

Student Study Project
on
Destination of Savings in Rural India
A Case Study in Selected Villages

(On the Occasion of World Savings Day 31.10.2024)



<https://www.wealthcareindia.com/savings-vs-investments-finding-right-for-your-childs-future/>

Students
I BA Economics

ACKNOWLEDGEMENTS

- ❖ We thank **Dr. P. Nirmala Kumari**, Principal, SCHVPMR Govt. Degree College for her permission to carry out this study project.
- ❖ We are thankful to **Dr. K. Swarupa Rani**, Lecturer, Dept. of Economics, SCHVPMR GDC, Ganapavaram for her consistent support and guidance in all our efforts.
- ❖ We are also grateful to all the **respondents** for their valuable inputs in our attempts to complete this study.

~ **Students**
I BA Economics

CERTIFICATE

This is a study project carried out by I BA (Economics Major) students as a part of the Continuous Internal Assessment (CIA) during the I semester in the 2024-25 academic year and submitted to the Department of Economics SCHVPMR Government Degree College, Ganapavaram, W.G.Dt. A.P.

Project Guide
(Dr. K. Swarupa Rani,
Lecturer in Economics)

Introduction

Savings refers to the portion of income that is not spent on current consumption, but rather set aside for future use.

Types of Savings

1. Voluntary savings: Intentional savings for specific goals or purposes.
2. Involuntary savings: Forced savings due to circumstances (e.g., unexpected windfalls).
3. Short-term savings: For immediate or near-future needs (e.g., emergency funds).
4. Long-term savings: For future goals or retirement.

Formal Saving Destinations in India

Banking Sector

1. Public Sector Banks (PSBs): State Bank of India (SBI), Bank of Baroda, etc.
2. Private Sector Banks: HDFC Bank, ICICI Bank, Axis Bank, etc.
3. Regional Rural Banks (RRBs)
4. Cooperative Banks

Non-Banking Financial Institutions (NBFCs)

1. Life Insurance Corporation (LIC)
2. General Insurance Companies
3. Mutual Funds
4. Pension Funds (National Pension System (NPS))

Post Office Savings Scheme

1. Post Office Savings Account
2. National Savings Certificate (NSC)
3. Public Provident Fund (PPF)
4. Sukanya Samriddhi Yojana (SSY)

Government Sponsored Schemes

1. Pradhan Mantri Jan Dhan Yojana (PMJDY)
2. Atal Pension Yojana (APY)
3. Pradhan Mantri Suraksha Bima Yojana (PMSBY)
4. Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)

Capital Market Instruments

1. Stocks

2. Bonds (Government and Corporate)
3. Equity Linked Savings Schemes (ELSS)
4. Unit Linked Insurance Plans (ULIPs)

Retirement Savings Schemes

1. Employees' Provident Fund (EPF)
2. National Pension System (NPS)
3. Annuity Plans

Other Formal Savings Options

1. Fixed Deposits (FDs)
2. Recurring Deposits (RDs)
3. Tax-Saving Fixed Deposits (5-year FDs)
4. Gold Monetization Scheme (GMS)

Digital Savings Platforms

1. Mobile Wallets (Paytm, PhonePe, etc.)
2. Digital Payment Banks (Paytm Payments Bank, etc.)
3. Online Investment Platforms (Zerodha, Upstox, etc.)

These formal saving destinations offer various benefits, such as

- ❖ Security
- ❖ Liquidity
- ❖ Returns (interest, dividends, etc.)
- ❖ Tax benefits
- ❖ Convenience

Importance of Savings

1. Financial security.
2. Wealth accumulation.
3. Achieving long-term goals.
4. Reducing financial stress.
5. Building credit.

