



## ANALYSIS OF TRENDS IN GROSS DOMESTIC AND HOUSEHOLD SAVINGS AND ITS COMPONENTS IN INDIA

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### **Abstract:**

*India is having a long-term oriented culture where people are more focused on their future rather than present. Due to this the savings rate in India has always remain at a significant level. India's savings performance has been quite impressive in a cross-country context. India's gross domestic savings rate in the recent period is comparable to Indonesia, Thailand and Korea, much lower than that of China, Malaysia and Singapore but much higher than that of many other emerging and advanced economies. India ranked 2nd in terms of gross domestic savings among top 10 economies of the world in the year 2015, just below that of China. The gross domestic savings which stood at around 23 per cent in 1990 has reached around 35 per cent in 2015, well above the world average of 23.5 per cent. Various factors which resulted in an increase in gross domestic savings rate are rapid economic growth, large scale migration of rural population to urban area, Rise in income of government employees after 6th pay commission, persistence of saving habits among households, awareness programs by government and financial institutions etc. Household savings has always remained a major component of gross domestic savings followed by private corporate savings and public sector savings. It was the result of high savings rate that the Indian economy stand strong during the global recession of 2008. During the tenth five year plan i.e. from 2002-2007 the increasing in gross domestic savings was maximum among all. Bank deposits have always remain the most preferred avenue for savings for households. Total deposits in Indian banks crossed Rs100 billion mark in 2017.*

**Key words:** *Gross Domestic Savings, Household Savings, Private Corporate Savings, Public Sector Savings*

### **1. Introduction**

The economy of India is the sixth-largest (\$2.3 trillion) economy in the world measured by nominal GDP and the third-largest (\$8.72 trillion) by purchasing power parity (PPP) as of 2016. The country is classified as a newly industrialized country and

a developing economy with an average GDP growth rate of approximately 7% over the last two decades. India's economy became the world's fastest growing major economy in the last quarter of 2014, surpassing the People's Republic of China.

The country is having a GDP per capita of \$1718 in nominal terms and \$6658 by purchasing power parity as of 2016. In sector wise composition of GDP agriculture contributes 16.5%, industry 29.8% and service sector 53.7% in 2016. India has one of the fastest growing service sectors in the world with annual growth rate of above 9% since 2001.

The long-term growth prospective of the Indian economy is positive due to its young population, corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy. India topped the World Bank's growth outlook for 2015-16 for the first time with the economy having grown 7.6% in 2015-16.

India's two major stock exchanges, Bombay Stock Exchange and National Stock Exchange of India, had a market capitalization of US\$1.71 trillion and US\$1.68 trillion respectively as of Feb 2015, which ranks 11th & 12 largest in the world respectively according to the World Federation of Exchanges. India is also home to world's third largest billionaire's pool with 111 billionaires in 2016 and the fourth largest number of ultra-high-net-worth households that have more than US\$100 million.

As per the World Bank report in 2011, 21.2% population of India lives below poverty line with a daily earning of \$1.90. The country is having a labor force of 513.7 million in 2016. The Gross National Income per capita was \$6030 yearly in 2015 and the average household income of \$8671 yearly. The public debt stood at 66.5% of GDP in 2016. Foreign Exchange Reserves was at a level of \$363.15 billion as of 3 February 2017 and ranked 8<sup>th</sup> in the world.

## **2. Literature review**

Dhiman Gulshan & Verma O. P. (2016) analyze correlation between Gross Domestic Product and Gross Domestic Savings in India. They use secondary data in their study and data has been analyzed by using Three Years' Moving Average and Hordrick Prescott Filter Test.

Dr. Mehta Rekha (2013) analyze trends and patterns of household saving from 1950 to 2010 in India to determine different saving functions which would possibly explain the long term saving behavior and saving potentials of the household sector. She uses an Autoregressive Model to find out the short term and long term impact. Regression analysis was done considering household and financial saving as the dependent variable and personal disposable income as the independent variable.

Patra Suresh & Samantaraya Amaresh (2015) analyze the savings in India since independence and analyzed the trends in savings, investment, and economic growth of India for the period from 1950-51 to 2010-11, and examined the Feldstein-Horioka proposition by taking into account South Asia, East Asia, and Latin American economies.

