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Purpose of Savings and its Determinants in Case of Destitute Population: An Empirical Analysis of Slum Dwellers

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Key Words:

Theoretical, Savings, Poor, Banking, Institution.

Abstract:

Research has shown that poor people living in under developing countries are saving less, little is known about the responsible factors which influence savings of these poor urban groups. The following study is based on Theoretical perspectives for examining the nature of savings among Slum dwellers in Lucknow. Three perspectives have been analysed in the study which are Individual capabilities-oriented perspectives, Sociological perspectives and Institutional mechanism (supply-oriented approach) towards the marginal sections of the society. The responsible factors for low savings are due to monopoly-based supply-oriented banking discipline, financial illiteracy, income of the people etc. Findings of the paper suggests that poor people are worth to save and are saving, particularly if both the banking and institutional barriers are removed and made more inclusive so that poor people themselves try to come out from the problem of poverty.

1 Introduction:

Urban underprivileged population group has been analysed to know the saving behaviour in them. The first attempt to cover the vulnerable population of urban area of Lucknow which are by nature very poor and has been categorised as Slums Dwellers whose population is increasing day by day with much volatilizes in living a normal life in particular areas. So, this is the first study which has tried to represent the urban group who are facing challenges in every part of their life. Present study keeping in view the socio-economic conditions of the urban group and tried to analyses them on the grounds of financial behaviour which is determined by several associated factors. So, the following paper is composition of three sections. Section 1 will cover theoretical back ground. Section 2 will cover three key perspectives which are the determining factors of savings and the last section is covering the field survey results which are based on Micro-financial services. The study has been analysed in urban Lucknow.

1.1 Theoretical back ground

In addition, financial access is characterized from time to time by different hypotheses, the main thrust of financial services from both the demand and supply side depends largely on the individual's capacity and skill. Katona (1975), savings take place through the skill and willingness of the individual, but there are various factors that play a significant role in once capacity and willingness. The following variables accessed by different hypotheses are, for example, the period of the life cycle, schooling, jobs and financial literacy, (2) wages, property, risk attitude, and saving motive. (3) Family, house type, rural-urban, and hypothecary structure. Wärnderyd, (1999) Savings are viewed as residual, savings are regarded as net-value discrepancies at the end and net-value at the beginning of the period exceeding income over expenditure over time span. A question arises here as to why, and what individuals are saving their profits for? Keynes, M.J. (1936) also established three income grounds for individuals with (1) transactional grounds (2) precautionary grounds and (3) theoretical grounds. Poor people are dressed with their transactional motivations that cover their everyday spending, such as basic needs, etc., and the two are inspired to be out of the box due to the difficulty of the economic climate. Katona (1975) defined three forms of savings: 1) contractual savings, 2) discretionary savings, and 3) residual savings, both contractual savings and residual savings are flexible savings, such as savings for the purchasing of a gift, children's payments are contractual savings, but residual savings are all savings that are normal in nature, such as spending on goods and services, and so on. Warneryd, (1999) describes four reasons: 1) habit or expense management, 2) precautionary motive, 3) legacy motive and 4) profit motive. Modigliani,

(1966) People save during working years and spend them after retirement but wages, income and other factors change the savings. Does it therefore become apparent that working hours often play a role in preserving actions by individuals?

At the national level, the role of financial institutions in providing government financial services and social security programs through tax and social security schemes, such as unemployment insurance, pensions, and tax rates, also affects the capacity and savings generated. Moreover, the manner in which banks operate and are governed also plays a part, not least for the relationship between banks and clients. Saving ratios in India, on the one hand, have started to increase. PMJDY Scheme Since. At the other hand, recent innovations in the direct transfer system have begun to work in the country, but there are still poor qualities of social security programs such as pension schemes for the elderly, which are still very weak in the Rangarajan Committee's NSSO 66TH scores,

