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CHAPTER – II
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2.1. INTRODUCTION:
As per Golman Sachs white paper (2010), India, a land of billion opportunities, a country with a potential to be third largest economy of the world by 2030. As per PM Modi (2014) Indian country has largest number of youth in the world around 65% population of the country falls under the age group of 35 years, is also the country of a billion contradictions. Along with a country of luxurious houses, it is also becoming a land of slums. A land of billions, have millions of poor population. Along with country’s economic boom, the number of Indians living in slums has increased by 100% in last two decades. As per Primary Census Abstract for Slum (2011), the number of people living in slums in India has risen from 21.9 million in 1981 to 65.49 million in 2011. Mumbai, the main commercial hub of India alone, has about 6 million slum dweller that are deprived of basic standard of living; have to struggle for minimum required hygienic conditions, sanitary facilities and basic medical care. when the last census was done, Kumari Selja, the Minister for Housing and Urban Poverty Alleviation, said.” The figure is the latest illustration of how India’s recent economic boom has left behind millions of the country’s poorest people, raising fears that social unrest could undermine further growth.” The fear expressed by her cannot be ignored. Indian economy to develop at the rate of 9% steadily requires a solid capital base; i.e. Money capital and Human capital.

Prior to 1991, India always suffered from deficiency of ‘money capital’. It is mainly foreign capital inflows, which made ‘brand India’ one of the top ranking brands of the world. However, in the absence of foreign capital Indian economy is vulnerable which can be witnessed in the current capital flight and resultant recession in India. Currently what is needed is building up of India’s own money capital which can be done with effective implementation of saving mobilization machinery already created by Government.

Another important aspect mentioned above is the development of ‘human capital’. A country where 680 million (2014) people are deprived of basic necessities
of life, will have to take a lot of efforts to develop its human capital. This study tries
to touch both these aspects i.e. building up of money and human capital, at micro
level by providing an insight into socio-economic conditions of slum dweller, their
income distribution and saving behavior.

However a lot of research work is done already encompassing the above
mentioned aspects. At the same time, a lot of policies, agencies have been framed by
Indian government for effective saving mobilization. This chapter is an attempt to
review the literature that has already been created in this area. Review of literature is
done because, it provides some insight into various aspects of the subject matter even
before research begins, which makes the research more effective. Review also helps
one to find out the areas of the subject matter which are not been much covered till
the date and thus can now be covered by the researcher.

The matter concerned with different aspects of the topic is reviewed from
various books, reports, journals and also from the working papers available on various
sights. The existing literature on the subject is presented under separate heads in this
chapter.
A. Socio-economic condition of slum dweller,
B. Savings and Economic Growth,
C. Savings in India,
D. Measurement of the Level of Quality of Life,

2.2. SOCIO-ECONOMIC CONDITION OF SLUM DWELLER:

Even before understanding various views and studies regarding saving behavior, it
becomes essential to review literature that is available on socio-economic condition of
urban slum dweller, since these conditions provide an environment either conducive
or non-conducive to growth of savings. The socio-economic set up in which
individual grows also determines various modes of savings adopted by people.

According to Madhura Swaminathan (1995), as per her paper on ‘Aspects of Urban
Poverty in Bombay’, over one-half of total Bombay’s population live in slums or are
homeless. As observed by her, slum households are deprived of good housing, they do not have access to hygienic system of waste disposal and in general live in polluted and degraded atmosphere not suited to human habitation. Another problem of slum dweller is inadequate public goods. The paper further observes that although poor households experienced some mobility in respect of incomes but there is no improvement in their living conditions.

From the description of the article, one can deduce that generations of slum dweller live in the degraded atmosphere which itself hampers the overall development of their children which is the future human capital of the country.

As elaborated by Mr. Biswaroop Das (1997), in his working paper on,’ Slum Dweller in Indian Cities: The Case of Surat in Western India’, the level of urbanization and the rate of urban expansion may not be constantly affected by the ‘pull’ of economic prosperity and opportunity in cities, but by the push from rural areas due to substantial changes in the manner of production in agriculture in which there is continuous increase in the proportion of the rural population who are compelled to seek a living outside agriculture. Majority Surat slum dweller are migrated rural poor in search of work joining the lower circuits of labour market and subsequent living in congested and degraded spaces within cities. By 1991-92, slum population in Surat had grown to 4.34 lakhs, distributed in 93,943 households with an average of 4.6 people per unit. As observed by the author 73% of the earning household heads fall in the category of 701 to 1500/- monthly income range. In general population is living in appalling conditions in slums. In order to bring themselves out of these conditions, they save more thus increasing the Marginal Propensity to save which in return should be tapped.

Both of the studies create a bleak picture of Indian slums which certainly raise a doubt regarding fast development of human capital. However experience of Trond Vedeld and Abhay Siddham (2002) differs from that of Madhura Swaminathan and Mr.Biswaop Das. Trond Vedeld and Abhay Siddham observed that the main reason behind slum development in New Delhi is a large annual influx of migrant labourer from neighboring states, about 1,00,000 annually over a decade. In their paper on’ Livelihoods and Collective Actions among Slum Dweller in a mega- city, they
observed, close to half the city population lives in unauthorized colonies and more than one third in illegal slum settlements. In fact it is found that majority of the slum occupants are unemployed, they are poor, non-educated and polluting. From the sample study it was found that majority (85%) of the slum occupant had completed primary education and more than 20% of the slum occupant completed high school. From the sample study it was found that 95% of the slum workers are employed and their average income is more than the income defined by the official poverty line. Majority of the family having their own house, they have TV, radio and bicycle in their home. Since slum families income are more than poverty line therefor they are able to save some part of their saving for future requirement and their development purpose. They were more aware of their surroundings than expected and on their own were supporting the idea of slum- development. Under such environment with better canvassing small, organized savings can be improved.

A study was conducted by *Samik V. Lall et al. (2005)* on ‘Household Savings and Residential mobility in Informal Settlements’, the authors have investigated residential mobility among slum dweller in Bhopal, India. The researcher had done survey of 2508 households and conducted between August and October 2003. From the above analysis it is found that one in five households succeed in getting out of a slum settlement. Due to limited reach of institutional housing finance, most slum dweller depends solely on household savings for purchasing a house. Most of the 1652 sample households who purchase their house had to rely solely on savings to finance their homes. It is found that 74% households rely on their own sources of saving for financing homes. 14.5% depends on non-commercial borrowings and only 3.1% have been able to take housing finance from specialized financial institutions like HDFC, it is mainly due to lack of information and lack of collateral they pusess.

As study conducted by *Sufaira.C (2013)* on “Socio Economic Conditions of Urban Slum Dwellers in Kannur Municipality” the researcher found in his study that cast and religion play an equally important role in patterning and growth of slums. The researcher found that in notified slum, major communities are Muslim (93.2 %) accounted; Hindu and Christian accounted 4.5 and 2.3 percent respectively.

It is found that female unemployment is very high as compare to male person. It is found from the study that 94 percent of households reported an income of less
than Rs. 1000 per month and balance 6 percent are getting in between Rs 1000 to Rs 2000 in notified area.

It is found from the above study that slum dwellers are living in miserable conditions. In notified area only 25 percent are having pucca home. The largest houses (68.2%) were a semi pucca home and only 6.8 percent homes were kutcha home. Whereas in non-notified area, around 79% of houses were semi pucca and 14.6 percent of houses were kutcha and only 6.4 percent were pucca house.

From the above study researcher fund that around 15.9 percent of households informed no saving in notified area. Majority of the slum occupants (84.1 and 74.1 respectively) has a semi-formal saving scheme (kudumbasree) in notified and non-notified area. It is found that those slum occupants who are saving in bank or post offices saving account are 9.7 percent. From the above study researcher had given following suggestion which are as follows-

1. To avoid flooding and sLEDging problems in the slum measures should be taken to raise their level.
2. To avoid land and water pollution local government should work on providing more latrines for slum households.
3. New planning should be formatted and implemented to prevent the formation of new slums.

As study conducted by Akter T (2008) highlighted on the socio economic condition of slum inhabitants and their consumption pattern. The present study in Dhaka city examines the living situation, physical condition, slum occupant’s health status particularly food practice and their health. It is found that slum occupants were living in poor condition; it is analyzed on the basis of food consumption, living conditions and food security for the slum occupants. It is observed that slum inhabitants are considerably poor with reference to living condition.

Socio-economic status of slum occupants can be identified as mainly low income group with non-education. In slum area poor physical environment and non-availability of solid waste disposal system are very common. Therefore there is a high risk of disease to children living in slum, indicates leading unhealthy environment. In such conditions it is a big challenge to ensure food security for urban poor if their
socio economic situation remains miserable. The above study shows that high existence of disease among children shows inadequate education or lack of awareness among parents to provide proper care to their children.

It is found that slum occupants are unable to bare nutritious food for their child as it is highly expensive for them. Various factors like low income, high expenditure as compare to their income and education were influencing the food security in slums.

As study conducted by J. Godwin Premising and Sheena Philip (2014) on “Improving living conditions in Slums Dwellers”. Researcher found that slum population has increased from 52 million in 2001 to 65 million as per census 2011 records, but over the last one decade slum population had increased slower than the average urban population.

The literacy rate in slums had reached up to 77.7 percent but still lag behind the urban average. Researcher found that that in slum men and women participate a higher rate in the labor force than the urban average. Researcher found that slum house is dilapidated, cramped, poorly ventilated, unclean, which affect safety and health. From the social workers suggestion researcher found that new solutions are required to provide basic services to these residents as in developing countries the number of urban poor in slum is increasing.

Slum life is highly over populated, deprived of basic services, overcrowding, unemployment or underemployment, lack of social and community network, stark inequalities, crippling social problem such as crime and violence and particular vulnerability to health problems, economic shocks, and the risks related to climate change and natural disaster, particularly for the poor. New resident needs job, safe housing and access to basic services.

Ali AM and Toran K (2003) conducted his study to analyze socio economic condition of Gandhi Nagar slum regarding intra and inter migration. Majority of the peoples are migrated from the southern part of the city. Based on Income and expenditure level of the above study area the socio economic condition was not satisfactory. Slum household are built of concrete structures. The above study area has good basic amenities like water supply, drainage system and lighting. Sum occupants
of this are lacking from library facility for their children. It is found from the study that people are settled in this area due to availability of low cost house. The above study area has good recreational facilities like various spots activity and people of this slum area visit to their relatives.