### 3. Objectives of the study

1. To study the trend in gross domestic savings rate in India for the period 2001-2015.
2. To compare the trend in gross domestic savings of leading economies of world.
3. To study the trend in composition of gross domestic savings rate in India for the period 2000-2015.
4. To study the trend and composition of household savings rate in India for the period 2000-2015.
5. To study the trend in various components of financial assets.

### 4. Research methodology

#### TYPE OF DATA:

The present study is quantitative in nature and secondary data will be used for the purpose of analysis.

#### SOURCE OF DATA:

The study is based on secondary data. The Secondary data sources include various reports and publications of Reserve Bank of India(RBI) and Security & Exchange Board of India(SEBI), Manuals, AMFI Reports and Websites like [mutualfundsindia.com](http://mutualfundsindia.com), [nseindia.com](http://nseindia.com) etc.

### 5. Analysis and interpretation

#### Trends in Gross Domestic Savings:

Country	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
India	24.71	24.00	25.45	30.69	31.53	32.71	36.8	32.0	33.7	34.0	30.8	31.54	32.4	33.5	34.9
China	39.04	39.96	43.58	46.22	47.52	49.66	50.69	50.35	50.65	51.25	50.07	49.94	49.83	49.51	49.17
Canada	25.40	24.14	24.35	25.85	26.58	26.34	26.08	25.85	20.53	21.62	23.01	22.95	23.07	23.29	21.32
United Kingdom	16.05	15.47	15.39	14.78	15.01	15.54	15.89	14.39	12.47	13.26	14.19	13.85	14.45	15.42	15.52
France	23.34	22.89	22.18	22.42	21.96	22.33	22.82	22.33	19.88	20.02	20.64	20.49	20.42	20.52	20.98
Italy	21.92	22.16	21.51	21.75	20.99	21.05	21.82	20.99	18.73	18.56	18.89	18.84	19.21	19.76	20.06
Brazil	16.54	18.29	19.07	21.32	20.60	20.52	21.18	21.42	18.39	20.76	21.04	20.05	19.42	18.13	16.42
Germany	24.07	24.29	23.35	24.16	23.87	25.07	27.39	26.83	23.06	24.82	25.96	25.39	25.41	26.28	26.81
Japan	27.22	26.06	26.09	26.37	26.25	26.16	26.37	24.99	21.87	22.76	21.56	21.10	20.87	21.41	23.58
United States	18.58	17.69	17.28	17.48	17.71	17.76	17.38	15.87	14.77	14.97	14.80	15.85	16.81	17.08	17.45
World	24.30	23.99	24.39	25.24	25.59	26.28	26.63	25.86	23.70	24.61	24.63	24.51	24.49	24.57	24.49

**Gross Domestic Savings Rate (per cent of GDP)**

**Gross Domestic Savings Over Five Year Plans:**

Five Year Plan	Gross Domestic Saving Rates	Change (%)
First Plan (1951-56)	9.2	-
Second Plan (1956-61)	10.6	1.4
Third Plan (1961-66)	12.1	1.5
Fourth Plan (1969-74)	14.7	2.6
Fifth Plan (1974-79)	18.5	3.8
Sixth Plan (1980-85)	17.9	-0.6
Seventh Plan (1985-90)	20.0	2.1
Eighth Plan (1992-1997)	22.9	2.9
Ninth Plan (1997-2002)	23.6	0.7
Tenth Plan (2002-2007)	31.3	7.7
Eleventh Plan (2007-2011)	33.7	2.4

**India's Average Savings Rates over the Five-Year Plans**

**Source: RBI Monthly Bulletin June 2012**

**Trends in Components of Gross Domestic Savings:**

Gross domestic savings can be categorized into following three components:

- Household savings
- Private Corporate Saving
- Public Sector Saving

Year	Household Savings	Private Corporate Saving	Public Sector Saving	Gross Domestic Savings
2001	23.2	3.3	-1.6	24.9
2002	23.2	3.3	-1.6	24.9
2003	23.2	4.6	1.3	29.0
2004	23.6	6.6	2.3	32.5
2005	23.5	7.5	2.4	33.4
2006	23.2	7.9	3.6	34.6
2007	22.4	9.4	5.0	36.8
2008	23.6	7.4	1.0	32.0
2009	25.2	8.4	0.2	33.7
2010	23.5	7.9	2.6	34.0
2011	22.3	7.2	1.3	30.8
2012	22.8	7.3	1.5	31.6
2013	22.7	7.7	2.0	32.4
2014	23.0	8.0	2.5	33.5
2015	23.3	8.5	3.1	34.9

**Composition of Gross Domestic Savings Rate(per cent of GDP)**

**Trends and Composition of Household Sector Savings:**

The total savings of household comprises financial savings and physical savings. Financial savings are calculated on net basis i.e. gross change in household's financial assets less gross change in their financial liabilities.