Financial services exposure has gained traction in recent years. World Bank (2004, 2005 World Bank and 2005 Inter-American Development Bank); United Nations General Assembly in declared 2005 International Year of Micro-Credit to High Light Connections between Micro-Credit Access and Millennium Development Goals (MDGS) accomplishments (UN 2005). Finance is important in reducing deprivation (Westley, Glenn D. 2001). In India, financial services to the poor have been a long-standing issue. In the absence of sufficient viable financial programs, poor people were unable to combat poverty and aim for a better standard of living. Traditionally poor were viewed as non-bankable because they were unable to fill out the banks' lending and other conditions in full. Traditional banking needs a lot of paperwork, collateral and regular transactions that poor people have been unable to complete. In the absence of financial services poor relied primarily on informal credit sources, such as money lenders, relatives etc. Dependence on informal credit sources generates a vicious cycle of corruption and poverty. After independence, the Government has taken many steps to address the issue. Yet it's a big issue still today. Indeed, in the post-reform era, this problem has escalated. In the post-reform era, the share of informal credit sources in the rural credit market has increased and reached nearly 40 percent, which was once down as low as 10 percent in the later part of the 80's. Another important aspect of Financial Services to the Poor is that, until the date of this issue, most government initiatives were limited to ensuring credit facility for the Poor, which could not have achieved satisfactorily either. Financial devices will help households withstand the negative shocks (Dercon, Stefan, Tessa Bold, César Calvo. 2006). Yet micro-credit is only a part of micro-finance. In poor and disadvantaged parts, other financial services like saving, insurance, money transfers and pension are equally important along with micro-credit. The harsh reality in this regard is that almost half of the population in our country has no access to formal financial services. Simple access to the vulnerable by financial institutions on a continuous basis is a very gigantic mission to be done and understandable. But even after 65 years of independence, in something that is quite frustrating, the fact that 45 percent of the population do not have the bank account or accesses from any formal financial institution.

2. Three main perspectives which are the deciding savings factors Following the analysis is based on three human, social and Administrative perspectives.

2.1 Human -Oriented Perspectives

Neoclassical economists claimed that individuals are moral, and have total market access information. The Life Cycle Hypothesis (LCH; Modigliani & Ando, 1957) are two important neoclassical theories; and the permanent income hypothesis (PIH; Friedman, 1957) is 2. Both theories projected long-term consumption prospects for both individuals and households by savings and consumption in terms of their anticipated future revenues. The LCH is of the opinion that savings may be used smoothly for spending if income changes directly with age. LCH's key premise is that socially successful people become savers where there aren't children and elderly people. Differences in people's consumption and savings are specifically reflected by the people's age (Modigliani & Ando, 1957). The PIH said savings are viewed as a product of permanent income and individuals are free to invest or borrow to run their expenses smoothly, so both LCH & PIH theories are of the opinion that savings are the primary feature of income.

Now both theories show income as the root cause of savings but here the problem arises at what level of income will individuals or households save their money? As the study works in favor of the poorest of the poor at what poorest income of the poor could save, and is it equally applicable for the poor to save in a situation equivalent to that of the country's middle or high-income groups. Developing countries, such as Kenya, where household income is found to be a statistically significant saver among farmers, businessmen, and teachers (Kibet, Mutai, Ouma, Ouma, & Owuor, 2009). And similarly, Uganda's is found to have significantly increased the level of savings in saving bank deposits among households by both permanent and transitory incomes (Kiiza & Pederson, 2002).India, Pakistan and the Philippines have also become witnesses of income as a major and superior savings predictor (Agrawal, Sahoo, & Dash, 2007; Athukorala & Sen, 2004), Morocco (Abdelkhalek, Arestoff, de Freitas, & Mage, 2009), (urRehman, Bashir, & Faridi, 2011), so savings are directly linked to higher household income.