As study conducted by **Chandrasekhar S (2005)** on the basis of Census and NSSO data, researcher found the difference of living conditions in Indian slum. On the basis of survey researcher compared the factor affecting to the Slum, non-slum urban and rural area. Based on the census report it is found that person’s livings in the slum are declining. From the census report it is found that literacy ratio is higher in Kerala, Goa and Delhi state. But as compare to Kerala, Goa and Delhi literacy ratio of slum in the state like Rajasthan, Madhya Pradesh, and Bihar are higher than rural area. Slum gender ratio is higher than rural in the state like Rajasthan, Madhya Pradesh and Bihar. It is found from the above study that per capita consumption percentage of rural household deprived of access to latrine, electricity and water facility was higher than the corresponding households in slums and non-slum urban areas. Thus it is found that in some aspect rural areas are similar to slums and dissimilar in some other aspects.

As study conducted by **Geetha S and Swaminathan Madhura (1996)**, study was conducted in Mumbai slum regarding “Nutritional Status of Slum Children of Mumbai: A Socio-Economic Survey”. In the study area it is found that slum occupants are lacking from many basic amenities like toilet, quantity and quality of water level, sewerage and sanitation facility. Due to under nutrition in slum area it creates the root cause for many diseases. It is found that in girl’s nutrition level is low as compared to boys in below 5 years children.to understand the sample researcher adopted Midarm circumference and weight for age indicators were used.it is found that around 60.9 percent of boys and 72 percent of girls were undernourished on the basis of weight for age measurement. It is found that 19.8 percent of boys and 36.8 percent of girls were undernourished on the basis of the MAC indicators and another 33.1 percent of girls and 25.2 percent of boys were moderately undernourished. From the above study it is found that under nutrition among girls as compare to boys were found significantly higher in both the indicators.
As study conducted by **Hatekar Neeraj and Rode Sanjay (2003)** researchers conducted his study on “Quite They Die: A Study of Malnourishment Related Deaths in Mumbai City” to cover the study researcher has collected from 1000 households in Mumbai. From the above study it is found that female illiteracy and poor economic status was found due to behavioral barriers and socio cultural due to this reason nutritional status of children were affected. It is found from the nutritional indicators study that malnourishment was higher in Mumbai than in Jawaharlal colony. From the above study it is found that in girl’s seasonal wasting incidence are likely to be higher chances. Insufficient income with lack of basic amenities and health services is the reason for high chances of Malnourishment. Urban areas girls are in better tend as compare to those who are living in rural areas but the urban slum dwellers are very high undernourished as compare to rural area. The above study was empirically proved that the frequency of malnourishment of children’s of urban slum was highest correlation to the incidence of jawahar tribal

As study conducted by **Karn et al (2003)** on “Living Environment and Health of Urban Poor”. From 1070 squatters and pavement dwellers survey the researcher has examined the relationship between health status of urban publics in Mumbai and living environment. It is found that type of employment level has influence of education and location of residence. It is found that condition of house is considerably differing from pavement dwellers to squatters and slum. It is found that overall 33 percent of houses were made of flimsy, 39 percent were made of semi-permanent type and 28 percent were made of cemented building. For germs filtration or pathogen killing none of the slum household was used any kind of scientific device. In slums water related diseases are generated from various factors like polluted drinking water, insanitary living condition, poor personal hygiene and food cleanliness. It is found that the impact of poverty and environment factors highly pronounced between slums and pavement dwellers. The above study discovered that income, sanitation, literacy and personal hygiene had an impact on the morbidity of the people. The above study it is proved empirically that health status of urban poor has effect of socio-economic and the environmental factors.

As study conducted by **Gangadharan K (2005)**, under the study the researcher had studied the Kannur district with reference to health behavior regarding utilization of health service of five social classes’ i.e. lower, upper lower, lower middle, upper
middle, and upper class. It is found that those children’s who are aged below 15 years and those people who are aged greater than 55 years living in the slum and urban areas are having high rate of illness chances among them. It is found that high morbidity was found in the slum and urban area that are in the age groups of 36-55 years. Morbidity prevalence effect was inversely connected to household size and education is found in the above study. From the morbidity and occupation linkage it is found that higher morbidity of infectious illness is found among employed groups of unskilled workers whereas among business class and white collar workers chronic disease were found. Morbidity of chronic illness was also found high in unemployed groups of urban area and slum. From the above study it is proved that utilization of private health facility increases with the increase in level of education and consumption of public health service goes down. It is found from the study that low and very low level income group peoples are dependent on government health service because of their poor financial status.

As study conducted by Retnaraj D (2001), it is found from the study that in recent year’s extraordinary growth was found in Kerala because of high level increase in the prices of pucca houses and land price. It is found that people preferred Kerala as the most preferred cities. Due to abnormal increase in rent prices and land prices people are forced to settle in slum. From the above study researcher found that there is a positive relationship among land prices and urbanization. During 1980’s and in the beginning of 1990’s there was massive foreign inflow remittance which lead to spurt in land prices and real estate market. The huge foreign inflow and high level of land prices created slum growth in Kerala. This created various shortages facility i.e. drinking water, latrine facilities and electric connections.

As study conducted by Patel et all (2011) importance of informal and formal rights of landowners and tenure history recognized. The study describes the importance of executing slum planning schemes, incorporation of slum societies, promising rapid and sustainable upgrading within the formal city. It also defines a network of local, state and national agencies for quickly arranging. Author has recommended that SPS arrangement should be changed.
As study conducted by Aribigbola, (2001) in his study he stated that home is living place which contains physical construction and all required needed equipment’s for the safety of family and their mental satisfaction. As per Ad-Hoc expert group of United Nation, home is a basic requirement which includes all minimum required facilities like waste disposal, road access, water supply, education, recreation facility, health care facility.

As study conducted by Kayode Felix Omle (2010), on “An Assessment of Housing Condition and Socio-Economic Life Styles of Slum Dwellers in Akure, Nigeria”, researcher examined that the importance of housing to man as an essential need and a prerequisite for the survival of man after food. It is found that quality of the housing construction is very poor due to the low quality of material used for construction, inadequate technology and poor planning standards of handling the building components. Based on the study, researcher recommended to the policy maker to implement sustainable policy for urban development.

As study conducted by Bello (2002), emphasized that slum areas are locus of poverty where various factors that enhance slum development and growth are noticeable. He admitted that congestion of building and people as potent factors that created opportunities for the emergence of low environmental quality and unsanitary conditions, which breeds contagious diseases and infections in such deplorable parts of urban area.

As study conducted by Olanrewaju and Akinbamiyo (2002), it was affirmed that environment has great and obvious effects on health as poor residents are often seen at zones, which imply poor health. They observed slum dwellers to be group of people who live in old houses with bad structures located in poor environments where they are exposed to ill health from polluted water. Such houses are without toilet and other essential utilities. Their drains are often filled with refuse deposits, which hamper the free flow of run-offs.

As study conducted by the Center for Global Development Research (CGDR), October 2011, slum is the place which provides accommodation to all required families who are unable to get accommodation in costly area because of their low
income, there for slum plays an important role for them. Around 14% of the Delhi populations are living in slum, since they are unable to afford to stay in costly area. These slums provides required workforce to the urban city. But on the other side slum occupant creates crime in the city. Majority of the slum houses are made of poor quality material.

As study conducted by Sudesh Nangia and Rupesh Kumar Gupta, (2005), researcher conducted his study on Population explosion and land use changes in Gurgaon city region. It is found from the study that population of Gurgaon city has increased from 57,000 in 1971 to 1,74,000 in 2001, the growth rate in this city has increased at increasing rate.

As study conducted by Registrar General and Census Commissioner, India (2001), it is found that almost all the major developing countries have faced the slum problem. Urban slum now a days become an integrated part of the urban area. by affordable labour supply, slum dwellers contributing significantly to the urban area for production in formal and informal sector of economy.

As per UN-HABITAT (2003), it is found from the study that 3 billion people of the World’s population lives in cities, it is around half of the world’s population. Out of 3 billion one-third population of them are lives in slum. It is found that four out of 10 inhabitants are living in informal shelters in developing world. In the new millennium slums are became the face of world. Slum dwellers are facing various difficulties not only from houses unfit for habitation but also they are facing various problems from required food, health education and basic services. Better quality of life by slum improvement is not only a goal but slum improvement will solve the problem of health burden and the economic development of a country.

A study was conducted by Sandip Tripathy (2013), it is found that sample area is developed on the basis of educational and administrative facilitation since last decade among whole district. The sample area is moderately safe from flood for the location of the natural longitudinal dam. The author in his study taken 1100 respondent data and based on 1100 respondent it is found that the gender ratio of that area is 923
according to the survey it is low from district ratio of 960 and 961 found in 2011 and 2001 respectively. Author in his study found that total working population is higher in that area than dependent population.

From the respondent it is found that in the age group of 15-29 year population is much higher the others like another slum area. In the present sample area it is found that gross percentage of educated people is 58.90 percent but male population 80.18 percent and 71.21 percent found female population. Author found that the sample area reflects a low-economic status. Most of the family of that sample area are engaged themselves with secondary activities. Educated people of that area found job related to insurance and mobile sector and other general product with direct sales department. Those who does not have adequate education, they frequently works as daily laborers against daily wages or Rickshaw puller or Trolley Puller, etc. It is found that in the present study area no immense scope of employment could be found. The economy of the sample town has grown up based on transportation system and small scale business. It is found that there is lack of true level of or service sector industry. Most of the people belongs to lower economy level are being forced to get into other small scale business.

A study was conducted by Goswami & Manna (2013), the study deals with issue like human capital improvements, particularly requirement of safe drinking water, improved sanitation facility, road, transportation services, solid waste management, education, health care facility and monetary support. It is found from the study that empowerment of community, good governance and political will power is required for improvement of the slum condition.

Based on the above study authors given various suggestions for improvement of slum dwellers life which are as follows:-

1. A system has to be evolved whereby the garbage from slums can be collected from each household depots or transaction stations and after that it be can cleaned by Municipal services. Improves hygienic conditions with increased awareness on preventive social medicine can reduce the health hazards in slum residents.