Period	Gross Savings in Financial Assets	Increase in Financial Liabilities	Net Household Financial Savings	Household Savings in Physical Assets	Total Household Savings
2000s	14.2	3.4	10.8	12.3	23.2
2007	15.4	3.8	11.6	10.5	22.4
2008	13.0	2.9	10.1	13.5	23.6
2009	15.1	3.1	12.0	13.2	25.2
2010	13.9	3.6	10.4	13.1	23.5
2011	11.1	3.1	8.0	14.3	22.3
2012	12.4	3.4	9.0	13.8	22.8
2013	13.8	3.8	10.0	12.7	22.7
2014	15.0	4.2	10.8	12.2	23.0
2015	16.1	4.5	11.6	11.7	23.3
2016	16.4	4.5	11.9	11.7	23.6

**Trends in Household Savings(% of GDP)**

**Changes in Gross Financial Assets of Household's:**

Period	Currency	Bank Deposit	Non-Banking Deposit	Life Insurance Fund	PPF	Claims on Government	Shares and Debentures	Units of UTI	Trade Debt	Changes in Financial Asset
2001	281.56	1130.33	-3.47	412.37	442.23	519.38	98.34	-18.57	-1.83	2860.34
2002	286.32	1226.97	124.96	520.09	459.46	560.87	71.23	-16.18	0.00	3233.72
2003	426.75	1559.34	19.45	522.40	489.52	873.72	90.78	-85.86	-1.37	3894.73
2004	369.77	1750.45	0.83	679.86	557.94	1064.20	81.13	-31.46	-1.07	4471.65
2005	521.51	2657.16	5.22	834.94	619.50	871.68	338.57	-4.44	-2.22	5841.92
2006	671.94	4292.82	45.84	1148.51	725.03	191.98	508.47	-3.10	65.23	7646.71
2007	812.78	3890.08	12.86	1698.48	715.44	-283.27	743.08	-3.24	137.65	7723.85
2008	921.88	4178.33	147.42	1528.61	733.98	-275.51	-23.33	-27.37	84.88	7268.89
2009	969.40	3981.41	185.16	2598.21	1298.49	434.75	448.41	0.00	-17.84	9897.98
2010	1371.31	5482.99	50.99	2101.02	1411.39	295.45	17.29	0.00	68.23	10798.67
2011	1062.42	5259.70	100.21	1956.73	956.80	-218.89	165.22	0.00	45.09	9327.28
2012	1115.21	5750.80	279.11	1799.49	1564.79	-71.09	170.27	0.00	31.83	10640.41
2013	995.20	6481.37	217.07	1839.60	1901.75	84.38	425.03	0.00	48.38	11992.78
2014	1341.10	5932.96	332.57	2481.61	2049.92	9.75	532.72	0.00	41.77	12722.40
2015	2005.52	6158.90	403.49	2725.38	2111.39	535.56	917.63	0.00	40.66	14898.53

**Changes in Financial Assets of Household Sector (Rs Billion) (Source RBI)**

**Structure of Gross Financial Liabilities of Household's:**

Period	Bank Advance	Loans and Advances from other financial institutions	Loans and advances from government	Loans and advances from co-operative societies	Changes in financial liabilities
2001	433.54	68.78	11.11	3.84	<b>517.27</b>
2002	543.88	52.47	2.16	4.23	<b>602.74</b>
2003	578.85	122.61	-2.69	1.05	<b>699.82</b>
2004	1119.71	83.10	-5.15	3.04	<b>1200.69</b>
2005	1755.64	83.98	-4.89	2.77	<b>1837.50</b>
2006	2736.66	93.62	-6.50	2.29	<b>2826.06</b>
2007	1795.02	86.82	-2.48	2.45	<b>1881.81</b>
2008	1547.35	88.12	-1.99	2.50	<b>1635.98</b>
2009	1944.43	88.99	-1.47	2.52	<b>2034.48</b>
2010	2690.10	88.04	-0.99	2.60	<b>2779.75</b>
2011	2725.09	173.10	3.01	2.57	<b>2903.77</b>
2012	3087.47	215.10	1.68	2.57	<b>3306.82</b>
2013	2927.30	492.27	6.51	1.95	<b>3428.03</b>
2014	2605.05	591.03	6.06	1.95	<b>3204.09</b>
2015	3544.15	657.22	9.22	1.97	<b>4212.56</b>

