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The Impact on Socio Economic and Demographic Factors on the Level of Income among the Workers at SIDCO

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Abstract: Investment is said to be the driving force of an economy. The level of investment determines the net capital formation of a country and eventually it robust long term growth of the economy. The level of investment is determined by the level of savings, particularly, the household savings. In fact, it is the level of household savings and investment which is the key factor of growth. With middle income groups dominating the household sector, the savings from this group determines the level of investment and capital formation. According to the reports of Ministry of Statistics and Programme Implementation, the household sector accounts for 81.80 per cent of the gross domestic savings of the country.
Keywords: Investments, Savings, Economic Income

I. INTRODUCTION

Investment is said to be the driving force of an economy. The level of investment determines the net capital formation of a country and eventually its robust long term growth of the economy. The level of investment is determined by the level of savings, particularly, the household savings. In fact, it is the level of household savings and investment which is the key factor of growth. With middle income groups dominating the household sector, the savings from this group determines the level of investment and capital formation. According to the reports of Ministry of Statistics and Programme Implementation, the household sector accounts for 81.80 per cent of the gross domestic savings of the country. However, a recent macroeconomic study on the trends in savings has indicated the decline in the level of household savings. However, many of the studies have used the concept of savings and investment interchangeably, though there are differences between the two.

II. REVIEW OF RELATED STUDIES

Fisher [1] in his study on Gender differences in personal saving behaviours distinguished the savings behaviour between male and female. It was found the study that the women have lower earnings, lower wealth but higher aversion to risk than their male counterpart. Liberda and Fatuła [2] in their study on the Socioeconomic Conditions of Saving Behaviours in Polish Households found that the higher levels of education attainment results in higher level of savings.

Wójcik [3] in his the study on the Socioeconomic Conditions of Saving Behaviours in Polish Households concluded that the households in big cities have a strong desire to save as they have easy access to banking facilities.

Avery and Kennickell [4] made a study on Household saving in the U.S. Review of Income and Wealth. It was found form their study that the married couples saves more than the other types.

Wega M [5] in her study on Real Interest Rates and the Mobilization of Private Saving in Africa identified that an important factor determining the level of savings is the rate of interest. A higher rate of interest increases the level of savings and vice versa. The study by McKinnon, (1973) and Shaw(1973) also have established a strong positive linkage between the level of savings and the rate of interest.

III. PROBLEM FOCUS

The above literature helps to conclude that savings behaviour is not determined in isolation. There are a host of factors that determine the level of savings. The factors identified in the literature include, the level of income of the earners, the age, the gender, the level of education attainment, the place of residence, occupational status, type of family (nuclear or joint), size of the household, the community belonging, access to banking facilities from residence, marital status, use of alcohol and tobacco, the old debt payments, the health conditions of elders, credit extension by the financial institutions and the desire to purchase durables regularly etc.

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Though these many factors determine the level and the pattern of investment, none of the studies could include an exhaustive item of the factors determining the level of savings. Moreover, technically, though the concept of savings and investments are different, many studies considered these two as interchangeable However, there are many differences between the two. Among them, the major difference between savings does not involve risk, while investment includes risk. Similarly, savings are postponement of consumption while investment expects returns in the future. Hence, considering these differences in the present study an attempt in made to examine the impact of the above mentioned factors on savings among the workers working in the small scale units of SIDCO, Coimbatore.

IV. OBJECTIVES OF THE STUDY

Based on the above discussion, the objectives are:

A. To study the socio economic behaviour of the sample workers
B. To examine the savings pattern of the sample workers.
C. To estimate the relationship between the social, economic and demographic factors and the savings pattern.