2. There is a need for more and more community managed program than administration managed program to improve slum areas.
3. There is need to emphasis and strengthen institutions at the community level in the form of neighborhood committees and to support nongovernmental efforts either individual or institutional or else.

As study conducted by **Bala & Kumar (2013)**, there are many factors which create slum growth which are as follows:-

1. It is found that various studies support that in the early phase of industrialization, there was large-scale migration to city as city offered various advantages in the form of employment opportunities and other community facilities, which were absent in majority of the rural area of developed countries of the world. This leads to the creation of slums.

2. The poverty is another factor for slum development as slum occupants are unable to maintain a decent standard of living as required as per the standards of the society. These forced them to find refuge or to squat on the unused and located near their work place, resulting in to slum formation.

3. Housing shortage is another important factor for the creation of slums.

4. For cost saving people preferred to stay near to the work place this is the another factor for the creation of slums.

5. Migration is the major factor for creation of slum for unskilled workers.

6. Another set of conditions under which a slum develops is the deterioration of a group of building in the older part of the city. The area gets congested and overcrowded in the absence of adequate municipal services and the slum condition increase.

As study conducted by **Nayak (2013)**, it is found that house of the Gondar slum is very old congested and people are living in very in unfavorable condition. From the respondent, researcher found that slum dwellers are vulnerable to many challenges like disease and flood. Since houses are very old and congested that they cannot make in-house toilet. Most of the people are buying water from long distance and they don’t have electricity supply in their home. Income level of the slum was very poor; because of this they cannot change their present condition and cannot eat properly or keep themselves from diseases.
As study conducted by Ogunleye (2013), through the survey result researcher found that most of residents are engaged in the informal sector of the economy (self-employed), their income level is very low and their house size is very high. The researcher found that slum occupants are lacking in essential infrastructure and large number (53.3%) are unsatisfactory by modern standards. It is found that majority (43.4%) had no formal education while about 38.9% that are educated only up to elementary certificate.

As study conducted by Geetha & Swaminathan (1996), from the 500 respondent researcher found that basic amenities available to slum occupants were grossly inadequate. It is found that only 8 households has their own toilets, 69 percent of the households uses public toilet and 26 percent of the household claimed that they are using open space for defecation. 35 percent of the populations are based on non-municipal source of water such as private well and borewell which has high level of bacterial contamination and were not potable.

A study was conducted by Sheena & Premsingh (2014), it is found that slum occupant’s monthly expenses are higher than income and majority (80%) of slum dwellers living in huts covered by sheet, the condition of these huts are very pathetic. It is found that 66 percent of the respondent feels that they lack social security and majority (74%) of the respondent feels that their living condition is bad. It is found that 80 percent of the respondents are not satisfied with their living condition and 74 percent admitted that there is an alcoholic person in their house.

As study conducted by Ghosh (2013), it is found that maximum numbers of people are aware of the works to be initiated by KEIP in their locality. They were actually to some extent confused whether the works were done by KEIP or by some government organization. The basic problem faced by the slum occupants are water logging to some extent, miserable road condition, lack of street light, absence of mass toilets for slum dwellers, lack of bath facility and urinals for the local people.

As study conducted by Ms. Hina (2013), it is found that Janta Colony and seelampur has more dependency on earning members as the non-working group (female and children) are more as compare to balmiki kabristan. Janta colony and Seelampur slum
As study conducted by Kundu (2007), researcher conducted an analytical study on Stigmatization of urban process in India with reference to slum situation. From British rules slums are found as part of urban. A majority of the rural people migrated to urban city in search of better employment. Due to non-availability of housing facility of housing by employer employees are forced to settle in slum. It is found that in some city employer retained the employee by providing housing facility in chawls. Over a time most of the chawls have become extremely poor in terms of quality of life.

As study conducted by South Asian Analysis Group (2006), it is found that main reason behind the slum creation is poverty and this creates hopelessness and crime. The key reason for the above reason is slow economic growth. Major cities in India were dotted with slums by mid-sixties.

As study conducted by Kotnis et all (2012), from 1441 woman respondent researcher found that 91 respondents were admitted that their delivery took place at home because of many reasons like customs, monitory problems, spontaneous delivery, homely atmospheres, and service not found satisfactory at hospital. It is found that 62 mothers were literate, 71 women belonged to S.E. class III and IV and 73 women from joint families out of 91 woman respondents. Further it is found that 61 deliveries were conducted by untrained Dai and only 30 deliveries were done by trained Dai.

As study conducted by Operational Research Group (1989), it is found that the apart from migration, main reason for slum formation is the poverty and the local government failure in providing basic amenities to their people, which forces large part of population to settle in slums. Lack of infrastructures in some of localities is also possible reason for the formation of slums. In almost all the slum places it is found that slum occupants has very less awareness regarding availability and application of loan facility, this results in non-utilization of available of fund. It is found that to improve the life of slum occupants it is required to initiate in all the
fronts. It includes provision of income generation, health care promotion, education and vocational training and provision for basic amenities.

As study conducted by **Imparato and Ruster (2003)**, in his study researcher done his study with object to find out how to increase services to low income area, how to increase the impact of projects and the durability, how to enhance financial sustainability of projects and kind of initiatives required to address key issue. House is a basic needs and it’s a basic human right. But it is found that urban population is increasing at level in many developing countries including Latin America. It is found that to provide housing within the reach of the people, satisfactory sanitary and basic infrastructure for all the citizens will become an increasing serious threat to the policymakers. Slum upgrading and participation can improve their housing conditions.

As study conducted by **UN-HABITAT (2006-07)**, it is found from the study that the occurrences of illnesses are found due to poor living style rather than income levels. In slum it is found that children of higher income family have higher diarrhea chances as compared to low income family of rural children since they are not protected from polluted water and food.

As study conducted by **Bhandari and Basu (2000)**, it is found that migrated slum occupants are most adversely affected by quality of life; due to poor income level they are forced to settle in unhealthy and congested places lacking of basic requirements for a healthy life like drainage and sanitation, housing, water supply, slums are also the breeding ground for crime, pollution and health hazards.

As study conducted by **Sundari (2003)**, in his study researcher done micro level study of Tamil Nadu State, it is found from the 820 female migrants’ respondents which are staying around the slum of Chennai city, Tirupur town and Coimbatore. It is found that slum occupants of the study area facing lack of minimum basic amenities like house, drainage and sanitation and water supply. Women and children are worst affected in slum. It is found that drainage system in the sample slum was almost absent, about 92 percent households do not have drainage system and 4 percent had an open katcha drainage system. Only 1 percent of the migrant’s slum households
have pucca drainage system. Underground drainage system was totally absent in the sample slum. Around 67 percent of the sample slum households do not have garbage collection and disposal arrangement either by government or by private. It is found that 51 percent of Tripur slums, Coimbatore slums and Chennai slums are found below poverty line. In the sample study Tripur had highest below poverty line slum households. From the above study researchers had given suggestions that massive level slum improvement program to be run by Municipal Corporation.

As study conducted by Aldrich and Sandhu (1995), Slums occupant’s residential conditions are the outcome of the failure of government policy. Living condition which is below poverty line and unhygienic is called slum. Better accommodation is required for human development.

As study conducted by Vaishali D. Mane and D.H. Pawar (2013), on “SOCIO-ECONOMIC STATUS OF SLUM DWELLERS WITH SPECIAL REFERENCE TO WOMEN: GEOGRAPHICAL INVESTIGATION OF KOLHAPUR SLUM”, the researcher investigated with an objective to study standard of living and women participation in economy of Kolhapur slum city. It is found that various type of occupation or work has been performed by Kolhapur slum city women. Works performed by women are depending upon their education, family background, facility of employment and as per their kills. Some of the works performed by women are tailoring, home servant, retail shopkeeper, construction labor, catering and some of the illegal activity like alcohol retailer. Researcher found that incomes earned by women are very low as compare to their work level. Income of the slum women varies from Rs 900 per month Rs 8000 per month. Majority of the women income group are in the range of Rs 2000 to Rs 3000 per month. Researcher found that slum dwellers are trying to improve their living standard as per their capacity.

A study was conducted by Grace Bahalen Mundu and R.B.Bhagat (2009), on “Slum Conditions in Mumbai with Reference to the Access of Civic Amenities” the researcher found majority of the slum occupants are came from the different parts of the city. Majority of the slum occupants are migrated and they are belong to the lower economic group. It is found that majority of the slum occupants are settled near to
their work place as it saves their transportation cost. Slum occupants are continuously contributing to the city significantly.

Researcher found that most of the slum occupants are living in unhygienic condition and they are deprived of basic necessity facilities. It is found that slums are found more vulnerable from the diseases during rainy season because most of the slums are situated in low lying areas particularly in the coastal cities like Mumbai. The major problem of the slum is they are facing lack of private toilet and they are bound to use open sewerage. Most of the community toilets are not maintained in proper condition and as a result people route to open space. This is a big problem for Mumbai city and needs immediate attention of the policy maker.

A study was conducted by Masoumeh Bagheri (2012), on “The Challenge of Slums: Socio-Economic Disparities” and was published by International Journal of Social Science and Humanity in September 2012. It is found from the study that around 16% of the workers of Ghale chenan city are jobless or in search of job. Around 1933 slum occupants who are physical disabled and retired are supported by various NGO’s. It is found that due to industrial disposal and domestic sewage water of Karron River is continuously polluting which is one the drinking water source for the residents of Ahwaz. The major problems for the slum occupants of Ghale Chenan are they don’t have even basic education and they are jobless. These peoples were doing store robbery, most of the time they block road of Ahwaz to Mahshar for extortion, it is validated from several reports. Most of the slum occupants of these areas are poor and illiterate.

A study was conducted by Rajiva Prasad & M.N. Singh (2013), on “Living condition and life style of Mankhurd slum dwellers”, and was published through International Institute for Population Sciences, Mumbai. From the study author found that slum occupants living condition is not satisfactory. No measures have been taken by government and therefore majority of the slum occupants are living in neglected condition. It is found that health of the slum occupants are generally depends on their living style.
As study conducted by Mitra (1994), the researcher studies the array of urbanization particularly city growth in India. In order to tackle these problems it reinforces the importance of productive employment generation in the urban areas.

A study was conducted by Partha Sarathi Das and Kishor Chandra Meher (2013), The Researcher found that the slum problem is a national problem and its origin is found in the structural inequalities of the society. Thus it requires a national policy and both the central and state governments must combine their effort in it.