Such studies have shown us that only higher income households will save what about the low-income earners? Could they save it? If so? How can they be compensated for and what are the reasons that limit or exclude them from residual savings? Again, an increase in the dependency ration has been defined in developing countries, resulting in lower savings and vice versa among Kenyan households (Kibet et al., 2009), Indonesia (Johansson, 1998), India (Ang, 2009), China (Ang, 2009), Morocco (Abdelkhalek et al., 2009), and Pakistan (urRehman et al., 2011). In India, the working population works in an informal economy that is excluded from the country's formal banking system on a larger basis and the dependent population is not officially registered for various reasons, most studies show that the country's dependent population is declining day by day, leading to increased savings among households throughout Indonesia. But some of the researchers are totally against it, that there is no significant relationship between dependence ration and saving levels especially in developing countries (Cornia & Jerger, 1982; Deaton, 1992; Schmidt-Hebbel et al., 2002). In developing countries such as India and other Asian and sub-Saharan African countries, where the majority of the dependence population works as child labourers and is economically active but is not included in the country's official gazette, it also points out the dependency ratio and savings rates backed by numerous other studies in which they are stressed .In the Philippines, where there is a negative relationship between young dependent factors and savings where the positive savings relationship was important in the case of adult dependent populations (Bersales & Mapa, 2006). In developing countries, the proof of neoclassical theories that of LCH & PIH is problematic in describing them (Rosenzweig, 2001). Mostly people in developing countries have low wages and limited access to financial services, and people are unable to save and spend, and poor families in developing countries are unable to save the same as high-income households in developed countries. In developing countries, the theories of permanent and temporary income did not fit because people have fewer and irregular incomes that restrict them to save their incomes for long-term purposes such as retirement and life emergencies (accidents, floods, natural disasters, etc.) because their incomes hardly allow them to fulfill their level of subsistence consumption. Some causes in developing regions where households have a more dependent population with low income and there are variations in individual life cycle and households with unknown age factors whose population influences savings decisions (Deaton & Paxson, 2000; Rosenzweig, 2001).

In addition to neoclassical economic theories, the research will also aim to examine saving behavior with regard to psychological and behavioral viewpoints that do not consider the case of people's rationality in determining people's savings rather than believing in any other personality and attitude factors that influence people's savings.

Early economists have established trust in savings-related psychological factors like Jevons (1965), Marshall (1961), and Fisher (1977). While they agreed that savings rely on economic factors, primarily earnings and their size and regularity, they also found that there are numerous psychological characteristics that manipulate the incentive to spend and forego saving. While some psychologists have studied psychosomatic saving behavior determinants compared to economists, there are many known psychological models of saving behaviors, such as Katona (1975), Ölander and Seipel (1970), and Lindqvist (1981). For example, Katona's saving theory (1975) is decided in part by income, and in part by some other independent factors that prevail. The willingness to save (mostly empirical data) and readiness to save (a number of psychological variables) are two important factors. Saving capacity refers to those who can save, while saving will be related to the degree of optimism or pessimism of economic conditions. Therefore, saving capacity does not guarantee savings because savings are determined by psychological factors themselves that are decided by the individual's choice of saving. But there has been less psychological impact on savings with some data from industrialized countries. (Furnham, 1985; Lindqvist, 1981; Lunt & Livingstone, 1991) and certain facts are influenced by personal factors, including positive and negative economic conditions of individuals (Lunt & Livingstone, 1991), so that these factors govern individual decisions (Lunt & Livingstone, 1991), investment decisions (Sherraden & McBride, 2010), as well as future expectations (Webley & Nyhus, 2010). Behavioral economics are both socially and economically in-sighted. Behavioral economics has succeeded in developing some of the unrealistic assumptions about standard economic models of human behaviour, such as unbounded rationality, unbounded willpower, and unbounded "selfishness" (Shefrin & Thaler, 1988; Thaler, 1994). Thus, from this perspective, common human characteristics are those of a person's self-control and ability to delay gratification, use of mind, and emotion. (Ainsle, 1975; Angeletos, Laibson, Repetto, Tobacman, & Weinberg, 2001; Laibson, 1997; Mullainathan &Thaler, 2000; Shefrin &Thale. So, these strategies may make individuals act with their individual interests in incontinent ways. Thus, little is known about developing countries regarding explanatory forces to save low-income individuals' behaviour, but on the other hand numerous studies in developed countries have shown self-control (Ameriks, Caplin, Leahy, & Tyler, 2004; Moffitt et al., 2010; Romal & Kaplan, 1995) and the use in default options (Madrian & Shea, 2001; Thaler & Benartzi, 2004) are helpful for lower- and upper-income people.