V. METHODS AND MATERIALS

The prime objective of the present piece of research is to examine the impact of socio economic and demographic factors on the savings pattern. For this purpose, 300 workers from 100 small scale industries SIDCO were selected. There are mostly engineering and automobile parts manufacturing units are operating in the industrial estate of SIDCO, Coimbatore. The selected respondents were met and their personal, family and job related information were collected with the help of a pretested questionnaire.
The collected data were analysed using the simple percentage method,
Though there are many studies carried out in India and abroad on savings and savings pattern, these studies are only partial as these studies have either included either the micro variables like, the socio economic and demographic factors determining savings. However, in the present study some methodological improvements have been made by including both the micro and macro variables in the context of examining their impact on savings. Thus, the study is exploratory also.

Table: 1
Respondents SOCIO Economic and Demographic Status

SL.NO.	Factor	SAMPLE DISTRIBUTION	%age
I.	Gender	No. of Respondents	Percentage
1	Male	255	85.00
2	Female	45	15.00
	Total	300	100.00
	Distribution of Age	No. of Respondents	Percentage
1	Less than 25	44	14.67
2	25-34	78	26.00
3	35-45	92	30.67
4	Above 45	86	28.67
	Total	300	100.00
	Education	No. of Respondents	Percentage
1	Less than Secondary	35	11.67
2	Secondary	92	30.67
3	H.SC	155	51.67
4	Degree	8	2.67
5	Diploma	10	3.33
	Total	300	100.00
	Origin of Birth	No. of Respondents	Percentage
1	Rural	255	85.00
2	Urban	45	15.00
	Total	300	100.00
	Type of family	No. of Respondents	Percentage
1	Nuclear	251	83.67

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2	Joint	49	16.33
	Total	300	100.00
	Marital Status	No. of Respondents	Percentage
1	Married	256	85.33
2	Unmarried	44	14.67
	Total	300	100.00
	No. of Members in the Family	No. of Respondents	Percentage
1	Two	8	2.67
2	Three	68	22.67
3	Four	162	54.00
4	Five and above	62	20.67
	Total	300	100.00
	Total members	1215	
	Average	4.05	
	No. of Dependents	No. of Respondents	Percentage
1	1	79	26.33
2	2	178	59.33
3	3	39	13.00
4	Above 3	4	1.33
	Total	300	100.00
	Total No. of dependents	568	
	Average	1.89	
	Occupational Status of the Family Members	No. of Respondents	Percentage
1	Agricultural Labour	124	35.73
2	Farmer	27	7.78
3	Industrial worker	178	51.30
4	Service sector workers	18	5.19
	Total	347	100.00
	Type of occupation of the family members	No. of Respondents	Percentage
1	Seasonal	186	53.60
2	Non-Seasonal	161	46.40
	Total	347	100.00

Source: Computed from Primary Data.

Chart: 1
Inequality in Income Among the Sample Working Respondents



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VI. RESULTS AND DISCUSSIONS

In table 1, the male workers are found to be higher in the sample with 85 per cent than the female counterparts. The age of the sample workers indicate the higher share of the young age group of 35-45 years followed by the middle age group of above 45 years. The level of education of the sample blue collar workers indicates that the highest level of education of a majority of the sample is higher secondary level completed. The sample information shows that a lion's share of the sample workers has their origin of birth as rural areas. While a major share of the sample workers belongs to nuclear family, a majority of them are married. The family size indicates that four member families have the highest share among the sample family households. The average size of family for the sample is worked out to four. The number of dependents, an important factor determining the level of savings, show that the highest share of the sample families has two member dependents. Given the distribution of the number of dependents, the average dependent per family is worked out nearly to two members. The occupational status of the employed individuals show that a majority of the family members work as industrial workers. However, for a majority of them, the nature of work is only seasonal.

