head is 'up to 30 years' (M=3.77,SD=1.14) and '41 to 50' years (M = 4.53, SD = 0.76), and 'up to 30 years' (M=3.77,SD=1.14) and '51 to 60 years' (M=4.58, SD= 0.64). This indicates that households headed by the age group '41 to 50 years' and '51 to 60 years' have indicated preference for saving and then satisfying the need as compared to households at headed by age group of 'up to 30 years'.

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Variables	1 Up to 30 years N=6		2 31 to 40 years N=16		3 41 to 50 years N=37		4 51 to 60 years N=24		5 More than 60 years N=15		Tukey's HSD Test
	M	SD	M	SD	M	SD	M	SD	M	SD	
Save to pay for satisfying a need in future	3.77	1.14	4.34	0.82	4.53	0.70	4.58	0.64	4.32	0.72	1-3,1-4
Satisfy a need and then save to pay off your equated monthly instalments (EMI) in future	2.60	1.16	3.47	1.13	2.89	1.28	2.84	1.10	2.52	1.08	2-5

ANOVA	F	Sig.
Save to pay for satisfying a need in future	3.482	0.009
Satisfy a need and then save to pay off your equated monthly instalments (EMI) in future	3.279	0.014

Differences in means of 'satisfy I need and then save to pay off your equated monthly installments in future' are found significantly different for households that differ according to age of the household head, F = 3.279 at P = 0.014. Reference to table number 3, Tukey's HSD test point significant differences among households headed by '31 to 40 years' and 'more than 60 years' of age. These results reveal that 'more than 60 years' of age group of households head do not prefer to 'satisfy a need and then save to pay equated monthly installment in future' option while younger households head in the age group of '31 to 40 years' have given preference to this option.

Comparison according to Education of Household Heads

ANOVA (one way) results presented in table 4 indicate that comparing means for household that differ according to education of the household head show that the means do not differ significantly for 'save to pay for satisfying a need in future' and 'satisfy a need and then save to pay off your equated monthly installment in future'.

4. Table 4: Comparison according to education of household head

Variables	1		2		3		4		Tukey's HSD Test
	Undergraduate		Graduate		Postgraduate		Professional		
	N=7		N=43		N=26		N=22		
	M	SD	M	SD	M	SD	M	SD	
Save to pay for satisfying a need in future	4.13	1.05	4.34	0.89	4.38	0.64	4.34	0.79	
Satisfy a need and then save to pay off your equated monthly instalments (EMI) in future	2.64	1.29	2.92	1.14	2.98	1.26	3.25	1.20	

ANOVA	F	Sig.
Save to pay for satisfying a need in future	0.271	0.912
Satisfy a need and then save to pay off your equated monthly instalments (EMI) in future	0.379	0.734

This suggests that variations in the education level of the head of the household do not result in statistically significant disparities in the average ratings given for "save to pay for satisfying a need in the future" and "satisfy a need and then save to pay off equated monthly installments in the future."

Comparison according to Occupation of Household Head

F is not found significant for 'save to pay for satisfying a need in future' for households that differ according to occupation of household head (refer table number 5). This results indicates that the occupation of the household head does not have an impact on preference for 'save to pay for satisfying a need in future'. ANOVA results indicate that there are significant differences in the mean values of 'satisfying need and then save to pay off your equated monthly installments in future' for households that differ according to occupation of household head. Tukey's HSD test results points significant differences for households where the household head is employed in the government sector(M=4.28,SD=0.81) and those who are retired and those who are retired (M=4.21,SD=0.69). This indicates that household heads employed in the government sector prefer the option 'satisfy need and then save to pay off your equated monthly installments in future',

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while retired households heads have shown lower preference for this option.