2.2 Social Perspective

Theories of social stratification apply to the distribution of power within societies. Society divisions on the basis of people's economic conditioning that shapes different groups in class societies are further divided on the basis of citizenship, caste, religion, and economic status (D'Souza, 1981; Weber, 1967). The deciding factors that influence the saving behavior of low-income households are both class and social stratification. Individuals and households from low-income families are also faced with the problem of lack of knowledge of resources where they can benefit, use their assets for positive returns.The theory of social stratification argues that disparities in communities are due to the nature of access to public services and resources, and to those institutions that provide these services on behalf of the poor without benefiting the poor (Crompton, 2008). Yet there is hope that class and social stratification are the two mighty determinants that could form the patterns of savings and asset accumulation among poor households. Demands from members of the social network have made saving and accumulating assets difficult for family members (Stack, 1974). There is ample evidence that poverty is the obstacle that interprets disadvantaged people to access financial services (Caskey, 1997; Chiteji & Hamilton, 2005; Heflin & Patillo, 2002). Procession of assets is beyond an individual's control because of cultural backgrounds (Al-Awad & Elhiraika, 2003), gender differences (Chowa, 2008), and financial societal roles in families, schools, and other civil societies (Chiteji & Hamilton, 2005; Chiteji & Stafford, 1999; Cohen, 1994), and race (Oliver & Shapiro, 1995; Shapiro, 2004). Sub-Saharan Afrian and evolving worldwide have shown that class-related factors are capable of describing low-income countries' saving behaviour. Education was also found to be one of the major savings factors in Kenya (Kibet et al., 2009) and related Philippine studies (Bersales & Mapa, 2006) but not in Kenya. In addition to this higher education and the profession of individuals, savings rates in rural Kenya are deciding factors (Kibet et al., 2009), the availability of expanded credit facilities has boosted savings in Uganda (Kiiza & Pederson, 2001). Households that regularly access credit have higher savings than households without access, but savings among rural people have declined in Kenya's improved credit quality (Kibet et al., 2009). Mostly poor people use credit for purposes of consumption rather than for purposes generating revenue. In addition, class related variables, such as employment, also determine whether the household owner has formal bank accounts (Kiiza & Pederson, 2001). Low-income people in developing countries often save on less stable and protected informal sources than formal saving accounts (Collins et al., 2009). In Pakistan revenue increases have led to higher participation rates in both formal and informal saving sectors. However higher income rates have led people to use formal institutions more loosely than informal institutions (BISI an informal saving committee such as rotating savings and credit association) (Carpenter & Jensen, 2002). And finally, by trained and literate citizens in developing countries, the full use of formal institutions may face serious impediments due to analphabetism and low education (Carpenter & Jensen, 2002).

2.3 Administrative Perspective

Structural theories take the view that non-saving individuals or households are due to institutional causes that impede them. From time to time, rational mind of disadvantaged people has been unable to save because they don't have the same skills as those with higher incomes (Beverly & Sherraden, 1999; Sherraden, 1991). Otherwise, if the same resources were provided to the poor people, they would be in a better position to save and access these other services.

Therefore, these are the organizations responsible for such a discriminatory approach, which has also limited the use of all the saving programs for the disadvantaged (Beverly et al., 2008). Institutional theory posits that institutions influence people's financial choices and actions worldwide (Beverly & Sherraden, 1999). Nearly seven dimensions at institutional level also influence access, information, incentives, facilitation, expectations, restrictions, and asset accumulation (Beverly & Sherraden, 1999; Beverly et al., 2008; Sherraden & Barr, 2005; Sherraden et al., 2003; Sherraden, Williams Shanks, McBride, & Ssewamala, 2004). Those, then, are structural factors related to investment and wealth creation. In Uganda, however, it is found that financial institution's closeness to households is related to whether or not a household should open a formal saving bank account (Kiiza & Pederson, 2001).and the same study showed evidence that more deposit accounts were opened by urban households than by their rural counterparts. Higher transaction costs have also had negative effects on savings in Ugandan (Kiiza & Pederson, 2001) and Kenyan households in rural areas (Dupas & Robinson, 2009). Dupas and Robinson (2009), respectively. Savings accounts have been opened mostly by individuals with small businesses, and the same facts from Kenya, Kibet and colleagues (2009). Higher transport costs are also found to have a negative effect on the savings of rural poor people. Thus, such data shows that disadvantaged people could be better off if they offered all the services at a cheaper cost. Institutional structures, goods and their knowledge are also a significant responsible factor for providing such financial services to the general masses of the societies. Evidences from Uganda that we households have become well aware of institutional facilities when opening bank accounts (Kiiza & Pederson, 2001). The cheap savings commodity has helped save low-income women in the Philippines (Ashraf, Karlan, & Yin, 2006).