**Changes in Financial Liabilities of Household Sector (Rs Billion) (Source RBI)**

**Changes in Net Household Financial Savings:**

Period	Changes in Financial Asset	Changes in financial liabilities	Changes in Net Household Financial Savings
2001	2860.34	517.27	<b>2343.07</b>
2002	3233.72	602.74	<b>2630.98</b>
2003	3894.73	699.82	<b>3194.91</b>
2004	4471.65	1200.69	<b>3270.96</b>
2005	5841.92	1837.50	<b>4004.42</b>
2006	7646.71	2826.06	<b>4820.65</b>
2007	7723.85	1881.81	<b>5842.04</b>
2008	7268.89	1635.98	<b>5632.91</b>
2009	9897.98	2034.48	<b>7863.50</b>
2010	10798.67	2779.75	<b>8018.92</b>
2011	9327.28	2903.77	<b>6423.51</b>
2012	10640.41	3306.82	<b>7333.59</b>
2013	11992.78	3428.03	<b>8564.75</b>
2014	12722.40	3204.09	<b>9518.31</b>
2015	14898.53	4212.56	<b>10685.97</b>

**Various Financial Investment Avenues:**

- Bank Deposits
- Post Office Schemes
- Government Securities
- Corporate Debt Securities
- Life Insurance

- Shares
- Derivatives
- Mutual Funds

**Deposits with Indian Banks:**

The most important functions of banks is the mobilization of public money. They are known as custodians of money. Mainly there are two types of deposits in a bank:

- Demand Deposits
- Time Deposits

<b>Year</b>	<b>Demand Deposits</b>	<b>Term Deposits</b>	<b>Aggregate Deposits</b>
2001	1530.48	9503.12	<b>11033.60</b>
2002	1702.89	11105.64	<b>12808.53</b>
2003	2250.22	12793.94	<b>15044.16</b>
2004	2480.28	14521.71	<b>17001.98</b>
2005	3646.40	17444.09	<b>21090.49</b>
2006	4297.31	21822.03	<b>26119.33</b>
2007	5243.10	26726.30	<b>31969.39</b>
2008	5230.85	33110.25	<b>38341.10</b>
2009	6456.10	38472.16	<b>44928.26</b>
2010	6417.05	45662.64	<b>52079.69</b>
2011	6253.30	52837.52	<b>59090.82</b>
2012	6622.99	60881.55	<b>67504.54</b>
2013	7139.21	69916.39	<b>77055.60</b>
2014	7940.29	77392.56	<b>85332.85</b>
2015	8889.96	84382.94	<b>93272.90</b>

**Source Reserve Bank of India(RBI)**

**Deposit in Indian Post Office:**

The Post Office savings bank is the oldest and by far the largest banking system in the country, serving the investment need of both urban and rural clientele. Post Office provide a vast variety of saving schemes to the citizens. The Financial service offered by Post office includes Savings and Postal Life Insurance (PLI) / Rural Postal Life Insurance (RPLI).

<b>Year</b>	<b>No. of Depositors (mn)</b>	<b>Total Deposits (Rs mn)</b>
2001	60.16	140773.35
2002	60.59	176105.41
2003	56.40	219262.67
2004	60.32	254165.50
2005	61.49	314322.80
2006	61.49	359584.10

2007	64.34	431649.20
2008	65.77	535635.00
2009	78.04	680469.59
2010	88.56	843550.35
2011	96.47	859045.61
2012	102.67	1267825.74
2013	106.42	1579080.00
2014	109.10	1737280.00
2015	114.28	2076150.00

**Source-Government of India**

**Life Insurance:**

The Indian life insurance sector consist of 24 players. Life Insurance Corporation(LIC) of India is the only public sector company and the oldest one in the industry operating since 1957. The other 23 companies are private companies.

Insurance companies provide a wide range of products which can be classified as linked and non-linked insurance plans. Unit Linked Insurance Plans were introduced in 2003 and gained lot of popularity thereafter as they provide high returns as compare to non-linked plans.