5. Table 5: Comparison according to occupation of household head

Variables	1		2		3		4		Tukey's HSD Test
	Government		Private		Self-employed		Retired		
	N=27		N=24		N=33		N=14		
	M	SD	M	SD	M	SD	M	SD	
Save to pay for satisfying a need in future	4.28	0.81	4.18	0.81	4.26	0.84	4.21	0.69	
Satisfy a need and then save to pay off your equated monthly instalments (EMI) in future	3.24	1.21	2.96	1.25	3.01	1.20	2.61	1.10	1-4

ANOVA	F	Sig.
Save to pay for satisfying a need in future	0.348	0.791
Satisfy a need and then save to pay off your equated monthly instalments (EMI) in future	2.816	0.041

Comparison according to income of household head

Comparing the mean values of 'save to pay for satisfying a need in future' for households that differ according to differences in income of household head show that these differences are not statistically significant (refer table 6). This implies that differences in income of household head do not bring about statistically significant differences in preference for 'save to pay for satisfying a need in future'. The mean values range from 4.13 to 4.33, which shows that all households have rated 'save to pay for satisfying a need in future' between 'important and very important'. ANOVA (one-way) results on comparing means of 'satisfy a need and then save to pay off your equated monthly installments (EMIS) in future' among households that differ on the basis of income of household head indicate significant differences ($F=4.271$, $p=0.006$). Results of Tukey's HSD test reveals significant differences between income groups 'up to 2,50,000' (M=2.58 SD=1.13) and '2,50,000 - ₹5,00,000' (M=3.24, SD=1.24). This indicates that households in the income group 'Rs. 250,001-Rs.

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5,00,000' have rated ' satisfy and need and then save to pay off your equated monthly installment in future'

higher as compared to household in income group 'Up to Rs. 2,50,000'.

6. Table 6: Comparison according to income of household head

Variables	1 Up to Rs. 2,50,000		2 Rs. 250,001- Rs. 5,00,000		3 Rs. 5,00,001- Rs. 10,00,000		4 More than Rs. 10,00,000		Tukey's HSD Test
	N=123		N=296		N=144		N=37		
	M	SD	M	SD	M	SD	M	SD	
Save to pay for satisfying a need in future	4.13	0.80	4.33	0.84	4.13	0.75	4.25	0.66	
Satisfy a need and then save to pay off your equated monthly instalments (EMI) in future	2.58	1.13	3.24	1.24	2.99	1.14	2.68	1.26	1-2

ANOVA	F	Sig.
Save to pay for satisfying a need in future	0.228	0.945
Satisfy a need and then save to pay off your equated monthly instalments (EMI) in future	4.271	0.006

CONCLUSION

Two aspects related to attitude towards saving have been studied 1. Save to pay for satisfying a need in future and 2. satisfy a need and then save to pay off your equated monthly installments EMI in future.The variables are measured on a 5- point scale where 1= not important at all to 5=very important is done.

37.82% and 46.94% of respondents, respectively, viewed saving before satisfying a need as important and very important. The high mean of (M=4.34,SD=0.85) supports these high percentages. 13% of the respondents said it was crucial to meet needs, followed by saving money to pay for them, while 18.36% said it was vital.In cases when households differ based on the age of the household head, the results of the ANOVA show significant variations in the means of saving before satisfying a demand (F=3.482 at p=0.009).

Tukey's HSD test reveal that households whose households in age group of '41 to 50 years' (M = 4.53, SD = 0.76) and '51 to 60 years'(M=4.58, SD= 0.64). show significant higher ranking for saving before satisfying and need as compared to those in the age group of 'up to 30 years'(M=3.77, SD=1.14) .

ANOVA one-way results indicate significant differences in the mean value for satisfy a need and then save to pay off you are equated monthly installments EMI in future for household that differ according to age, occupation, education and income of household head.

Tukey's HSD test reveal that households headed by household heads in the age group. 31-40 years' (M=3.47, S.D.=1.13) ranked 'satisfy a need and then save to pay off your equated monthly installments (EMIS) in future' significantly higher as compared to households whose household head is of the age group 'more than 60 years' (M=2.52, S.D.=1.08).

Households whose household heads are employed in the government (M=3.24, SD=1.21) sector show higher preference for satisfy a need and then save to pay off your equated monthly installments (EMI's) in future' as compared to household heads. who are retired (M=2.61, S. D=1.10).

Households whose household heads are in the income group of Rs. 250,001-Rs. 5,00,000 (M=3.24. S.D.=1.24) rated that they prefer to satisfy a need and then save to pay off your equated monthly installments (EMIS) in future' significantly higher than those in the income group 'Up to Rs. 2,50,000' (M=2.58, S. D=1.13).

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