A study was conducted by M. S. Alamgir et al (2009), on “Assessing the livelihood of slum dwellers in Dhaka city”, and was published J. Bangladesh Agril, University in 2009. The author’s present study was an effort to define the factors affecting the rural-urban migration in slum areas. It is found that resident of this slum does not have formal education; workers of this slum are engaged in working of rickshaw, small self-business and day laborers. Slum occupant’s financial, social and decision making enhanced sustainably by efforts of many NGO’s. Researcher found that around 56% of the families are migrated for financial reason.

A study was conducted by Nihar Ranjan Rout (2008), Lecturer, Department of Population Studies, Fakir Mohan University, Balasore, Orissa on “SLUM GROWTH IN BHUBANESWAR: A PROBLEM OR SOLUTION?”, and was published in ITPI Journal in 2008. The Author found that the 30 % of the people of this city are living in slum. It is mainly because tremendous growth rate during the last decade. Apart from health related problem and poor living conditions slum occupants are facing from financial problem and employment.

As study conducted by Moona Yasmin (2012), on “Occupational Mobility among Slum Dwellers: A Case Study of Delhi”, author found that citizen’s living in slum are accessing the information related to availability of urban labor market. It is found that they are acquired the information through various informal channel (T.V., Radio, News Paper, etc) and they develop their skill as per required new occupation. Peoples of slum usually prefer job near to their resident. This study covers low income groups and majority people working in the urban informal sector. To conduct the same author
had collected 784 households data, 214 household are working since 2000 and 286 households are working since 2009. Authors considered on 214 household who are staying since 2000 and they are from cohort group of workers for her study. To get the study outcome author selected Occupational classification scheme developed by Gokhale Institute of Politics and Economics, Poona. From the study it was found that slum occupants has shown both upward and downward occupational mobility but it is found that upward mobility is higher than downward mobility. Author found that out of 214 households 36 are upward and 22 are downward mobility.

As study conducted by P. Sujatha and P.V.S. Janardhanam (2010), on “Urban City in India: Chennai city as a case study”, author found that technical improvement and industrialization is the main cause for rapid urbanization. Till 1901 urban population was just 11% where as it reached to 18% in 1951 and 32% in 2001. But unfortunately this urbanization created slum and slum citizens become the most vulnerable and blighted areas of the city. Author found that even though various programs conducted for slum improvement but there results were not satisfactory and still slum occupants are found in vulnerable condition. Tamil Nadu slum clearance board rehabilitated the people living around the river. In Chennai, the slum occupants are lacking from municipal corporation are lack of water supply, Sanitation and waste management.

As study conducted by Sunil Kumar et al (2003), on Living Environment and Health of Urban Poor: A Study in Mumbai”, author found that in urban population of developing countries has grown 6.8 times in between 1950 to 2000. During these periods rapid urbanisation has created remarkable pressure on existing urban infrastructure and public services. Author found that around 70% of the urban populations are living in slum; half of the slum population are able to access toilets and 11% of the occupants are found sick at any time. Further author found that water related disease such as diarrhoea, typhoid and malaria are around 614, 68, 126 cases found per thousand.

As study conducted by Upinder Sawhney (2013), on “Slum population in India: Extent and policy response”, author found that increase of urbanization and absence of affordable housing leads to creation and expansion of slum. Poor people migrates to urban in search for better income opportunities and to enjoy better living standard
but due to their lack of education and non-qualified skill leads to them unemployment and financial shortage, this leads to them to settle in affordable slum.

As study conducted by Ankur Sarin and Rekha Jain (2009), on “Effect of Mobiles on Socio-economic Life of Urban Poor”, to study the effect of Mobile on slum occupants author has taken 1774 respondents data of mobile and non-user of mobile in 84 slums of Delhi, Kolkata and Ahmadabad. Author found that slum occupants are significantly spending their income on mobile for purchase and daily usages. It is found that they spent around 40% of their average monthly income on this. However it is found that with the usage of mobile their socio-economic situation improved and they got more benefit as compare to the cost of acquisition of the mobile and daily ongoing expenses. With the usages of mobile their social relation with long distance improved.

As study conducted by Khan et al. (2013), on “Newborn care practices among slum dwellers in Aligarh city, Uttar Pradesh”, author found that new born health issue in India is more challenging than any other country in the world. The neonatal death rate was 44 per 1000 live births, at least 2 new born deaths every minute. Author found that around 91.5% delivery took place at home and most the delivery was done by untrained dais. It is found that 83% pregnant women were in the age group of 15-30 years and 17% are in the age group of 31-45 years. Author found that overall very poor practices were followed during pregnancy in Aligarh Slum.

As study conducted by Goswami Mihir and Kedia Geeta (2010), on “Socio-Demographic and Morbidity profile of slum area in Ahmedabad, India”, to conduct this study author collected 1389 data from respondents of Ahmedabad slum. Author found that in the selected slums there was no formal drainage and sanitation facility found. In the selected area gender ratio is 987 female per 1000 male found and literacy ratio was very poor only 16.8% male and 5.6% females were literate. Majority of the slum occupants including children up to the age of five years are also are addicted from consumption of alcohol and tobacco. Most of the housing condition was very poor and they are made of katcha construction. These slum occupants do not have sanitation and sewerage facility. In his study author recommended that local government should provide public latrine facility to safeguard the land pollution.
As study conducted by Biplab Das et al. (2012), on “The Challenge of Slum Development in India a case study of Melatala-Dasnagar Slum area of Howrah Municipal Corporation”, author found that developing countries like India phasing massive urbanization growth and this resulted in expansion and creation of slum in the entire urban area. Author found that 28% of the Indian population are in urban area and 21.68% of the urban population are bound to settle in affordable slum area due their financial problem. Urbanization creates huge employment opportunity which creates migration of people from rural to urban. Rapid migration from rural to urban with lack of skill and education creates problem in finding suitable jobs and financial problem this results in creation and expansion of slum.

As per NFHS-3 survey conducted by Kamla Gupta et al. (2009), on “Health and Living Conditions in Eight Indian Cities”, as per the survey of Ministry of Health and Family Welfare Government of India it is found that the expected population of urban India will be more than 550 million by 2030. As per the survey it is found that large proportions of urban people are living in slum. It is found that like other developing countries in the world India has shown significant growth of urbanization since last 50 years. As per Census 2001 28% of the populations are living in Urban and from 1951 to 2001 India’s urban population has grown almost 5 folds. Urban population increased from 62million in 1951 to approx. 286 million in 2001. In terms of urban population India is the 2nd largest country in the world. From 1981 to 2001 Indian Urban city over 1 million populations increased from 12 to 35 cities. It is expected that by 2015 more than 50 Indian cities will cross 1 million populations.
From the selected 8 cities survey it is found that altogether 8 cities it contributes around 30% of the total slum population of the nation as per 2001 census. Among these 8 cities the highest slum population was found in Mumbai it was 54%, Meerut 44%, Nagpur 36%, Kolkata 33%, Delhi 19%, Chennai 19%, Indore 18% and Hyderabad 17%.

With Rural people migrated to urban poverty also migrated to Urban areas. Income disparity versus slum and non-slum was highest found in Delhi and lowest in Indore. As compare to slum and non-slum young population was found in slum area, age wise young population was more in slum as compare to non-slum area.

In every city majority of the slum household heads are non-educated, whereas in non-slum area more than 50% of the household are educated up to 10th. From the
survey it is found that poor women’s education was found lowest or nil education. As per occupation slum women’s are more found in production and services related work, whereas non-slum women’s are enjoying production and professional related work. Around 2 to 8 per cent of the slum children’s were working for pay.

As compare to non-slum regarding housing condition it was found that slum families housing were in poor condition. From the survey it is found that most of the selected cities toilet facility is not satisfactory. In almost all the cities it is found that sanitation facility was found worse in all the slum area as compare to non-slum area. Open toilet was found in slum area which creates land and water pollution in that area.

Several studies have proved that poor save more. Such small savings, properly mobilized can play a vital role in stabilizing the economy. To support this statement, a brief review of literature is undertaken below establishing relationship between savings and economic growth.

2.3. Savings and Economic Growth:
Savings, the difference between income and expenditure, are usually defined as an act of ‘not consuming’. A high level savings helps the economy to progress on a continuous growth path, since investments are mainly financed out of savings.

Gerard Jackson (2008), economics editor of Brookes News claims that ‘without Savings there can be no Economic Growth’. There is a large literature on the role of savings and investment in promoting economic growth. The early Domar-Harrod models specified investment as the key to promoting economic growth, although this was challenged by the neo-classical Solow model in 1950s. The Solow model argues that savings importantly contributes to economic growth & policies therefore need to be directed to increasing domestic savings.

Dornbusch et al. (2000), in the chapter on Growth and Accumulation state that economic growth results from the accumulation of factors of production, particularly capital, and from increased productivity. That is inputs and productivity are the sources of economic growth. Production function is used to study these two sources of
economic growth. The production function provides a quantitative link between inputs and outputs. Output(Y), depends upon Labour (N) and Capital (K) as the inputs and level of Technology (A) which can also be called as ‘Productivity’.

\[ Y = AF(K,N) \]

The equation summarizes the contribution of input growth and input productivity (technology) to the growth of output.

From the above discussion, one can deduce that building up of money capital and human capital is the key to economic growth.

According to Nobel Prize winner Robert Solow (1994), Technical progress, increased labour supply and capital accumulation are the important determinants of GDP growth. Solow’s neo-classical growth theory, the product of intense work in 1950’s and 1960’s focuses on capital accumulation and its links to savings decision. The neo classical theory begins with short run where there is no technological progress and the economy strives to reach for steady-state equilibrium which is the combination of per capita GDP and per capita capital, where the economy will remain at rest. The theory presents production (y) as a function of capital labour ratio (k), where rise in capital leads to rise in output, thus \( y = f(k) \).

The steady state values of per capita income Yo and capital Ko, are those values where the investment required \( (n+d)k \) to provide capital for new workers and to replace machines that have worn out is just equal to the saving \( (s) \) generated by the economy. If saving is greater than this investment requirement, as shown in the diagram below, then capital per worker rises over time and therefore output does as well. If saving is less than the investment requirement, then capital and output per worker will fall. Steady state values are the levels of output and capital at which saving and required investment balance.
In the short run, an increase in the saving rate \( (s_1y) \), raises the growth rate of output \( (y_1) \) as shown in the diagram as follows.
According to the theory, the long-run rate of growth is exogenously determined - in other words, it is determined outside of the model. A common prediction of these models is that an economy will always converge towards a steady state rate of growth, which depends only on the rate of technological progress and the rate of labor force growth.