**Asset Under Management of Life Insurance Sector:**

Year	Life Fund	Pension & General Annuity Fund	ULIP Fund	Total Assets
2001	1940.09	-	-	1940.09
2002	2303.68	-	-	2303.68
2003	2296.48	306.38	2.65	2605.52
2004	3073.08	436.27	16.88	3526.24
2005	3662.19	547.04	75.27	4284.51
2006	3971.88	640.73	258.88	4871.50
2007	4655.55	715.74	670.49	6041.79
2008	5416.29	912.61	1330.77	7659.69
2009	6296.50	1139.51	1727.62	9163.64
2010	7312.90	1436.26	3375.40	12124.57
2011	8410.74	1899.27	3991.15	14301.17
2012	9746.20	2366.66	3699.71	15812.58
2013	11199.99	2823.86	3425.07	17448.93
2014	12882.24	3375.79	3316.61	19574.65
2015	14953.09	3894.72	3627.40	22475.22

**Source-IRDAI(All Figures are in Rs Billion)**

**Shares:**

Investors can purchase shares of a company through primary market or secondary market. Primary market is the one where corporate issue their shares for the first to the investors. After that they trade on secondary market on a stock exchange like NSE or

BSE. The size of a stock exchange can be measured in terms of its market capitalization. It is the market value at a point of time of all the listed companies measured by multiplying the no. of shares outstanding of a company by the market price of the share of the company.

**Market Capitalization of NSE and BSE(Rs Billion):**

Year	NSE	BSE
2001	6368.61	6112.24
2002	5371.33	5721.97
2003	11209.76	15395.95
2004	15855.85	16984.28
2005	28132.01	30221.91
2006	33673.50	35450.41
2007	48581.22	51380.15
2008	28961.94	30860.76
2009	60091.73	61656.20
2010	67026.16	68390.84
2011	60965.18	62149.41
2012	62390.35	63878.87
2013	72777.20	74152.96
2014	99301.22	101492.90
2015	93104.71	94753.28

**Source-Reserve Bank of India**

**Mutual Funds:**

A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is then invested in capital market instruments such as shares, debentures and other securities. The income earned through these investments and the capital appreciation realized is shared by its unit holders in proportion to the number of units owned by them after deducting applicable expenses, load and taxes. Thus a Mutual Fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost.

**Asset Under Management of Mutual Funds in India:**

Year	Amount(Rs Billion)	Change(RS Billion)
2001	905.87	-
2002	1005.94	100.07
2003	1092.99	87.05
2004	1396.16	303.17
2005	1496.00	99.84

2006	2318.62	822.62
2007	3262.92	944.3
2008	5051.52	1788.6
2009	4173.00	-878.52
2010	6780.79	2607.79
2011	6876.40	95.61
2012	7933.31	1056.91
2013	8823.22	889.91
2014	11122.51	2299.29
2015	13463.18	2340.67

## 6. Results and findings

The changes in various parameters for the period under study are found to be as follows:

Parameter	Gross Domestic Savings Rate as % of GDP	Bank Deposits	Deposits with Post Office	AUM of Life Insurance	AUM of Mutual Funds	M-Cap of BSE	M-Cap of NSE
<b>CAGR(%)</b>	2.33	15.29	19.65	17.74	19.72	20.05	19.58

### Summary of findings:

- ✓ The magnitude of increase in the domestic savings rate in India and China during the period 2000 to 2015 was among the highest in the world.
- ✓ Due to global recession in the year 2008, most of the countries witnessed a significant decline in gross domestic savings rate in 2009.
- ✓ Tenth five year (2002-2007) plan in India has seen the highest increase in gross domestic savings rate as the public sector savings turned positive in this period.
- ✓ Household savings has continued to account for the predominant share in gross domestic savings in India over the period under study. There was an upward movement in household savings till 2002. Thereafter it leveled off at around 23 per cent with a little variation over the years till 2015.
- ✓ Year 2002 could be viewed as a break even in the trends of private corporate and public sector savings rates. Private corporate savings which remained stable in the range of 2-4 per cent till 2002 picked up a pace and increased subsequently up to 9 per cent by 2007 and then settled around 8 per cent by 2016. This increase in private corporate savings resulted due to high economic growth, increase in demand, improved productivity and hefty profit margins.
- ✓ Public sector savings turned negative in 2001. It again turned positive in 2003 and reached a peak of 5 per cent in 2007. A sharp decline in public sector savings was seen in 2008 largely on account of sixth pay commission arrear and fiscal stimulus measures due to global economic slowdown of 2008. With the recovery in

domestic and global economy the public sector savings again pick up the pace in 2014 and reached above 3 per cent in 2015.

