



## AN EVALUATION OF GROWTH OF SECTOR-WISE SAVINGS IN INDIA

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### **Abstract**

*Savings play a significant role in development of the industrial sector through providing required capital for its investment and development of industrial sector leads to economic development of the country. Savings come from various sectors and these sectors contribute a lot in development of industries in the country. An attempt has been made to provide a look on savings from the various sectors in India and the growth of savings in sector-wise through this study.*

**Key Words: Savings, Growth of Sector-wise Savings, Evaluation.**

### **Introduction**

Saving is income not spent, or deferred consumption. Methods of saving include putting money aside in, for example, a deposit account, a pension account, an investment fund, or as cash. Saving also involves reducing expenditures, such as recurring costs. In terms of personal finance, saving generally specifies low-risk preservation of money, as in a deposit account, versus investment, wherein risk is a lot higher; in economics more broadly, it refers to any income not used for immediate consumption. The savings come from different sectors like, Non-financial corporations, Financial corporations, General Government and Household sector.

### **Literature Review**

**Ila Patnaik and Radhika Pandey (2019)** have focused on savings and investments in India, for this, the study has considered different factors like, Indian savings landscape, transformation of savings into investment, issues in infrastructure financing, private participation in infrastructure, financing for micro, small and medium enterprises (MSMEs) etc. This study also concentrated on reforms in different areas such as, reforms in Promoting digital access, privatization of public sector Banks (PSBs), etc. Finally, this concluded that, long term growth of India is depended on finance. Investment in infrastructure and micro, small and medium enterprises are two major challenges in investment in India. Banks have occupied major portion of the savings of household. Reforms should be made in availability of non-finance, increasing the share of MSMEs in bank credit and also stated that, to support intermediation of savings into investment in the economy financial sector regulations are the key ingredients.

**Vardhana Pawaskar et al., (2015)** have highlighted that, the saving pattern of households in India and how that savings can be efficiently through capital markets. This study has analysed about the Savings pattern in Indian economy, Capital Formation, Savings / Investments through capital markets, New Alternate Savings and Investment Opportunities, etc. This study proposed that, the scope of the capital markets have to be increased, preventing tax evasion through rationalising tax structure and for stimulating the growth of financial savings providing a good market structure.

**Girish Jain and Meenu Baliyan (2014)** have evaluated the factors influencing savings and investment in India, such as education, age, gender, level of income, inflation, income level and dependency ratio play an important role in savings of the households in India.

**Inder Sekhar Yadav et al., (2018)** have assessed the long run relationship between savings, investment and growth through some tests. The study revealed that, the raising level of domestic savings will be helpful to formulate the capital and support to the investment, economic determinants should be reinvestigated to increase the savings and the efficiency, productivity and profitability of Indian domestic investments should be improved to support domestic savings through domestic savings.



**Rashmi Shukla (2016)** has reviewed some research papers to know the determinants of savings across the world and in India. The study has examined classification of savings in India and drivers of aggregate savings, household savings and private corporate savings which are considered by the different researchers in their study. At the end this study concluded that, GDP growth, real interest rate, demographic variables, political instability and financial deepening are the possible determinants of aggregate saving, household saving and private corporate saving. The dependency ratio, income level and inflation rate are the key drivers of household level saving.

### Objectives of the Study

1. To know about sector-wise savings from different sectors.
2. To evaluate the growth of sector-wise savings from different sectors in India.

### Research Methodology

The Secondary Data has been used in this study which is published in the concerned websites and related reports to evaluate the growth of sector-wise savings in India. Tabular form and percentages have been used for analysis.

### Evaluation of Growth of Sector-Wise Savings

The following tables provide statistics about the sector-wise growth of Savings in India from different sectors like Non-financial Corporations, Financial Corporations, General Government and Household sector.

**Table: 1:Sector-wise Domestic Savings - Non-financial Corporations (At Current Prices)**  
 (Amount in Crores)

Sl. No.	Item	2014-15	2015-16	2016-17	2017-18
<b>1</b>	<b>Gross Savings</b>	<b>40,19,957</b>	<b>42,82,259</b>	<b>46,48,421</b>	<b>52,16,022</b>
<b>1.1</b>	<b>Non-financial Corporations</b>	<b>14,17,052</b>	<b>16,77,184</b>	<b>18,10,281</b>	<b>20,72,827</b>
<b>1.1.1</b>	<b>Public Non-Financial Corporations</b>	<b>1,29,108</b>	<b>1,54,015</b>	<b>1,71,889</b>	<b>2,34,707</b>
1.1.1.1	Departmental Enterprises	39,253	47,620	44,300	49,162
1.1.1.2	Non-Departmental Enterprises	89,855	1,06,395	1,27,589	1,85,545
<b>1.1.2</b>	<b>Private Non-Financial Corporations</b>	<b>12,87,944</b>	<b>15,23,169</b>	<b>16,38,392</b>	<b>18,38,120</b>

**Source:** Handbook of Statistics on Indian Economy by RBI.

The above table depicts the Gross Savings and the savings of the Non-financial Corporations from 2014-15 to 2017-18.

### Gross Savings

In case of Gross Savings, in the year 2014-15 it was 40,19,957 crores and in 2015-16 it was increased by Rs.2,62,302 crores (6.525 per cent) i.e. from Rs.40,19,957 crores to Rs.42,82,259 crores. Likewise in 2016-17 the Gross Savings was increased by Rs.3,66,162 crores (8.55 per cent) i.e. from Rs.42,82,259 crores to Rs.46,48,421 crores. Similarly in the year 2017-18 the amount of Gross Savings was increased by Rs.567601 crores (12.21 per cent) i.e. from Rs.46,48,421 crores to Rs.52,16,022 crores.