Measurement

1. Savings rate (percentage of income saved).
2. Savings amount (total value of savings).

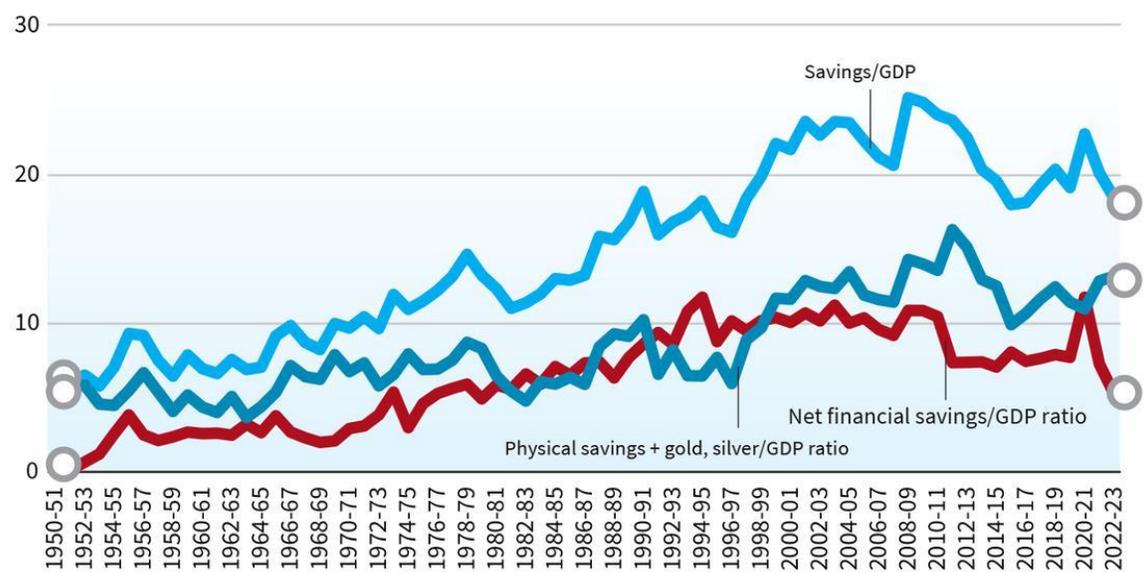
3. Savings frequency (regularity of savings).

Savings Allocation

Indian households traditionally saved in physical assets like real estate, but there's a growing trend towards financial savings. In 2022-23, savings in physical assets accounted for 12.8% of GDP, while financial savings accounted for a significant portion of household savings .

Overall, the savings landscape in India is evolving, with households increasingly opting for financial savings and investments. This shift is expected to continue, driven by factors like demographic changes and growing financial literacy .

Figure 1: Household savings, physical savings and financial savings as a share of GDP



Source: *The Hindu* (Published - April 21, 2024 10:56 pm IST)

In this backdrop, this study project aimed to assess the destination of savings in selected villages.

Objectives

1. To identify and analyze the savings habits and patterns of villagers.
2. To determine the primary destinations of savings in selected villages (e.g., banks, cooperatives, informal savings groups).
3. To assess the factors influencing savings decisions in rural areas.

Research Questions

1. What are the primary motivations for saving among villagers?

2. What factors influence the choice of savings destination?
3. What are the major destinations of savings in villages?

Expected Outcomes

1. A comprehensive understanding of savings patterns and habits in selected villages.
2. Identification of barriers to formal savings and financial inclusion.
3. Recommendations for improving financial literacy and access to formal financial services.

Methodology

Prepared a Google Questionnaire (Structures and Pre-tested) covering demographic variables like education, profession, economic variables like income, expenditure, savings habits amount, purpose, savings destinations etc. The time limit fixed for data collection is six days and every student was suggested to collect inputs from a minimum of ten households. Analyzed the inputs using Google Analytics once data collection is completed.

*** After testing the questionnaire, the students (Satya Sri, Harika) came up with queries and they rectified. (The option of Payment of Old Loans added for the question “Destination of Savings” and added the option Opted for No Savings for the same question which is suitable to whomever opted for No Savings option.