3. Methodology

3.1. Data and Sample

Following study has been conducted at Lucknow. The sample size of the study is 100 samples; the sample population is slum dwellers and the sample technique stratified random sampling have been used. Collection of data was done by a research schedule.

The dynamics of the economy are not only measured through macroeconomic factors but also from the household/individual specific factors. While making the macroeconomic decision these individual specific factors are usually remain hidden. Thus, analysis of economy at micro level helps to understand the individual expectations about its future income, saving and investment decisions, considering its demographic and social characteristics.

The survey conducted in the study helps to investigate the determinants of saving from three different approaches i.e. individual, sociological and institutional perspective. Age, gender and marital status of the targeted population are used as control variable. Age of the targeted population was measured by dividing it into two categories: below 40 (young age) and 41-60 (old age). Dummy variable is used to measure the gender i.e. if the respondent is male then it is denoted by '1' and for a female '0'. Marital status is categories like if married then '1' and for unmarried '0'. The average age measured in the sample is 22.89 years.

Out of the total sample the 83 percent represented the male respondents and 17 percent are the females. The average age of the targeted population is 22.89 years and 38 percent of which are married and 62 percent are unmarried. The respondents are divided into two groups based on their income i.e. low-income group and high-income group. Based on the occupation of the targeted population it was irrelevant to include the high-income group category. The respondents belonging to two occupations are selected i.e. casual labour (14%) and vending (86%). When the respondents were asked questions about their financing, 59 percent of the respondents do not have an account in any bank. Further they were asked they have any credit gap and how are they managing it, 99% responded that they are not managing their credit gap and only 1percent is managing the credit gap through formal institution. Based on the fact that a 99 percent of the respondents are not managing their finances, question raised if they even know about the credit facilities available to them or not. The 58 percent of the respondents says that they do know about the different credit facilities but they could not avail it due to many issues. Mainly because of the third-party guarantor and collateral requirement of the formal and informal institutions due to which they can not avail these facilities.

As the majority of the targeted population belongs to middle and low-income group, it was very important to see if they have the ability to save for their future need or not. The data showed that 99 percent of them are saving and 1percent are not. Out of these saver majority are saving for their future needs at home. These savers were asked for what purpose are they saving money for, we received different answers which were divided into five categories. Out of total sample 3 percent save for illness and accidents, 13 percent save for marriages, 10 percent save for unforeseen event and emergencies, whereas, 41 percent claims that they save for all the above-mentioned purposes. The detailed frequency of respondents in each category is given in table 1.

Table 1: Descriptive Statistics

Demographics	
Gender	
Male	83
Female	17
Marital status	
Married	38
Unmarried	62
Human Perspective	
Age	22.89
Income	
Low Income	34
Middle Income	66
Do Your Save?	
Yes	99
No	1
Dependent Variable	
Purpose of the Savings	
Illness and Accidents	3
Marriages	13
Other Emergencies	10
Day Today Routine Things	33
All of the Above	41

Social Perspective	
Education	
Primary	3
Middle	60
High	1
Illiterate	36
Occupation	
Casual Labour	14
Vending	86
Administrative Perspective	
Are you managing your credit gap?	
Yes	1
No	99
Do you have your own account?	
Yes	41
No	59
Whether you are aware about the financial services (insurance, credit, micro leasing, saving facilities and other welfare bank-based schemes)?	
Yes	58
No	42