The theory implies that if two countries have the same rate of population growth, the same saving rate, and access to the same production function, they will eventually reach the same level of income. In this framework, poor countries are poor...
because they have less capital, but if they save at the same rate as rich countries and have access to the same technology, they will eventually catch up.

As per RBI, following table the direct relationship between growth of saving and GDP growth in India also establishes.

**TABLE 2.3 (a)**
**India’s National Income and Domestic Savings Post Liberalization**
New Series (Base: 1999-2000) (Cr. Rupees)

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP AT FACTOR COST</th>
<th>GDP AT MARKET PRICE</th>
<th>GDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990-91</td>
<td>515032</td>
<td>569624</td>
<td>130010</td>
</tr>
<tr>
<td>1991-92</td>
<td>594168</td>
<td>654729</td>
<td>141089</td>
</tr>
<tr>
<td>1992-93</td>
<td>681517</td>
<td>752591</td>
<td>159682</td>
</tr>
<tr>
<td>1993-94</td>
<td>792150</td>
<td>865805</td>
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<tr>
<td>1994-95</td>
<td>925239</td>
<td>1015764</td>
<td>247462</td>
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<tr>
<td>1995-96</td>
<td>1083289</td>
<td>1191813</td>
<td>291002</td>
</tr>
<tr>
<td>1996-97</td>
<td>1260710</td>
<td>1378617</td>
<td>313068</td>
</tr>
<tr>
<td>1997-98</td>
<td>1401934</td>
<td>1527158</td>
<td>363506</td>
</tr>
<tr>
<td>1998-99</td>
<td>1616082</td>
<td>1751199</td>
<td>389747</td>
</tr>
<tr>
<td>1999-00</td>
<td>1786525</td>
<td>1952035</td>
<td>484256</td>
</tr>
<tr>
<td>2000-01</td>
<td>1925017</td>
<td>2102314</td>
<td>499033</td>
</tr>
<tr>
<td>2001-02</td>
<td>2097726</td>
<td>2278952</td>
<td>534885</td>
</tr>
<tr>
<td>2001-03</td>
<td>2261415</td>
<td>2454561</td>
<td>647970</td>
</tr>
<tr>
<td>2001-04</td>
<td>2538171</td>
<td>2754621</td>
<td>821027</td>
</tr>
<tr>
<td>2001-05</td>
<td>2877706</td>
<td>3149412</td>
<td>1000424</td>
</tr>
<tr>
<td>2001-06P</td>
<td>1106</td>
<td>304674</td>
<td>893149</td>
</tr>
<tr>
<td>2001-07RE</td>
<td>1122</td>
<td>355747</td>
<td>1053319</td>
</tr>
<tr>
<td>2001-08QE</td>
<td>1138</td>
<td>409494</td>
<td></td>
</tr>
</tbody>
</table>

Source: Central Statistical Organisation.

As studied by Verma R. and Wilson E.J (2005), the new growth theories since the mid-1980s, typified by Romer (1986, 1990), Lucas (1988) and Baro (1990), reconfirm the view that the accumulation of physical and human capital are the drivers of long run economic growth. The central idea of Lewis’s (1955) Traditional Development theory was that increasing savings would accelerate growth. Kaldor (1956) and Samuelson and Modigliani (1966) studied how different savings behavior induced growth. A recent study of 32 countries by Kriickhaus (2002) notes that a
higher level of national savings led to higher investment and consequently causes higher economic growth. The same ‘savings and economic growth’ relationship is applicable to Indian Economy.

Working paper was presented at University of Wollongong by Verma R. and E.J. Wilson E.J (2005), on ‘A Multivariate Analysis of Savings, Investment and Growth in India’. The paper considered per worker household, private corporate and public sector savings and investment, foreign capital inflows and economic growth for India in a multivariate setting for the period 1950-2001. The paper concludes that increases in savings are necessary condition for economic growth. In the research, strong links were detected from per worker household and private corporate savings to output in the long run and sectoral per worker savings to investment links in both the short and the long run. The table gave below shows high savings, high investment with high growth of GDP in post 1980 period.

**DIAGRAM 2.3 (1)**

**Savings, Investment, Foreign Capital Inflows and Real GDP**

*Rs. crore at constant prices*

![Chart showing savings, investment, foreign capital inflows, and real GDP over years from 1950 to 2001.]

*Source:* National Accounts Statistics of India (2002) and Reserve Bank of India.

*Note:* Constant 1993-94 prices.

- GDS: Gross domestic savings;
- GDI: Gross domestic capital formation;
- FCI: Foreign capital inflows;
- GDP: Gross domestic product.
Yukio Nishikawa, (2007), Senior economist, Japan Center for Economic Research, published a paper on January 25, 2007 on the topic ‘India: Higher Savings Rate holds key to sustained Growth’ According to him, India’s lagging economic growth as compared to China is mainly due to ‘savings shortages in India’. Yukio states that the reasons behind India’s low savings are-

a) The economic factors like low PCI;

b) Cultural and Social factors such as industriousness and abhorrence of extravagance;

c) The aged ratio, workforce ratio, and other demographic factors.

Considering the current economic situation in India, one may not agree with the third reason, since current India is a young India, with more working population.

A study was conducted by Ramesh Mohan (2006), Bryant University on “CAUSAL RELATIONSHIP BETWEEN SAVINGS AND ECONOMIC GROWTH IN COUNTRIES WITH DIFFERENT INCOME LEVELS”, and was published in Economics Bulletin in 2006. Author in his paper studies the correlation between economic growth and domestic saving for several nations with different income level. Under this study the author tries to find out different countries with their income level. To study the relationship between economic growth and saving, researcher examined 25 different countries as per their income level. From the study out of 25 countries 3 are excluded on the basis of ADF test.

The logGDP and the logGDS of remaining 18 countries were examined by Johansen test to find out the co-integration; however it is found that in four countries there were no co-integration found and that were estimated by using the VAR model.

From the test it is found that in high income countries saving are dependent on economic growth, except Singapore where saving determines the economic growth. In upper-middle income countries there is bi-direction causality found. In these countries both the relation found i.e economic growth to saving and saving to economic growth. It is found from the study that these countries are in transition phase to high income countries.

Whereas in lower middle income countries it is found that there is same relation with high income countries. In lower middle income countries’ saving
depends on economic growth. However, there is no relationship between saving growth and economic growth rate in Ecuador.

In case of low income countries it is found that in some countries there is bi-direction relation, in some countries economic growth to saving growth found and in some countries saving growth determines economic growth.

A study was conducted by Ahmad Zubaidi Baharumshah et al (2003), on “SAVING DYNAMICS IN THE ASIAN COUNTRIES”, and was published in Journal of Asian Economics in 2003. Under this study author studied the factors affecting the saving behavior in South Korea, Malaysia, Thailand, Philippines and Singapore with their capital inflow from foreign, income, interest rate and their dependency ratio. Under this study author divided this study in to four parts. First, foreign saving impedes domestic saving in short run and long run. Second, Ganger causality test used to examine relation between saving and economic growth. Third, interest rate affects the saving growth, fourth, to study the relationship between domestic and foreign savings in long run by using vector error correction model, Engle and Granger.

From the above study it is found that there is stable relationship between Gross National Product, Dependency ratio, currency account, interest rate, savings and its determinants.

Direct impact between saving and economic growth found in South Korea, Malaysia, Thailand and Singapore.

General perception about saving leads to economic growth, whereas author found in his study that there is no major relationship between saving and economic growth.

A study was conducted by Carmen Reinhart and Ernesto Talvion (1998), Department of Economics, University of Maryland on “Capital flows and saving in Latin”, and was published in Journal of Development Economics in 1998. The author in his study tried to find out the relationship between foreign saving and national saving of 24 countries including Latin America and East Asia.

To find out the outcome study has divided into three parts. First, to study whether there is any possible regional difference in household preferences, the
limitations of liquidity, the saving rate’s causes, the smoothing of consumption and response to capital inflows; Second, narrow down in evaluation between Latin America and East Asia; Third, examine the connection among national and overseas saving in the context of the specific country level.

From the study it is found that overseas savings and national saving are reverse relationship, and in both the constituency Latin America and Asia have same correlation.

A study was conducted by Rian Le Roux (2010), Head of Economic Research, Old Mutual Investment Group SA in 2010, on “The role of savings in the economy”, the study addresses the relationship between three entities of Savings which saving from Household, Companies and Government.

The author found that to cover the future outlays households’ essential save (children’s higher education, to buy durable goods, etc). Corporate houses saving are the part of net profit which is not distributed to shareholders in the form of dividend and kept for future expansion, to replace machinery, heavy advertisement for new product, etc and to meet uncertain future market. Government saves when their revenue income exceeds expenditure.

It is observed that Asian countries are heavily relied on foreign direct investment (foreign countries saving) which meets our temporary requirement. Our country over the last decades enjoyed major capital inflow.

However country like India cannot continuously depend on foreign investment. Normally foreign investors are fickle and any bad news over the health of the economy or worries about the future policy and government stability may results in withdrawal of foreign investment which creates sudden imbalance of foreign currency and creates balance of payment.

There for savings play an important role in any economy and its role is important at different levels.
A study was conducted by Nurudeen ABU (2010), Department of Economics, University of Abuja – Nigeria on “SAVING-ECONOMIC GROWTH NEXUS IN NIGERIA, 1970-2007: GRANGER CAUSALITY AND CO-INTEGRATION ANALYSES”, and was published in Review of Economic & Business Studies in June, 2010. The study addresses the relationship among economic growth and saving. With the support of Granger and co-integration methods author found the relationship among economic growth and saving in Nigeria from 1970-2007 period. As per Johansen co-integrated there is a long run relation found. In this study author recommended that government and policy maker should employ policy that would accelerate economic growth which ultimately results in increase of saving.