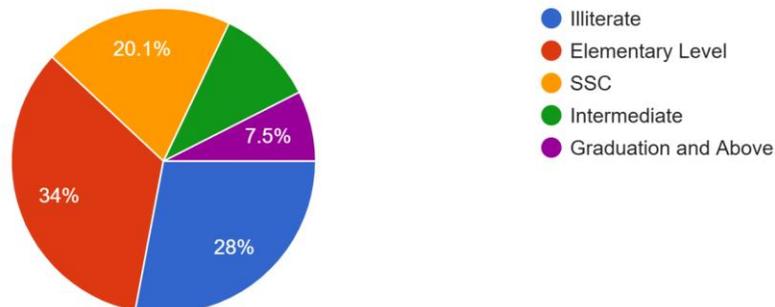
Analysis of Inputs

Sample Size : 268

Selected Villages: Pedanindrakolanu, Chanamilli, Jallikommara, Ganapavaram, Ardhavaram, Uppuluru, Nidamaru, Enikepalli.

❖ Educational Status of the Respondents

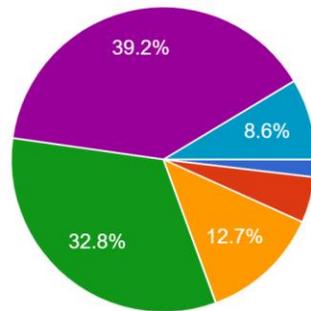
Educational Qualification
268 responses



❖ Profession of The Respondents

Profession

268 responses

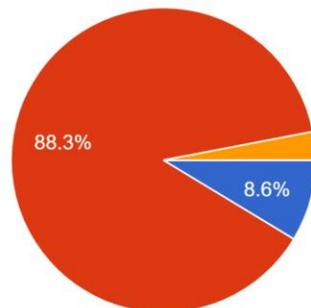


- Govt. Employee
- Private Employee
- Self Employment/Business
- Farmer
- Daily Wage Earner
- Any Other

