

Saving Behavior in Rural Area: Special Emphasis on Ambalantota Area Hambantota District.

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Abstract

Saving is an important macroeconomic variable to be studied under the purview of the economic arena on an individual as well as household basis. In a country like Sri Lanka income standard is almost uncertain and leads to more consumption rather than saving which has now been a central problem. If the saving is low, then the investment will also be low leading to low capital formation and low economic growth. The present study analyzes the determinants and patterns of saving behavior in rural area of Sri Lanka. The determinants and patterns of saving differ from rural to urban region. In rural areas, the marginal propensity to consume is more rather than the marginal propensity to save. The income level, consumption expenditures, and changing saving behavior is taken as the criteria for drawing the samples. The present study reveals that the APC and MPC of the rural households varies in terms of the distribution of income and occupation. The study finds that most of the rural households have low educational status which is resulting in less awareness of the people towards the benefits of saving. The study also recommended that an efficient wage act policy should be implemented by the government as many of the rural people are the daily wage worker amounting them to proper ways which can meet the consumption needs and some portions of the income can be saved. According to the survey data relationship between monthly income and monthly savings: Pearson Correlation 1 .522** Sig. (1-tailed) .002 N 30 30 **. Correlation is significant at the 0.01 level (1-tailed). According to the above table there is a strong positive relationship (Correlation coefficient is 0.522) between the monthly income and the monthly savings. And also, the p-value is 0.002, which is less than 0.05. Thereby it was concluded that there is a significant relationship between two variables

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