A study was conducted by Muhammad Zafar Iqbal et al (2012), it is found that domestic saving and credit extended to private players played an important role in the economic growth and for the development of Pakistan, for the study of economic growth and domestic saving author has analyzed data from 1973-2007. It is found that 1% increase in lending to private sectors results in 5.59% increase in gross domestic product of the country. From the above study author recommended to implement suitable policies to enhance the savings and credit in the country.

A study conducted by Siddiqui and Siddiqui (1993), studied saving behavior by type of assets and determined the sensitivity of different components of savings to change in its determinants. Household Integrated Economic survey (HIES) data was used for the analysis from 1968-69 to 1987-88 using WLS (Weighted Least Square). They concluded that Income, Employment status, Inverse of Income, Log of Income and log of square of Income were positively influencing Household Savings Dependency ratio was negatively influencing it.

A study conducted by Muradoglu and Taskin (1996), attempted to investigate issues relating to the differences in effectiveness of non-consensus variables in explaining household saving for developing versus industrial countries. The authors collected time series data of 19 developing countries and 11 industrial countries from 1975 to 1989. They found that effect of income growth, trend income and deviation of income from trend on savings was significantly positive; impact of real interest rate and inflation rate were significantly negative; real balance, foreign savings and
dependency ratio had no impact in industrial countries. Trend Income, real balance and dependency ratio had negative parameter coefficients in saving equation. Income growth, deviation of income from trend, real interest rate, inflation rate, and foreign savings had no significant relationship with saving in developing countries.

A study conducted by **Wakabayashi and Mackellar (1999)**, estimated standard life cycle hypothesis based on saving functions using panel data at the province level in China for the period 1993 to 1998. Impact of Income on saving appeared to be positive and dependency rate was estimated to have negative impact on saving in rural and urban areas of China. It was concluded that MPS for urban area was 0.2528 and 0.4538 for rural area.

A study conducted by **Loayza et al (2000)**, defined the major important outcome of the newly completed World Bank investigation project. Based on various researches, author examined the various factors affecting private savings and the relationship among saving and economic growth. From the study it is analyzed that income has positive and major impact on private saving whereas percentage of return has negative and major impact.

A study conducted by **Salam and Kulsum (2000)**, found determinants of savings by analyzing saving behaviour in India using time series data for the period 1980-89 for India. They concluded that an increase in income was bound to cause an increase in household savings, private savings, public savings and total savings. The Value of MPS was 0.2362, 0.0572, 0.0078 and 0.3012 for household sector, private sector, public sector and for whole economy respectively. It was also concluded that rate of interest had a net positive affect on Gross Domestic savings and household savings.

A study conducted by **Ozcan et al. (2003)**, explained effects of a number of policy and non-policy variables on private savings rates using time series data for the period 1968-94 for Turkey. They concluded that previous year savings, Broad Money, Inflation rate, and terms of trade had positive relationship with private savings. Life expectancy and dummy for crisis years were negatively affecting private savings. Credit to private sector, income, growth of income, old dependency ratio, young
dependency ratio, urbanization ratio, real interest rate, political instability, and current account deficit were found to have no impact on private savings in Turkey.

A study conducted by Ahmad and Asghar (2004), analyzed the household saving behavior due to different socio-economic and demographic factors in Pakistan using micro data collected by Household Integrated Economic Survey in 1998-99. The authors used Ordinary Least Square Method to estimate and choose data of 8933 rural households and 5374 of urban households. Results of the study revealed that income, employment status, square of age and Sex of household head were found to have positive effect on saving rates; wealth, dependency ratio, education levels and age of household head were negatively affecting household savings of rural as well as urban areas. MPS values were found 0.886 in overall Pakistan, 0.794 in urban Pakistan, and 0.940 in rural Pakistan.

A study conducted by Kibet et al. (2009), adopted a microeconomic approach in investigating the factors that influence savings among teachers, entrepreneurs and farmers. Cross sectional primary data of 359 households for 2008 were collected through multistage sampling technique. The study concluded that income had positive effect on savings of teachers, businessmen and farmers. Credit access, age, and dependency ratio were found to have negative impact on saving of all household; age and transport cost of teachers, age of businessmen, and credit access of farmers caused a reduction in savings. It was also concluded that the values of MPS were 0.1577, 0.0605, 0.2558 and 0.1936 for all households, teachers, businessmen and farmers respectively.

A study conducted by Bendig et al. (2009), analyzed impact of remittances, risk exposure, shock experience on household savings of rural Ghana in 2008. Authors selected 2 villages of Ghana and surveyed 350 villages. The results of household size, schooling, assets, remittances, death in family, and other shocks were significantly more likely to save. Female head, self-employed, not employed, risk assessment, and Brakwa region were negatively related to savings. It was also concluded that age, square of age, land and illness had no impact on savings.
As study conducted by Saltz, I.S. (1999), researcher found that there is direct correlation among per capita income, consumption and saving rates. It is found that higher the per capita income higher the consumption and saving rates. In his study using Vector Error Correction model author studied 17 third world countries. From the study it is found that higher growth rates of real GDP contribute to a higher growth of savings.

As study conducted by Anoruo and Ahmad (2001), researcher by using Vector Error Correction model examined relationship among economic growth and saving rate of seven African countries. It is found that 4 out of 7 countries savings are affected by economic growth.

As study conducted by Mavrotas and Kelly (2001), under this study researcher studied relationship among gross domestic saving, gross domestic product and private saving were examined of India and Sri Lanka countries. It found that there is no relationship among gross domestic product and private savings in India. However, it is found that in Sri Lanka there is Bi-directional effect were found.

As study conducted by Baharumshah et al. (2003), to found the behavior of saving growth rate in his study researcher has taken five Asian countries: South Korea, Malaysia, Thailand, Singapore and Philippines. To study this behavior researcher concluded data from 1960 to 1997 by using the Vector Error Correction model. It is found that except Singapore there is no direct relationship among saving to economic growth.

2.4.1 Savings in India:

A study was conducted by Ramesh Jangili (2011), on “Causal Relationship between Saving, Investment and Economic Growth for India – What does the Relation Imply?”, and was published in Reserve Bank of India Occasional Papers in summer 2011. In his study researcher explored the relationship among economic growth, saving and Investment of India from 1950-51 to 2007-08 data.
Author found that gross domestic saving growth rate has increased from lowest level of 0.0 % in 1950-51 to 37.7 % in 2007-08 as per diagram 2.4.1 (1). During that period there was substantial positive and strong correlation among growth rate and saving rate was observed. During that period economic growth rate was increased from 10.7 % in 1950-51 to all time high of 39.1% in 2007-08. There is significant co-relation among domestic saving and domestic investment.

**DIAGRAM 2.4.1 (1)**

**Saving, Investment rates and nominal growth**

Gross domestic saving includes three part, Household saving, Corporate Saving and Government saving. India’s gross domestic saving has consistently increased over time but their composition has experienced a sizeable change as per Diagram 2.4.1(2). As per diagram the major changes were notices in Government saving. Shortfalls of the domestic saving were met from household and little bit from Private saving, as their growth rate was continuously shown upward sign.
Similar compositional changes has found in investment as well. Till late 1980s public investment rate was dominant and reached up to 12% in 1986-87. With liberalization in initial 1990 roll of public sector gradually decreased in many sectors and its position taken over by private sector. Therefore private sector investment gradually increased replacing the declined public sector investment although public sector overall investment was stagnant at around.

Public sector investment was 50% till 1980s and it declined to 23% in 2007-08. On the other hand whereas private sector investment was only little more than 20% in 1980s has rapidly moved to 40% in 2007-08. Along with these household investment also increased from 3.2% in 1963 to 14.2% in 2004-05. Though household sector total investment was approximately stay at same.
From Granger causality test researcher found that there is a direct relationship among the saving and investment to economic growth of the country.

**Asis Kumar and Nirbachita (2007)**, Pain in his article, 'Household Savings in India: Determining Factors and Status', observes that there was a steady increase in the national saving rate in India during the post-independence period. A comparison with various countries (both developed and developing) of the world shows that India shown a high saving rate as compared to various different countries, except those in East Asia. In fact many developed countries like Australia, New-zealand show negative savings, i.e. -2.2% and -6.5% in the year 2003. So the evidences show less propensity to save with high income. Mr. Pain further has observed that, in India household savings accounted for nearly 90% of the national savings. The table given below also proves the fact household savings are the major contributor towards national savings which results into economic development.
### TABLE 2.4.1 (a)

**Sector-wise Domestic savings (Rs in crore)**

(At Current Prices)

<table>
<thead>
<tr>
<th>Year</th>
<th>Financial Savings</th>
<th>Physical Savings</th>
<th>Total (2+3)</th>
<th>Private Corporate Sector</th>
<th>Public Sector</th>
<th>Gross Domestic Savings (4+5+6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1990-91</td>
<td>49640</td>
<td>55149</td>
<td>104789</td>
<td>15154</td>
<td>10057</td>
<td>130910</td>
</tr>
<tr>
<td>1991-92</td>
<td>63101</td>
<td>41394</td>
<td>104495</td>
<td>20304</td>
<td>17290</td>
<td>141089</td>
</tr>
<tr>
<td>1992-93</td>
<td>65307</td>
<td>57946</td>
<td>123315</td>
<td>19968</td>
<td>16399</td>
<td>159682</td>
</tr>
<tr>
<td>1993-94</td>
<td>94738</td>
<td>54799</td>
<td>149534</td>
<td>29890</td>
<td>10233</td>
<td>189933</td>
</tr>
<tr>
<td>1994-95</td>
<td>120733</td>
<td>60357</td>
<td>181090</td>
<td>35292</td>
<td>23412</td>
<td>247462</td>
</tr>
<tr>
<td>1995-96</td>
<td>105719</td>
<td>95290</td>
<td>201009</td>
<td>59153</td>
<td>30364</td>
<td>291012</td>
</tr>
<tr>
<td>1996-97</td>
<td>141651</td>
<td>75312</td>
<td>216963</td>
<td>62209</td>
<td>29868</td>
<td>313068</td>
</tr>
<tr>
<td>1997-98</td>
<td>146777</td>
<td>123531</td>
<td>270308</td>
<td>65769</td>
<td>27429</td>
<td>365506</td>
</tr>
<tr>
<td>1998-99</td>
<td>183346</td>
<td>140414</td>
<td>323760</td>
<td>68856</td>
<td>-8369</td>
<td>369747</td>
</tr>
<tr>
<td>1999-00</td>
<td>209902</td>
<td>205914</td>
<td>415816</td>
<td>87224</td>
<td>-5494</td>
<td>484256</td>
</tr>
<tr>
<td>2000-01</td>
<td>215219</td>
<td>236534</td>
<td>451743</td>
<td>81062</td>
<td>-36682</td>
<td>499933</td>
</tr>
<tr>
<td>2001-02</td>
<td>247476</td>
<td>256669</td>
<td>504145</td>
<td>76905</td>
<td>-46166</td>
<td>534895</td>
</tr>
<tr>
<td>2002-03</td>
<td>253255</td>
<td>316879</td>
<td>570134</td>
<td>94772</td>
<td>-15538</td>
<td>647970</td>
</tr>
<tr>
<td>2003-04</td>
<td>313290</td>
<td>357516</td>
<td>670806</td>
<td>120730</td>
<td>29621</td>
<td>821926</td>
</tr>
<tr>
<td>2004-05</td>
<td>318294</td>
<td>406849</td>
<td>725143</td>
<td>206363</td>
<td>69591</td>
<td>1000424</td>
</tr>
<tr>
<td>2005-06</td>
<td>420841</td>
<td>449190</td>
<td>869931</td>
<td>263329</td>
<td>92263</td>
<td>1227348</td>
</tr>
<tr>
<td>2006-07G</td>
<td>467985</td>
<td>517837</td>
<td>985822</td>
<td>322242</td>
<td>133359</td>
<td>1441423</td>
</tr>
</tbody>
</table>