❖ Marital Status

Marital Status

266 responses

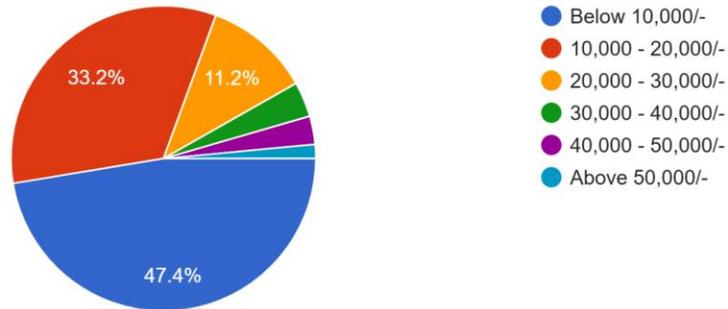


- Single
- Married
- Widow/Widower
- Divorcee

❖ Monthly Income

1. Monthly Income

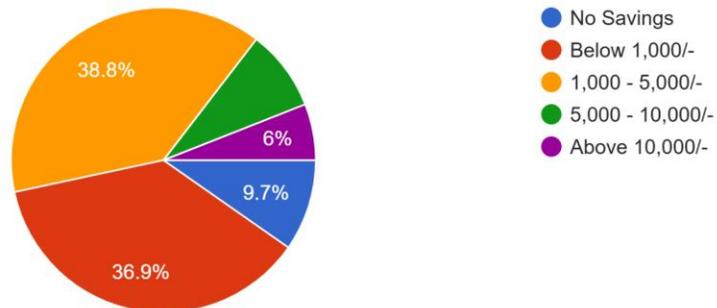
268 responses



❖ Status of Monthly Savings

2. How much do you save per month?

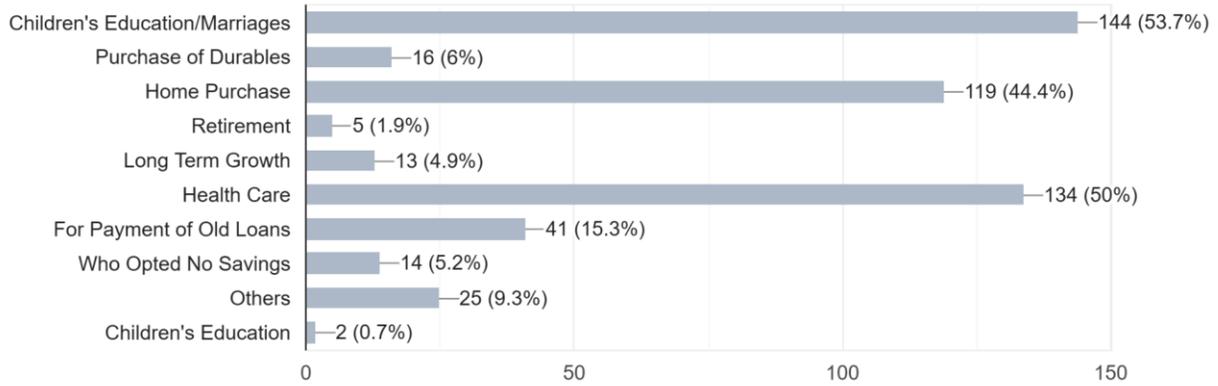
268 responses



❖ Motivation to Save

3. What motivates you to save?

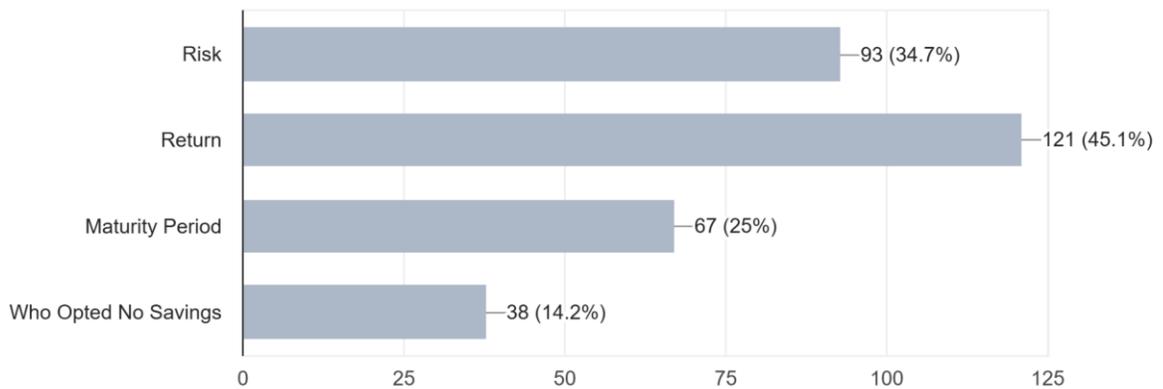
268 responses



❖ Factors Considered while placing the Savings

4. Which factor do you consider before placing your savings?

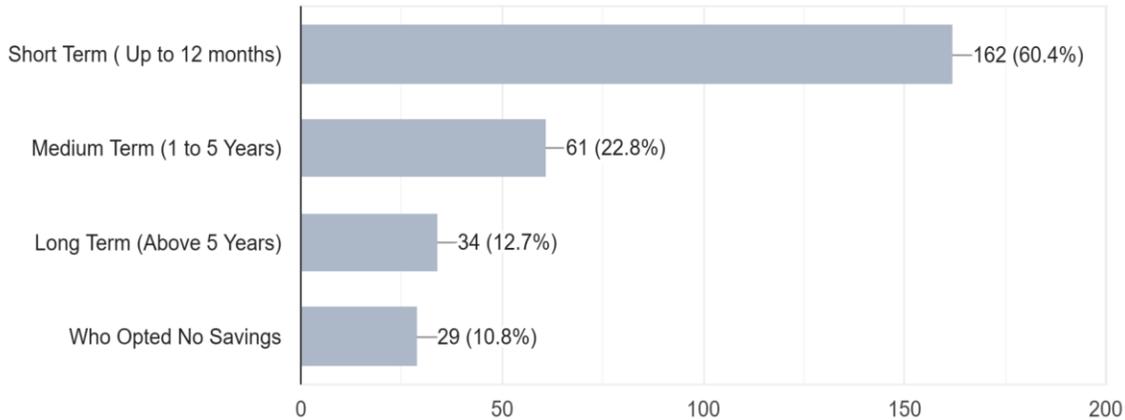
268 responses



❖ Preference of Time Period

5. What is the time period you prefer to invest your savings?

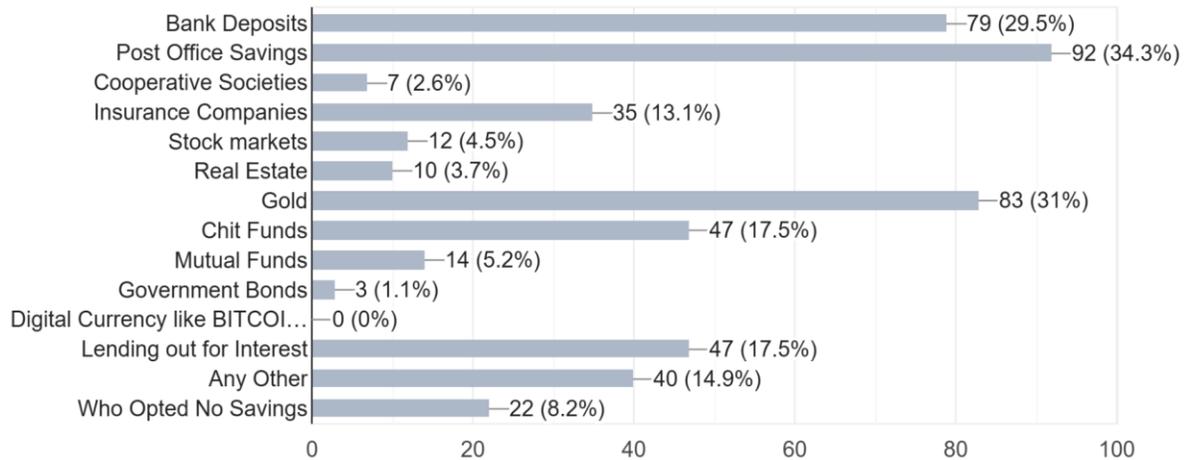
268 responses



❖ Destination of Savings

6. What is the Destination for your savings?

268 responses



Major Findings

- ★ Almost half of the respondents (47.4%) belong to the lower income group.
- ★ 36.7 % of the respondents said that they can save hardly 1000/- per month.
- ★ 9.7 % of the respondents have no savings.
- ★ The main motivations to save are children's education and marriages (146 out of 268), health care (134) , purchase of home (119), payment of old loans.
- ★ Return is the most considered factor (45.1%) to invest but no sign of investing in stock market, mutual funds etc. which gives high return compared to other conventional opportunities like bank deposits and postal savings.
- ★ 60.4% of the respondents invested in short term investments.
- ★ Post office savings, bank deposits, chit funds, lending out for interest, purchase of gold are the main destinations of savings.
- ★ No sign of investment in digital currencies and a few placed their savings in stocks (4.5%), govt bonds (1.1%), real estate (3.7%) and mutual funds (5.2%).
- ★ 14.9% of the respondents were reluctant to say their destination of savings.

Suggestions

- Central and State governments should review their welfare programs related to education, health and housing as the above statistics showed that the majority of respondents spend their savings on education, health and housing.
- Financial organizations (public and private) should focus on creating awareness on modern investment opportunities which give high return with minimum risk.
- Introduction of effective small savings products which will help to encourage small savings in rural areas.

References

- ❖ <https://www.thehindu.com/business/Economy/on-the-fall-in-household-savings/article68092017.ece>
- ❖ <https://cleartax.in/s/saving-schemes>

