Determinants Of Household Saving Behaviour – A Special Reference In Manmunai South Eruvil Pattu Divisional Secretariat Division Of Batticaloa District.

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ABSTRACT

Saving is the chief macroeconomic variable through it a country can procure potential investment thus it accelerates the economic growth. National saving are collected through the private and the public savings while private savings contain household saving as a major part. The objective of the research is to identify the determinants of household saving behavior in Manmunai South Eruvil Pattu Divisional Secretariat Division of Batticaloa district. Household saving behavior depend on demographic variable, financial literacy and self – control. For this study, data were collected through using the statistical techniques of univariate analysis, cross tabulation techniques, correlation and regression analysis, chi –square test and hypothesis test from 100 samples.

The results of the study showed that determinants, of household saving behavior in Manmunai South Eruvil Pattu Divisional Secretariat Division of Batticaloa .There is a significant different in a financial literacy and self - control saving behavior demographic factors influence to determine household saving and according to chi – square test found significant relationship between demographic factors and saving behavior. However, the government can implement appropriate policies in order to increase the income level of the people and to reduce their expenditures in such a manner household saving can be encouraged.

Keywords: Saving, Household, Financial literacy
Self-Control and saving behavior.

BACKGROUND OF STUDY

Saving plays a very important social role as a source of future sustainability and development (Nga 2007). It is also defined in terms of flows in the current account and excludes any Capital gains and losses (Schultz, 2005, Nga, 2007, Cronje, 2009). An adequate national saving rate is essential circumstance for the attainment of investment and growth rates targets (Kazmi 1993). Through saving individuals may accumulate wealth and gain financial independence and a nation's saving is a shield that protects individual and the nation from economic shocks (mboweni, 2008).

Saving is deferred spending a preference to consume tomorrow rather than today (Strydom 2007). Higher saving has proven to be an integral component of economic growth. Harod Domar and W.W.Rostrow believed that for any Society to take off into self – sustaining economic growth they have to mobilize both domestic and international savings to help them make meaningful investment to generate economic growth (Todaro and Smith /2006).

Household debt has rapidly increased this decade mainly because debt has become more easily accessible to the average in Sri Lankan. At the Same time, interest rates have been relatively low the need for self – control and materialism has burdened Sri Lankan, forcing them to increase their debt levels Current debt levels stand at approximately 80% of household income which leaves very little for savings and investment. Household belongings to lower income group may have different saving behavior, middle income households may have different and same as higher income households may have different saving trend previously this saving behavior for different income groups was not discussed properly in

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the literature. This matter needs to be discussed more at micro level. (Lower, Middle & higher)

This study analyzes the saving habit of household and factors influencing for the poor saving habit. As a developing country there is a more value for the saving in Sri Lanka. Most of factors affected to determine the peoples saving. This study mainly concern about changers in saving habit with respect to demographic factors, financial literacy and self-control.

PROBLEM STATEMENT

Savings requires accumulation of anything of lasting value is also savings. The part of income not consumed is the part that is saved. Thus, Savings equals income minus consumption (Henderson and Poole, 1991). Saving is more of meant for meeting contingencies but sometimes it also acts as a form of investment. But sometimes people are not inclined towards saving and the very delicate reason of dissaving and if saving occurs then what are the determinants which are responsible for saving. To advocate appeals for saving there is a need to know about the saving motives of the individuals or the households. Saving more and spending more simultaneously has become the basic and conflicting factor for the economy. The present influence of the households should experience total saving which helps to step up the saving in the economy Thus there is an immediate need to carefully understand the determinants of both the household saving rate and the saving behavior in the households in Batticaloa district.

OBJECTIVE OF THE STUDY

1. To find out whether there is a significant relationship between the demographic variables and the level of household saving behavior in the Manmunai South Eruvil Pattu D.S division.

2. To identify the level of influence of financial literacy on the household saving

behavior in the Manmunai South Eruvil Pattu D.S division.

3. To identify the level of influence of self-Control on the household saving behavior in the Manmunai South Eruvil Pattu D.S division.
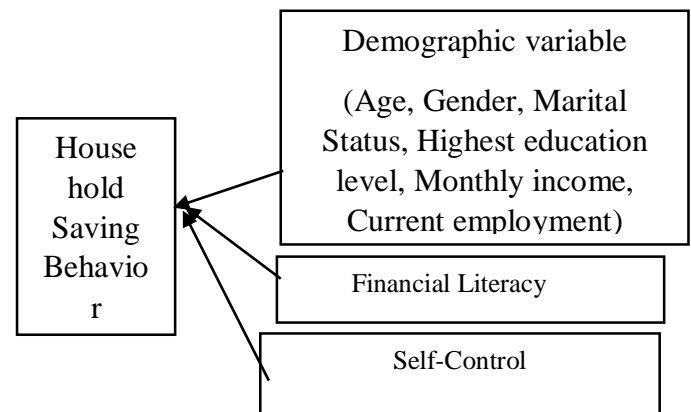
CONCEPTUALIZATION

Figure 1 conceptual Framework

METHODOLOGY AND DATA ANALYSIS

Sampling

Table 1 Sample distribution

Area	Population (Parents)	Sample
MSEP D.S division	17,784	**100**

Source: - Manmunai South Eruvil Pattu Diisional Secretariat Division, Kaluwanchikudy (2016)

Methods of measurement

The data collected and measured by the use of questionnaire were analyzed and evaluated on the following methods using the software SPSS.