### Non-financial Corporations

The savings of the Non-financial Corporations is constituted by two sub-sectors such as Public Non-Financial Corporations and Private Non-Financial Corporations. The savings of the Non-financial Corporations in the year 2014-15 was Rs.14,17,052 crores and in 2015-16 it was increased by Rs.2,60,132 crores (18.38 per cent) i.e. from Rs.14,17,052 crores to Rs.16,77,184 crores. Similarly Rs.1,33,097 crores (7.93 per cent) was increased in the year 2016-17 i.e. from Rs.16,77,184 crores to Rs.18,10,281 crores. Likewise, in 2017-18 the savings of the Non-financial Corporations was increased by Rs.2,62,546 crores (14.50 per cent) i.e. from Rs.18,10,281 crores to Rs.20,72,827 crores.



**Table: 2:Sector-wise Domestic Savings - Financial Corporations (At Current Prices)**

(Amount in Crores)					
Sl. No.	Item	2014-15	2015-16	2016-17	2017-18
<b>1.2</b>	<b>Financial Corporations</b>	<b>3,39,028</b>	<b>2,91,640</b>	<b>3,36,560</b>	<b>3,67,540</b>
<b>1.2.1</b>	<b>Public Financial Corporations</b>	<b>1,69,908</b>	<b>1,76,513</b>	<b>2,04,809</b>	<b>2,19,342</b>
1.2.1.1	Departmental Enterprises	6,722	7,878	7,159	7,870
1.2.1.2	Non-Departmental Enterprises	1,63,186	1,68,636	1,97,650	2,11,471
<b>1.2.2</b>	<b>Private Financial Corporations</b>	<b>1,69,120</b>	<b>1,15,127</b>	<b>1,31,751</b>	<b>1,48,198</b>

**Source:** Handbook of Statistics on Indian Economy by RBI.

### Financial Corporations

The above table exhibits the savings of the Financial Corporations from 2014-15 to 2017-18. The savings of the Financial Corporations is the sum total savings received by the Private Financial Corporations and Public Financial Corporations.

In the year the savings of the Financial Corporations was Rs.3,39,028 crores and it was decreased by Rs.47,388 crores (13.98 per cent) i.e. from Rs.3,39,028 crores to Rs.2,91,640 crores in 2015-16. Similarly, in the year 2016-17 the savings of the Financial Corporations was increased by Rs.44,920 crores (15.40 per cent) i.e. from Rs.2,91,640 crores to Rs.3,36,560 crores. Likewise Rs.30,980 crores of savings was increased in the year 2017-18 i.e. from Rs.3,36,560 to Rs.3,67,540 crores.

**Table: 3: Sector-wise Domestic Savings - General Government and Household sector (At Current Prices)**

(Amount in Crores)					
Sl. No.	Item	2014-15	2015-16	2016-17	2017-18
<b>1.3</b>	<b>General Government</b>	<b>-1,75,227</b>	<b>-1,61,478</b>	<b>-1,21,347</b>	<b>-1,62,548</b>
<b>1.4</b>	<b>Household sector</b>	<b>24,39,104</b>	<b>24,74,912</b>	<b>26,22,927</b>	<b>29,38,203</b>
<b>1.4.1.1</b>	<b>Gross Financial Saving</b>	<b>12,57,247</b>	<b>14,96,232</b>	<b>14,38,377</b>	<b>18,69,578</b>
1.4.1.2	Less Financial Liabilities	3,76,832	3,85,388	4,68,648	7,40,566
<b>1.4.2</b>	<b>Saving in Physical Assets</b>	<b>15,13,127</b>	<b>13,17,599</b>	<b>16,06,941</b>	<b>17,67,934</b>
<b>1.4.3</b>	<b>Saving in the form of Gold and Silver Ornaments</b>	<b>4,5562</b>	<b>4,6469</b>	<b>4,6257</b>	<b>4,1257</b>

**Source:** Handbook of Statistics on Indian Economy by RBI.

The above table shows the savings of the General Government and savings of the Household Sector from 2014-15 to 2017-18.

### General Government

But in case savings of the General Government it is showing minus figures in all the years from 2014-15 to 2017-18. It means the General Government has not made any savings and expenditures are more than its income.

### Household Sector

The savings of the Household sector includes Gross Financial Savings, Savings in Physical Assets and Savings in the form of Gold and ornaments minus Financial Liabilities. The savings of the Household Sector in 2014-15 was Rs. 24,39,104 crores and it was increased by Rs.35,808 crores (1.47 per cent) i.e. from Rs.24,39,104 crores to Rs.24,74,912 crores in 2015-16. Similarly in the year 2016-17 the savings of the Household Sector was increased by Rs.1,48,015 crores (5.98 per cent) i.e. from Rs.24,74,912 crores to Rs.26,22,927 crores. Likewise, in 2017-18 the amount of savings increased by Rs.3,15,276 crores (12.02 per cent) i.e. from Rs.26,22,927 crores to Rs.29,38,203 crores.

### Conclusion

By the above evaluation, this study can be concluded that, the savings of the various sectors has been increasing except the General Government's savings. But due more population the Government was not able to make any



savings. Even though the Government has to take steps to increase its revenue and decrease the expenditures. At the same time, in other sectors savings is increasing, still Government has to create awareness about savings among the people for their future as well to increase the capital formation.

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