- ✓ Gross savings in financial assets reached its peak in 2007 and then slowed down in 2008 and thereafter due to global economic slowdown. It again picks up the pace by 2014 and reached at new peak of over 16 per cent in 2016 as a result of increase in economic activities. Financial liabilities also increases with the increase in financial assets and as a result net household financial savings remains in the range of 10-12 per cent except that of in 2011 and 2012 where it slips below 10 per cent.
- ✓ Due to global recession in 2008 savings in financial assets as seen a decline but on the other hand savings in physical assets has seen a sharp rise at the same time. This was due to the change in preference of household investment from financial investment to physical assets like gold, real estate etc. In 2011 savings in financial assets was at its low after 2000 while on the other hand savings in physical assets was at its peak at the same time. Due to this shift of investment from one component to other gross domestic savings remain unchanged around 23 per cent over the period.
- ✓ Bank deposits and currency has remained a major component of financial assets in India. Total deposits with Indian Banks reached its peak of around Rs93 Trillion in 2015.
- ✓ Around 90% of the money with bank is deposited in term deposit schemes. Reason being that these schemes provides better interest rates as compared to demand deposit schemes and they also increase the long term saving habits of people.
- ✓ Global recession has resulted in negative growth in shares and debentures in 2008 due to the sharp downfall in Indian stock market. Investors lost their faith in stock market as they suffered huge losses because of sharp corrections in stock prices. Then after also the growth was stagnated except that in 2009. It then again picked up the pace in 2013 as investor's regain their faith after a stable government came into power.
- ✓ Growth in life insurance fund also decline in 2008 and then again during the period of 2011-2013. It has then showed a healthy growth rate from 2014 onwards.
- ✓ Unit Linked Insurance Plans were introduced in 2003 and gained lot of popularity thereafter as they provide high returns as compare to non-linked plans. But they lost the ground after 2010 due to steep fall in the Indian stock market. By 2015 they account for around 16 per cent of the total asset under management of the insurance industry.
- ✓ Non-linked insurance plans account for around 84 per cent of the asset under management of the industry.
- ✓ The net change in financial liabilities is mainly due to the change in bank advances to the households. The growth in bank advances picked up the pace in 2004 onwards but has shown a declining growth in 2008 and then in 2013-14. Except these periods the growth has increased over the period.

- ✓ There was a slow growth in loans and advances from other financial institutions till 2010. It then has shown a healthy growth from 2011 onwards. Loans and advances from government and co-operative societies has remained a small portion of total financial liabilities.
- ✓ Mutual Funds have shown a consistent growth over last 15 years with Asset Under Management growing around 14 times between 2001 to 2015. The popularity of these schemes increased after 2005 when the schemes provided superior returns over other investment avenues due to good performance of stock market. It was only in the year 2009 when the AUM has shown a downfall due to the crunch in stock market.
- ✓ The stock market has seen a hefty growth rate in terms of market capitalization during the period. The M-Cap of BSE crossed the mark of Rs100 Trillion in the year 2014. It was only during the year 2008 when the M-Cap has seen a sharp decline due heavy downfall in the stock market. This was again the result of global recession which captured all the stock exchanges around the globe.

**Limitations of study:**

1. The data for money invested in government securities, corporate securities and shares was not easily available. Hence only those components of financial assets were considered for which data was available.
2. The data used for the study is secondary and is obtained from various websites mentioned at the end of the study. Hence the accuracy of results depends on the accuracy of data used.

**7. CONCLUSION**

With the increase in per capita income and disposable income savings rate in India has shown a healthy growth rate. With the passage of time newer financial investment avenues were introduced in the economy to attract more savings. These avenues encourage people to take more risk for better returns. Life insurance funds, mutual funds and shares have seen a steep rise in terms of money invested in last 15 years. The saving habit of Indian people has given a good support to the economy during the tough time of global recession of 2008. As the households were having enough amounts of savings they were able to manage the short term jerk due to job losses, downfall in business activities etc. Growth in sectors like banks, insurance, mutual funds, stock market has resulted in huge amount of job opportunities which further resulted in economic growth. High savings rate has always remained an internal strength of Indian economy and the same trend is expected to be continued in future.

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