**F:** Provisional. **QE:** Quick Estimates.

Source: Central Statistical Organisation

While studying saving behavior of household sector, the author has observed that, average urban household savings are 2.6 times larger than their rural counterpart. According to the article, the weaker section of the society has higher saving rates, which suggests that the vulnerable save largely for precautionary reasons.

According to **Rajesh Shukla (2007)**, the author of the survey report on ‘How India Earns, Spends and Saves- Result from the Max New York Life Insurance and NCAER in 2007, a financially secure country cannot be built on the base of a small population of financially secure households. If all individuals are financially protected, nation will emerge stronger financially. The study is based on a probability sample comprising of 63,016 households out of a preliminary listed sample of 440,000 households, spread over 1,976 villages and 2,255 urban wards. The average household in India has an annual income of 65,041/- and an expenditure of 48,902/- leaving it with a surplus of 16,139/- to save and invest. An average urban household saves nearly double than that of a rural household. Earning, Expenditure and saving patterns are a function of age, occupation, education and location. The report says that due to the lack of social security system, over 80% of Indians save. The report states that Indian households have various motives for keeping some money separately as savings, for the purpose of emergencies, marriages, social events, house purchase old.
age security etc. The survey clearly states that out of total savings, 36% savings are kept at home, 51% are kept as a liquid cash in the form of bank deposits, around 5% are invested in post-office saving bank, 6% is saved in chit funds, co-operative credit societies and only 2% in insurance.

As study conducted by Upender et al. (2007), researcher examined savings behavior of the Indian economy in terms of change of growth rate of national savings and income elasticity of the domestic savings at the aggregate and disaggregated levels during the post economic reform period.

Some of the findings of their study are –

(i) there is no change in the growth rate of the national savings both at aggregate and disaggregated levels throughout post economic reform period;

(ii) There is no shift in the scale of income elasticity of savings of private, public and household sectors during post economic reform period.

From the above discussions one can understand that small savings mobilization is of utmost importance which will stabilize Indian economy.
2.4.2 Small Savings:
A Small Saving scheme has always become an important source of household savings in India. These schemes have been tremendously famous amongst a large number of small investors in India who want to invest in a secure instrument. At the same time, these instruments have been treated as resources of providing social benefit to the small savers.

As per Ministry of Finance (2011), Small Savings Schemes was started back in 1882 when Post Office Savings Bank was started in the country. Post Office Savings Bank was nominated as Government Savings Bank vide Section 3(B) of Government Savings Bank Act 1873 and its core object was to inspire habit of savings in all parts of society and to bring the small savings into the mainstream economy for building the nation.

The government framed various small saving schemes to meet the desired needs of the different groups of small investors. In respect of each scheme central government framed various statutory rules to govern the various scheme comprising their maturity period and rate of interest. The schemes are operated all over the country of about 1.5 lakh post offices.

Under the main three head Small savings instruments are classified.

1. Postal Deposits
2. Saving Certificates
3. Social Security schemes

Postal Deposits: Postal saving comprise recurring deposits, savings account, monthly income scheme (MIS), time deposits of varying maturities and.

Saving Certificates: Saving certificate includes National Small Savings Certificate VIII (NSC) and Kisan Vikas Patra (KVP).

Social Security schemes: Social Security includes public provident fund (PPF) and Senior Citizens Savings Scheme (SCSS).
Among all above the main plan are Monthly income Scheme and Kisan Vikas Patra these two contribute around 50% of the total deposit at the end of March 2010.

**Trend in small Saving Collections:** The yearly growth rate of small savings showed a sharp instability reflecting the changing public preference and it shows the relative attractiveness of alternative savings tools, mainly commercial bank deposits. The trend of net small saving collection over a period of last twenty years can be seen in Diagram 2.4.2(1). The composition of the net collection can be seen in Diagram 2.4.2(2)

### Table no. 2.4.2 (a)
**Growth in Small Savings Deposits vis-à-vis Bank deposits**

<table>
<thead>
<tr>
<th>Year</th>
<th>Outstanding Aggregate Bank Deposits (Crore)</th>
<th>Growth Rate in Bank Deposits (Per cent)</th>
<th>Outstanding Small Savings Collections (Crore)</th>
<th>Growth Rate in Small Savings Deposits (Per cent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999-00</td>
<td>8,13,345</td>
<td></td>
<td>2,14,791</td>
<td></td>
</tr>
<tr>
<td>2000-01</td>
<td>9,62,618</td>
<td>18.4</td>
<td>2,60,149</td>
<td>21.1</td>
</tr>
<tr>
<td>2001-02</td>
<td>11,03,360</td>
<td>14.6</td>
<td>3,04,057</td>
<td>16.9</td>
</tr>
<tr>
<td>2002-03</td>
<td>12,80,853</td>
<td>16.1</td>
<td>3,64,390</td>
<td>19.8</td>
</tr>
<tr>
<td>2003-04</td>
<td>15,04,416</td>
<td>17.5</td>
<td>4,35,241</td>
<td>19.4</td>
</tr>
<tr>
<td>2004-05</td>
<td>17,00,198</td>
<td>13.0</td>
<td>5,32,029</td>
<td>22.2</td>
</tr>
<tr>
<td>2005-06</td>
<td>21,09,049</td>
<td>24.0</td>
<td>6,17,116</td>
<td>16.0</td>
</tr>
<tr>
<td>2006-07</td>
<td>26,11,933</td>
<td>23.8</td>
<td>6,74,611</td>
<td>9.3</td>
</tr>
<tr>
<td>2007-08</td>
<td>31,96,939</td>
<td>22.4</td>
<td>6,73,589</td>
<td>-0.2</td>
</tr>
<tr>
<td>2008-09</td>
<td>38,34,110</td>
<td>19.9</td>
<td>6,64,137</td>
<td>-1.4</td>
</tr>
<tr>
<td>2009-10</td>
<td>44,92,826</td>
<td>17.2</td>
<td>7,28,447</td>
<td></td>
</tr>
<tr>
<td>2010-11 (RE)</td>
<td></td>
<td></td>
<td>7,93,447</td>
<td></td>
</tr>
</tbody>
</table>
The share of small savings as a percentage of net financial savings of households improved rapidly from 7.9% in 1996-97 to 22.3% in 2004-05. Afterward, it fall down and turned to negative during 2007-08 and 2008-09 as the other savings schemes turn out to be comparatively more attractive. The share was only marginally positive during 2009-10 (RE) and is expected to increase modestly in 2010-11 (BE). Since 2005-06, the rate of growth of small savings was lower than that of aggregate deposits of commercial banks.
Small savings that are savings by low income group people from rural and urban areas of the country were considered a priority concern of the Indian government. National Saving Organization (NSO) was created in 1948. The constitution of India, adopted in 1949, lists the Post Office Saving Bank in its seventh schedule Item No.39, utilizing the Government Savings Certificates Act of 1959, Government Savings Bank Act 1873, Public Provident Fund Act 1968; the Ministry of Finance framed numerous small savings plans under these acts.

Small savings schemes are planned to provide safe and eye-catching investments options to the public and at the same time to generate resources for development. The emphasis, as the words ‘small savings’ suggest, is to bring the small depositors into the fold of savings movement. These schemes are running in all the post offices, throughout all over India. PPF scheme is also found in almost all 8,000 branches of public sector banks in addition to the post offices. Deposit schemes for retired people are operated through selected branches of public sector banks only.
Professors Scher and Yoshino (2004), have written and edited a provocative analysis of the contribution of postal savings in small savings in India in the book, ‘Small Savings Mobilization and Asian Economic Development – the role of Postal financial services’ (2001). This book is the result of more than a decade of work and field research on postal savings. According to the authors, postal saving systems in the countries where they exist provide more access points for savers than all the world’s bank branches combined. According to them, postal savings has long served as an effective method to provide basic savings and other financial services. These remains in many countries including India the only safe means to accumulate small savings for households and individuals, especially those who are financially excluded, such as the economically disadvantaged, rural population, the urban poor and others who are socially discriminated against particularly women, who often play an important role in local commerce, and all those who are unserved by other formal financial institutions.

Dhirendra Swarup and Anil Bhattachaya (2004), in their paper on ‘The National Saving Organization and the status of small savings in India’ observed that India has by far the world’s most extensive postal savings network. There are approximate 200 million families in India (2000). As of 31st March 2000, there were 114 million accounts under small savings and it was estimated that some 50 million households were small savings depositors. Small savings collection represents about 3.5\% of the GDP in India. The authors have listed out a number of reasons behind growth in small savings with Post Office Savings Bank such as –

a) Convenient instruments developed by NSO.
b) Government’s sovereign guarantee.
c) Wide scale canvassing done for small savings on a commission basis by extension agencies.
d) Easily affordable small savings plans.
e) Tax incentives and insurance provisions.
f) User friendliness of the system
Although small savings promotion heads the priority list of Indian Financial Policy, as observed by V. Arockia Jerold (2008) in the article, “Financial Inclusion and Literacy in India – A Critical Study”, author found that it is very difficult to provide privilege service to large population. According to the article, on an all India basis in year 2005, it is found that around 59% of the adult people in the country have bank accounts. Therefore remaining 41% of people do not have bank account. In rural areas the coverage is 39% against 60% in urban areas. Some of the perceived difficulties in doing banking business with low income group customers include – small sized transaction, customers scattered over wide areas, difficulties in generating local knowledge. Therefore as stated in this article, small savers in rural areas depend on unorganized financial system. It also provided solution for financial inclusion. As stated in the article, huge manpower in banks which has become surplus due to core banking solutions can be reoriented to take up the challenge of advising rural masses and bring them into the fold of banking and credit.