3.2 Model Multinomial Logistic Regression Model

In multinomial logistic model estimates the association between the set of independent variables and the multi-category dependent variable. The function form that has been used in this research is divided into three groups. The model estimating how purpose of saving is influenced by Human, Social and Administrative perspective. The functional from of the model is as under;

Purpose of Saving = f (Human characteristics)
Purpose of Saving = f (Social perspective)
Purpose of Saving = f (Administrative perspective)

There are more than two categories of choice for the dependent variable purpose of saving unlike the binary logit model. Multinomial logit model is used for the analysis as the categories of rating are not in order.

The logic function is given as

$$P(y=j) = P(\mu_{j-1} < y^* \leq \mu_j) = F\left(\frac{\mu_j - X_i\beta}{\sigma_i}\right) - F\left(\frac{\mu_{j-1} - X_i\beta}{\sigma_i}\right)$$

In general $F(x)=(1+\exp(-x))^{-1}$

The log-likelihood function is given by (Wang,2005)

$$L = \sum_{j=1}^{J} \sum_{i=1}^{n} [F[F(\frac{\mu_{j} - X_i\beta}{\sigma_i}) - F(\frac{\mu_{j-1} - X_i\beta}{\sigma_i})]]^{w_{ij}}$$

The model becomes

$$Purposeofsaving_i = \beta_i X_i + \varepsilon_i$$

With

$$Purposeofsaving_i = \begin{cases} 1 & if\ S_i^* \leq \mu_0 \\ 2 & if\ \mu_0 < S_i^* \leq \mu_1 \\ 3 & if\ \mu_1 < S_i^* \leq \mu_2 \\ 4 & if\ \mu_2 < S_i^* \leq \mu_3 \\ 5 & if\ \mu_3 < S_i^* \leq \mu_4 \end{cases}$$

Where S_i^* are the different categories for which the individual saves, X_i is the vector of variables, β is the vector of coefficient; μ_i are the threshold parameters and ε_i is the error term. The dependent variable purpose of saving is divided in to five categories: firstly, saving done for the illness and accident, secondly, for the future marriage expenditures. Thirdly, other emergencies or unforeseen needs that should be fulfilled (in case of theft). Fourthly, the individuals also save to meet their day to day needs and the last category is added in case the responded save of all the above purposes. The results of the multi-logistic model show the proportions of each category compared to total proportions of all categorise. The regression model with log likelihood estimation technique is used in the analysis. Additional this model assumes independence of irrelevant alternatives (IIA). This assumption shows that the original categories will be affected equally with the addition of a new category in the dependent variables.

In this study we are examine the determinants of saving in urban Lucknow using multinomial logistic regression method. Different purpose of saving divided into 5 categorise are used as the dependent variable and regressed again a set on independent variables discussed in detail below. Gender and marital status are used as the controlled variable in all the three models below (Model A, Model B, Model C). The last category of the dependent variable is used as base category so that we can interoperate the results. The model “1” considers the illness and accident as the dependent variable, model “2” considers saving for marriage as a dependent variable. Model “3” takes saving for emergencies and model “4” considers saving for day to day needs as a dependent variable.

4. Discussion

4.1. Model A: Human Perspective

In this section we are empirically investigating the relationship between purpose of saving and individual perspectives. Overall, we can see that the married people save positively and significantly for the future marriages of their spouse. This could be due to the cultural impact and individual’s personal preferences. Results of the models shows that at young age we tend to save more for illness, marriage, accidents and other emergencies and save less for day to day expenditures (which is visible by the negative sign in model “4”). The results in table 2 shows that as the income increase, the targeted population save less. This fact is true as the individual living in low income group can hardly meet its daily expenses, therefore do not get much change to save. As the income increase, they might use it to pay any loans and other liabilities. Further, the married people tend to save more for emergencies, marriages (for their children) and day to day activities as compared to the base categorise. Whereas, the results show that the married individual are negatively related to the saving for illness and accidents. If we consider the importance of saving from the point of view of a male, we observe that they prefer to save for first (illness and accidents) and forth (day to day expenses) category as compared to females. The sign is justified however the results are not significant.