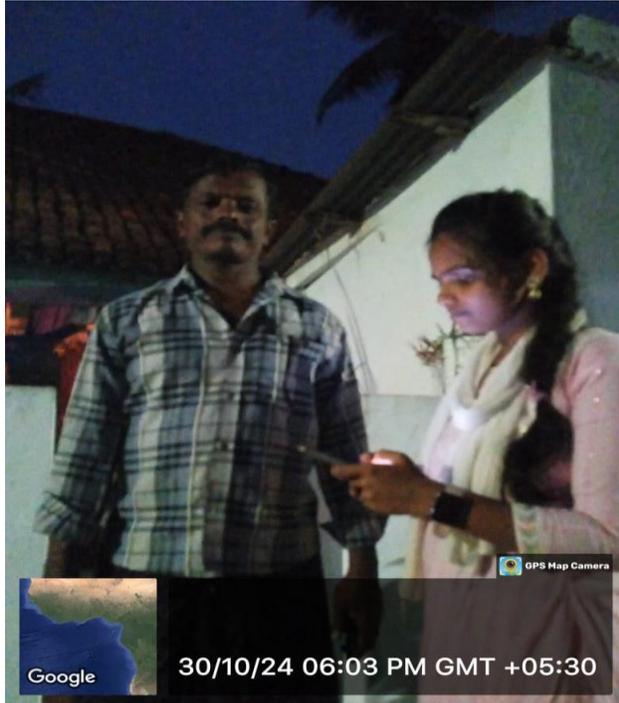
Links

- ❖ [Questionnaire Link](#)

❖ [Responses Link](#)

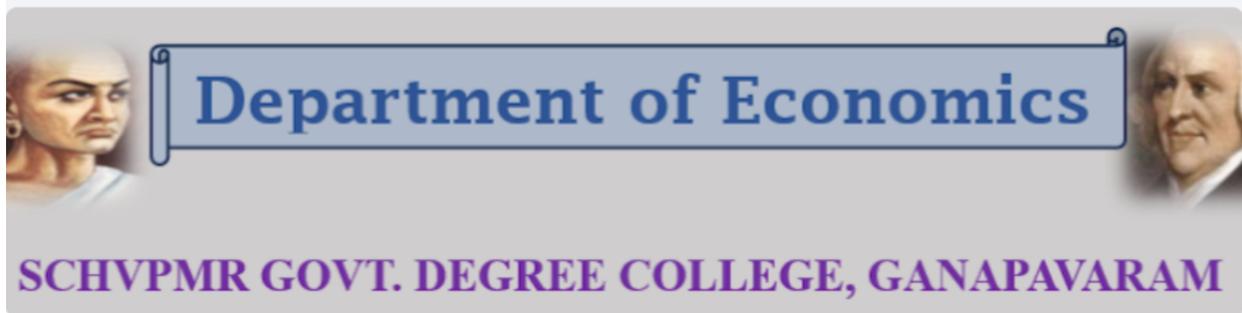
Students Collecting Inputs





Responses Received

Questions Responses **268** Settings



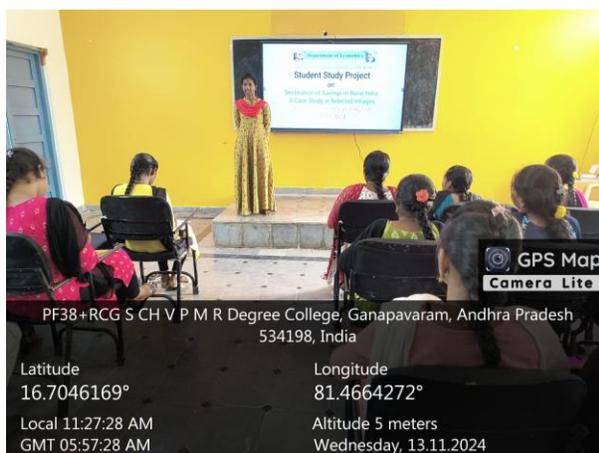
Section 1 of 3

Destination of Savings in Rural Andhra Pradesh - A Case Study in Select Villages

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Student Study Project on the Occasion of "WORLD SAVINGS DAY" (31.10.2024) with the theme of "SHARED PROSPERITY".