D. Muraleedharan’s (2003) observations are similar to V. Arockia Jerold in case of dominance of unorganized sector in savings of low income group people in India. D. Muraleedharan in his book, ‘Savings Mobilisation in Household Sector’ observes that in South India, Particularly in Kerala, average saving per household is higher in urban areas than in rural areas. The composition of savings shows that savings in financial assets is higher than savings in physical assets, amongst financial assets savings in chit funds is maximum. The reasons which the author has given are – self liquidating loan, borrower need not reveal loan purpose, local character of chit funds, and more customers friendly.

The above review shows dominance of cash, unorganized and postal savings in case of small savings in all India level. Since study area of this research being a small region of Maharashtra, it becomes essential to review small savings in Maharashtra.
2.4.2.1 Small Savings in Maharashtra:

According to major outcome of Economic Survey of Maharashtra (2005-06) published by Directorate of Economics and Statistics, Planning Department, Government of Maharashtra –

a) The Maharashtra state achieved more than targeted 8.0% GSDP growth.

b) Income of Maharashtra state at current price of 2004-05 is estimated at Rs.3, 28,451 crore.

c) Maharashtra state’s 45% of the population age are in the age group of 15-40 years, which shows this state is a young state and good opportunities for development.

d) With regards to bank deposit and credit Maharashtra stood first in India.

e) In the financial year 2004-05, collection from small saving was Rs 14981 crores which was more than targeted Rs. 11171 crores.

As Sanchaya report provided by the’ Directorate of Small Savings Finance Department, Government of Maharashtra’, from the report is is found that to attract the small investor government of India introduced scheme in 1955-56 with sharing among state and center. Government of India and Planning commission recommended for establishment of small saving in all the states. Thereafter government of Bombay under finance department decided to form directorate of small savings on 3rd January, 1957. The scheme has rich network of agents for promoting small savings schemes.

Under small saving types of agencies are as follows:

1. Standardized Agency System (SAS)
2. Mahila Pradhan Kshetriya Bachat Yojana Agency (for women)
3. Public Provident Fund Agency
To run these three schemes there are around 120,000 agents are continuously working for the same. The table given below shows the state-wise volume of small savings in India from April to August 2007 as compiled by NSI. The data shows that maximum small savings collection is in the state of Maharashtra. However small savings are showing decline in the year 2007 as compared to the year 2006.

**TABLE 2.4.2.1 (a)**

**Growth in Small Savings Deposit vis-à-vis Bank Deposits**

<table>
<thead>
<tr>
<th>Year</th>
<th>Outstanding Aggregate Bank Deposit</th>
<th>Growth Rate in Bank Deposit (%)</th>
<th>Outstanding Small Savings Collection</th>
<th>Growth Rate in Small Savings deposits (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999-00</td>
<td>813345</td>
<td>Nil</td>
<td>214791</td>
<td>Nil</td>
</tr>
<tr>
<td>2000-01</td>
<td>962618</td>
<td>18.40</td>
<td>260149</td>
<td>21.10</td>
</tr>
<tr>
<td>2001-02</td>
<td>1103360</td>
<td>14.6</td>
<td>304057</td>
<td>16.90</td>
</tr>
<tr>
<td>2002-03</td>
<td>1280853</td>
<td>16.10</td>
<td>364390</td>
<td>19.80</td>
</tr>
<tr>
<td>2003-04</td>
<td>1504416</td>
<td>17.50</td>
<td>435241</td>
<td>19.40</td>
</tr>
<tr>
<td>2004-05</td>
<td>1700198</td>
<td>13.00</td>
<td>532029</td>
<td>22.20</td>
</tr>
<tr>
<td>2005-06</td>
<td>2109049</td>
<td>24.00</td>
<td>617116</td>
<td>16.00</td>
</tr>
<tr>
<td>2006-07</td>
<td>2611933</td>
<td>23.80</td>
<td>674611</td>
<td>9.30</td>
</tr>
<tr>
<td>2007-08</td>
<td>3196939</td>
<td>22.40</td>
<td>673589</td>
<td>-0.20</td>
</tr>
<tr>
<td>2008-09</td>
<td>3834110</td>
<td>19.90</td>
<td>664137</td>
<td>-1.40</td>
</tr>
<tr>
<td>2009-10</td>
<td>4492826</td>
<td>17.20</td>
<td>728447</td>
<td>8.80</td>
</tr>
<tr>
<td>2010-11</td>
<td>00</td>
<td>00</td>
<td>793447</td>
<td>8.20</td>
</tr>
</tbody>
</table>

However savings growth is dependent upon many factors like saving awareness of the people, their income, socio-economic conditions etc.

Fast improvement in these factors will obviously lead to growth in savings. Recent estimates show that still a lot has to be done in this area in Maharashtra. According to news posted by ‘Samachaar.in’ posted on Tuesday January 13,2009, According to urban development sources, about ten years ago in 1998, the percentage of urban below poverty line (BPL) families in Maharashtra was 12% and now a state government survey has shown an increment in the percentage as compared to the previous figure. The Maharashtra state government's survey, covering 156 small
towns, confirms that more than one-fifth of the 11 lakhs families still live below the poverty line. The survey highlights the hollowness of tall claims of economic development made by the Maharashtra government. This survey was carried out by NSS volunteers, college students, educated unemployed youths and staff from local bodies during the last two years in level 2 and 3 towns' households including towns such as Ambernath, Badlapur, Alibaug, Lonavala, Baramati and Mahabaleshwar. The findings also disclosed that 21 percent of these households comprising of 2.42 lakhs families get less than Rs 591 for each person per month-the minimum level set by the central government to identify Below Poverty Line (BPL) families.

Prachi Jambhekar, Deputy Director of Directorate of municipal administration which carried out the survey, said, "These 2.42 lakhs families failed almost all the 54 socio-economic and educational indicators set by us to determine BPL families. To cross the BPL a family of four should have a joint monthly income of more than Rs 2,364 i.e. Rs 591 each person".

T.C. Benjamin, Principal Secretary, Urban Development Department estimated that the BPL data in all urban and semi urban cities in Maharashtra has increased up to 18%. He said, "Migration of the rural poor to cities has contributed to the rise of BPL families in urban centers but such a huge rise needs a more scientific explanation. However Ratnakar Maahajan executive president of the state planning board felt that the increase in BPL families in urban areas is natural. "The rural poor are relocating to cities in the hope of employment. All state funded poverty alleviation programmes provide relief from stress but fail to address the crucial issue of regular employments and a steady source of income."

2.5. Measurement of the Level of Quality of Life,

Most of the migrants to the cities come from rural areas who get attracted due to descent living but the problem of unemployment forced them to be landless, homeless, jobless and without any financial means to occupy the residential houses legally. Hence, the poor people have been forced to constructs their houses on vacant land and they live as illegal occupant of the city. This type of squatting creates conflict with those
2.6. SUMMARY:

Current Indian economy with a great potential to be one of the powerful economies of the world, is still lagging behind due to deficiency in its human and money capital. Rural as well as Urban India is still deprived of basic infrastructural facilities. A large number of urban populations are living in slums. As been observed by Madhura Swaminathan, and Mr.Biswaroop Das the slum population which is fast growing in numbers is living in degraded atmosphere not suited to human inhabitation. Growing slums is the product of underdeveloped rural India. A country in which large masses have to put up a great struggle to get basic minimum necessities of life, is definitely lagging behind where development of human capital is concerned. According to Trond Vedel and Abhay Siddham, policymakers and leaders are more busy in demolition of slums than upgradation of slums. However the authors’ description of New Delhi slums where majority population is employed, literate and are working for self-development, somewhere indicates beginning of Human Resource Development process. Research work by Somik Lall, Ajay Suri and Uwe Deichmann also supports the view that slum population is working towards self-development. As per their findings slum inhabitants are saving more so that they can finance their own development efforts.

However more comprehensive research has to be done in this field so that deficiencies of Government created system for development of human capital can be located. Development of more capable, more aware household is the immediate requirement of the Indian economy. This in turn will also develop money capital of the country. R. Verma and E.J. Wilson as well Yukio Nishikawa have strongly recommended growth in savings which will result into investment and thus economic growth. Gerald Jackson claims that ‘without savings there can be no Economic Growth’. Saving and economic growth relationship has been established by early Harrod-Domer models and Neo classical model by Solow then was pursued by many researchers. According to Ramesh Mohan it is increased income of the country which results into more savings. However what is important for the Indian economy is to increase its savings. From the view point of Asis Kumar Pain, it is low income group which has higher propensity to save. So effective mobilization of small savings of Indian households become more important. Considering these factors, this study
which covers savings of slum dweller become more meaningful. Like Asis Kumar Pain, many research scholars have made their own contributions towards study of small savings in India. According to Rajesh Shukla, preferences given to investments in insurance sector are very low amongst low income group. According to D. Muraleedharan, poor prefer to save more with unorganized sector especially chit funds and he also stresses that the chit funds can be effectively utilized by government for mobilization of small savings. According to Dhirendra Swarup and Anil Bhattacharya National Savings Organization has been very effective in mobilizing small savings. However Arockia Jerold feels that although government created savings options are good but awareness amongst poor people about these options and its benefits is less and thus these people are still relying upon unorganized sector.

Some research studies describe socio-economic conditions of slum dweller, some have given reason behind growth of slums, some talk about sources of earnings of slum inhabitants only, whereas some have focused on their modes of savings. This study tries to put all these aspects, from socio-economic conditions, to income distribution and saving behavior of slum dweller. The study also tries to find rationale behind all economic behavior of slum inhabitants.