Table 2: Saving from Human Perspective

Variables	1	2	3	4
Age	14.34	0.556	0.630	-0.272
	(1,876)	(0.660)	(0.662)	(0.524)
Income	-15.88	-0.724	-0.638	-0.381
	(1,995)	(0.640)	(0.631)	(0.562)
Marital Status	-13.57	1.084*	0.589	0.748
	(1,996)	(0.619)	(0.625)	(0.531)
Gender	13.11	-0.439	-0.855	0.314
	(3,038)	(0.854)	(0.793)	(0.805)
Constant	-29.05	-0.732	-0.271	-0.417
	(3,570)	(0.935)	(0.874)	(0.859)

Note: Standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

4.2. Model B: Social Perspective

If we consider importance of saving from the social prospective, income plays significant role. Table 3 shows the relationship between different categories of purpose of saving, education and occupations, in addition to the demographic factors. Estimation results shows a significant negative relation of low-income group with saving. Further, with the increase in income they decrease their saving in all four models. Marital status also positive and significant relation between saving for marriages purpose, thus showing that for this group of individual spending on marriages is important, that is way in young age that prefer to save for future marriage ceremonies. Last in last section the results show that males tend to save more for illness, accidents and day to day activities, whereas females prefer to save for marriages and other emergencies.

From the sociological perspective literate individuals with low income tends to save approximately 19 times more for future saving in all model as compared to illiterates. Thus, show the importance of education in saving, so if we are educated, we can earn more have a better occupation and save more of all the future needs. Results shows that occupation is negatively related to purpose of saving, however the results are insignificant. The estimation results show that casual labour save 15.4, 0.228 and 1.193 times less for 1st, 3rd and 4th category as compared to venders. It is may be due to social unrest in the economy, they may not get haired for any work in strike days. However, the results show that casual labour tends to save for marriages.

Table 3: Saving from Social Perspective

Variables	1	2	3	4
Age	14.92	0.656	0.736	-0.151
	(1,853)	(0.692)	(0.691)	(0.564)
Income	-17.48	-1.671**	-1.594**	-1.448**
	(2,243)	(0.766)	(0.755)	(0.708)
Marital Status	-13.68	1.172*	0.670	0.870
	(2,135)	(0.662)	(0.664)	(0.575)
Gender	13.84	-0.173	-0.604	0.526
	(2,828)	(0.895)	(0.833)	(0.858)
Education	19.89	19.04	19.04	19.15
	(10,726)	(3,755)	(3,864)	(3,049)
Occupation	-15.47	0.110	-0.228	-1.193
	(2,965)	(0.814)	(0.850)	(0.934)
Constant	-48.71	-19.14	-18.60	-18.66
	(11,246)	(3,755)	(3,864)	(3,049)

Note: Standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

4.3. Model C: Administrative Perspective

To analyse the Administrative perspective three indicators are used: financial literacy, bank account and credit gap. All the results are shown in comparison with the base category. Income of individuals negatively and significantly related to all categories of saving except for first. So as the income increases, we save less and save more with increase in income. This result is true for developing county like India where poverty is high. Results in table 4 shows that married males tend to save for marriage, emergencies and day to day expenses, however their saving is negative for illness and accidents (results are insignificant). Similar to the last model literate individuals tends to save more 2nd, 3rd and 4th category. So, education play an important role in modifying the saving attitude of individuals, as they know that increasing their saving they can educate their children and they can live a better life. Occupation shows a positive relation with saving for the marriage purpose. 58% of the total targeted population are aware of the financial services they have and this has a negative impact on the saving for illness, accidents and day to day expenses, therefore within increase in awareness they tend to save less. However, financial literacy is positively related to the saving for marriage and emergencies, it could be due to the fact that the formal and informal institutions have hard terms and conditions for granting loans, therefore they save more. While analysing the behaviour of individuals who have a bank account, we observe that it is negatively related to the purpose of saving. People living in developing countries still prefer to save at home rather than in any bank. Targeted population was also asked about their credit gap (comparison between income and expenditure) and 99 percent of them are not managing their credit gap. So as their expenditure increase lesser is available to save. As the sample is taken for low income group, who cannot fulfil their basic necessities, so they cannot fill the negative gap. Further, banks do not provide loan to the individuals with high default risk, thus making it difficult to avail any financial service.