1. Univariate analysis
2. Bivariate analysis
3. Cross Tabulation analysis
4. Hypothesis test analysis

Decision rule for Hypothesis testing is, compare the chi-square significant value / P-

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value to 0.05 and then reject Ho if P-value (significance level) is less than 0.05.

Assumption for Chi – square test- Each observation is independent of the others.

Table 2 Methods of Data Evaluation

Range	Decision attributes
$1 < M \leq 2.5$	Low level
$2.5 < M \leq 3.5$	Moderate level
$3.5 < M \leq 5.0$	High level

Data Analysis And Data Presentation

Table 3 General Information

Univariate analysis

Demographic Variables	Category	Statistic (Percentage)
Age	19-25	10
	26-35	40
	36-45	26.67
	Above 45	23.33
Gender	Male	60
	Female	40
Marital Status	Unmarried	34
	Married	48
	Widow	10
	Divorced	8
Educational Level	Primary level	3.33
	Secondary level	10
	Advanced level	26.67
	Graduate level	36.67
	Others	23.33
Current Employment	Self-employment	25
	Private companies	41
	Government departments	20
	Others	14
Monthly Income	Less than 10,000	20
	10,000 – 25,000	16.67
	25,000 – 75,000	36.67
	75,000 – 100,000	20
	More than 100,000	6.67

Chi- square Tests for Age and Level of saving Behavior

Measure	Mean	Std. Deviation
Household saving behavior	3.6057	0.69356
Financial literacy	3.5914	0.55227
Self-Control	3.6275	0.50395

Chi-square tests for Gender and Level of saving

Behavior	Value	Degree Freedom	Asymp-sig(2 sided)
Pearson chi-square	9.529	2	0.009
likelihood ratio	9.562	2	0.008

Chi- square Tests for Marital Status & Level of Saving Behavior

Behavior	Value	Degree of Freedom	Asymp-sig(2 sided)
Pearson chi-square	6.569	2	0.037
likelihood ratio	7.181	2	0.028

Chi- square Tests for Education Level & Level of Saving Behavior

Behavior	Value	Degree of Freedom	Asymp-sig(2 sided)
Pearson chi-square	-21.962	6	0.001
likelihood ratio	-23.159	6	0.001

Chi- square Tests for Occupation & Level of Saving Behavior

Behavior	Value	Degree of Freedom	Asymp-sig(2 sided)
Pearson chi-square	-17.211	8	0.028
likelihood ratio	-18.680	8	0.017

Chi- square Tests for Income Level & Level of Saving Behavior

Behavior	Value	Degree of Freedom	Asymp-sig(2 sided)
Pearson chi-square	-30.157	8	0.006
likelihood ratio	-34.031	8	0.000

Bivariate analysis

Correlation for financial literacy and saving behavior

	Financial literacy
Pearson correlation (r)	.661
Significance level (P)	.000

(Correlation is significant at the 0.01 level (2 tailed))

Correlation for self- control and saving behavior

	Self-control
Pearson correlation (r)	.620
Significance level (P)	.000

(Correlation is significant at the 0.01 level (2 tailed))

CONCLUSION AND RECOMMENDATION

The results of the study showed that determinants of household saving behavior in MSEP. There is a significant different in a financial literacy and self – control to saving behavior Demographic factors influence to determine household saving and according to chi – Square test found significant relationship between demographic factors and saving behavior.

The government can implement appropriate policies in order to increase the income level of the people and to reduce their expenditures in such a manner household saving can be encouraged. Further policies also introduce to encourage saving by reduce consumption self-control is a most important factor affecting to the saving behavior so every person should make self-control to enhance their saving level Non-government organization can involve enhancing the self-awareness regarding the habit of saving among the household.

To enhance the financial literacy, private sector to get involved and educate its employees in terms of the dangers of over consumption. The private sector can also help with budgeting education. It needs to form part reships with financial services providers to encourage saving taking of life policies and access to investment products from work.

Government intervention to enhance the interest rate and provides tax benefit. Presently most of the households are acknowledge about saving and they prefer to save money.

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