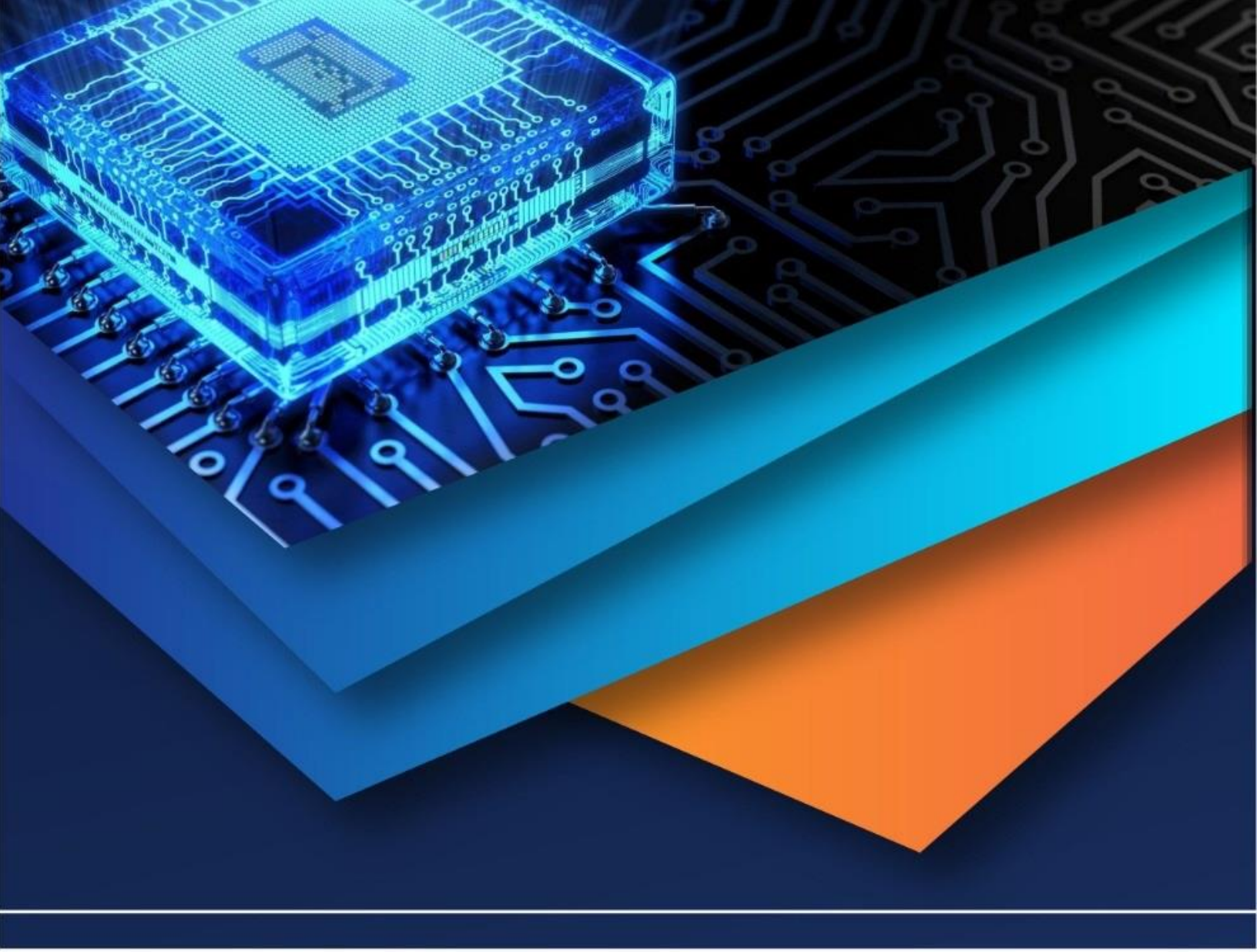
A. Summary And Conclusion

With savings playing a vital role both at the micro and macro level, it is attempted to understand the impact of the socio economic and demographic factors on the level of income among the 300 blue collar workers. The analysis indicated that all the socio economic factors significantly determine the level of savings among the workers. However, the propensity to save is very less among the samples. Because of the low amount of savings, with marginal utility of money being higher, the sample workers do not take risk and hence save with the commercial banks.

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