Table 4: Saving from Administrative Perspective

Variables	1	2	3	4
Age	16.27	0.788	0.911	0.0632
	(2,761)	(0.738)	(0.720)	(0.624)
Income	-17.63	-2.330***	-2.072**	-1.499*
	(2,631)	(0.889)	(0.848)	(0.794)
Marital Status	-14.27	1.080	0.624	0.893
	(3,198)	(0.716)	(0.707)	(0.630)
Gender	-13.79	-0.583	-0.827	0.416
	(8,027)	(0.945)	(0.875)	(0.923)
Education	5.472	20.32	20.45	19.70
	(13,774)	(7,140)	(7,450)	(6,135)
Occupation	-1.861	0.393	-0.0885	-1.226
	(5,987)	(0.890)	(0.902)	(0.961)
Financial Literacy	-15.39	0.530	0.304	-1.419**
	(2,574)	(0.750)	(0.724)	(0.633)
Bank A/c	-16.90	-2.473***	-1.783**	-0.749
	(3,080)	(0.871)	(0.773)	(0.663)
Credit Gap	39.58	-18.27	-18.63	-18.75
	(88,079)	(21,314)	(21,314)	(16,608)
Constant	-6.115	-18.99	-18.91	-18.09
	(16,242)	(7,140)	(7,450)	(6,135)

Note: Standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

5. Conclusions:

From the theoretical and the other empirical evidence of studies has shown that poor people are saving less as compared to middle- and higher-income families, because of Social, Economic, Psychological, and the Institutional factors. Financial education and financial incentives can help poor to save more. Institutions are also excluding people from taking part in financial activities by tight rules and regulations. Poor people are always in traps due to which it becomes tough for them to save or think about use of various banking services. The saving behaviour of poor people is collectively determined by socio economic conditions and as well as by institutional barriers.

Income is considered one of the prime determinants of savings. Poor people are facing hardships in earning handsome money to run their lives smoothly. An individual's savaging behaviour is determined by various associated factors which are income, age, occupation, gender, marital status, etc. Generally, we have a perception that an individual having good income may save more but, in our study, we find the reverse is happening in case of poor slum dwellers as their income increases their savings are decreasing as they can hardly fulfil their basic need. Additionally, they lack banking facility at their disposal, face risks of theft and other severities of life. Further, question that arises that when the income increases why expenditures also increases and secondly what percentage of increase in income is sufficient that one can save? Poor people due to conduce environment of poverty have developed the concept of life mere to live from hand to mouth. Our study showed that adult people among the poor are trying to save for marriage purposes of their spouses without taking care of their health and life.

Education plays an important role in savings, the more the educated the person is the more he may save but in case of poor people it again has showed positive relationship between education and savings but again question arises what level of education can motivate an individual to save. In case of poor people, they are less educated that of primary and middle level schooling are not the deciding factors of positive savings. Similarly, occupation is again considered as a performing indicator of savings but in case of poor it has shown negative results because of irregularity of daily work, strikes, bad weather and others.

Lastly, institutions are also responsible players in motivating individuals to save income. Poor people are saving money for illness and accidents. Savings showed negative relationship with credit gap and bank account because banks are showing their own discipline in providing the financial services to the poor which make a gap between poor slum dwellers to save in the banks. Based on the results of this study it is recommended that the policy makers should consider the disaggregated individuals of the economy who are living below poverty line. Specifically, new policies should be introduced that can help in financial inclusion of poorest of the poor. Further, they should develop financial products as per the needs and capabilities of these neglected part of our society.

However, there are some limitations of the study like the sample size is small. This study could also be applied for both rural and urban population, so that we can observe if there is any change in their saving behaviour. Further, it will also help policy makers, whether they should make a single policy and apply to all or separate policies should be implemented.

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