Presentation of Report



Prizes to the Best Performers



Team





పాదుపుతో భవితకు మలుపు

గణపవరం, న్యూస్టుడే: స్థానిక ఎస్.సి. హెచ్. వి.పి.ఎం.ఆర్. ప్రభుత్వ డిగ్రీ కళాశాల విద్యార్థులు ఆర్థికశాస్త్ర విభాగం ఆధ్వర్యంలో పాదుపు, పెట్టుబడి ఎంపికలపై ప్రాజెక్టు వర్క్ నిర్వహించారు. విద్యార్థులు పలు గ్రామాల్లో పర్యటించి, 268 కుటుంబాల నుంచి వివరాలు సేకరించారు. గూగుల్ ఆనలిటిక్ సహాయంతో విశ్లేషించి, అధ్యాపకులకు బుధవారం నివేదిక అందజేశారు. వీరిని ప్రధానాచార్యురాలు పి.నిర్మలకుమారి, అధ్యాపకురాలు కె.స్వరూపరాణి తదితరులు ఆభినందించారు.

Date : 14/11/2024

EditionName : ANDHRA

PRADESH(ELURU) PageNo :



గణపవరం: పాదుపు, పెట్టుబడి ఎంపికపై ప్రాజెక్టు వర్క్ గణపవరం మూర్తి రాజు ప్రభుత్వ డిగ్రీ కళాశాలలో కళాశాల అధ్యాపకురాలు స్వరూపరాణి మార్గదర్శకత్వంలో మొదటి సంవత్సరం బిఎ విద్యార్థులు "గ్రామీణ ప్రాంతాలలో పాదుపు పెట్టుబడి ఎంపికలపై" బుధవారం ప్రాజెక్టు వర్క్ చేశారు. గూగుల్ ప్రశ్నావళి సహాయంతో 268 కుటుంబాల నుంచి ఆదాయం, పాదుపు, పెట్టుబడి పెట్టే సమయంలో పరిగణిస్తున్న అంశాలపై విద్యార్థులు వివరాలు సేకరించారు.

పాదుపు పెట్టుబడి ఎంపికపై ప్రాజెక్టు వర్క్

ప్రజాశక్తి - గణపవరం

గణపవరం డిగ్రీ కాలేజీ విద్యార్థులతో గ్రామీణ ప్రాంతాల్లో పాదుపు పెట్టుబడి ఎంపికపై ప్రాజెక్టు వర్కుని నిర్వహించినట్లు కాలేజీ ప్రిన్సిపల్ పి.నిర్మలాకుమారి బుధవారం తెలిపారు. ఆర్థికశాస్త్ర అధ్యాపకురాలు డాక్టర్ కె.స్వరూపరాణి సారధ్యంలో మొదటి సంవత్సరం బిఎ విద్యార్థులు గ్రామీణ ప్రాంతాల్లో పాదుపు పెట్టుబడి ఎంపికలపై ప్రాజెక్టు వర్క్ చేయటం జరిగిందని చెప్పారు. ఆక్టోబరు 31 అంతర్జాతీయ పాదుపు దినోత్సవాన్ని పునస్కరించుకొని ఈ ప్రాజెక్టు ప్రారంభించినట్లు తెలిపారు. గూగుల్ ప్రశ్నావళి సహాయంతో గణపవరం, జల్లికొమ్మర, అర్ధవరం, నిడమర్రు, ఎనేకపల్లి, పెదనిండ్ర కొలను, చానమిల్లి, ఉప్పులూరు గ్రామాల్లో 268 కుటుంబాల నుంచి ఆదాయం, పాదుపు తదితర అంశాలపై విద్యార్థులు సేకరించినట్లు తెలిపారు. సేకరించిన వివరాల నివేదికను తమకి అందజేసినట్లు చెప్పారు. విద్యార్థులు చిన్నవయసులోనే పాదుపు అలవాటు చేసుకోవాలని అన్నారు. ఇటువంటి ప్రాజెక్టులు చేయటం వల్ల భవిష్యత్లో పరిశోధన చేయాలనుకునే వారికి సరైన బేస్ లభిస్తుందని తెలిపారు. ప్రాజెక్టులో పాల్గొన్న విద్యార్థులకు కిడ్నీ బ్యాంకులను బహుమతులుగా అందజేశారు.