



Role of Saving in Economy

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“To understand the importance of saving among business class, saving class as household”

ABSTRACT

The aim of this paper is to analyze the cause and effect relationship between economic growth and savings in advanced economies and in emerging and developing countries². In this work we used the method based on studies in macroeconomics and international finance as well as econometric methods (co-integration models and Granger's causality test). All statistical data used in this paper came from the International Monetary Fund database (World Economic Outlook database). The results confirmed the existence of a one-way causal relationship between gross domestic savings and gross domestic product in the case of developed countries as well as in developing and transition countries. At the same time it was revealed the absence of causal relationship between gross domestic product and gross domestic savings both in developed economies and developing and transition countries.

Key words: savings, economic growth, co-integration

INTRODUCTION

A rapid evaluate of literature on the relationship between financial savings and financial increase suggests a fine relationship between home financial savings and monetary growth. This wonderful relationship can be defined with numerous hypotheses. The first one assumes that elevated financial savings may additionally stimulate financial increase through elevated funding (Bebczuk 2000). This method is supported by means of Harrod (1939), Domar (1946) and Solow (1956) boom models. Also consequences of empirical lookup by using Alguacil, Cuadros and Orts (2004) as nicely as by means of Singh (2009) furnish help for the speculation that expanded financial savings promote monetary growth. The theories of monetary increase stipulate that the dynamics of the country's monetary increase will increase if the funding in human or cloth capital or in scientific lookup and improvement (R&D) grows. However, if the u.s.a . has got the right of entry to global monetary markets, it may additionally now not always increase quicker due to home savings, as funding may additionally be financed with foreign financial savings (Guterries, Solimano, 2007).

Objective

1. To understand the importance of saving in our day to day life.
2. Understand how saving impact the economic.
3. To analyse the spending pattern of salaried people..
4. To study the future perspective of saving.

Hypothesis:

H¹- there is no importance of saving in our day to day life.

H^a- there is an impact of saving our day to day life.

H¹- saving does not impact the economy.

H^a- saving does impact the economic.

H¹- there is no positive perspective of saving.

H^a- there are lots of positive perspective of saving.

RESEARCH METHODOLOGY

Method of knowledge Collection:

Secondary data – various research papers of comparable type are referred to check the format and therefore the sort of graphs for analyzation of knowledge .Other than this , various scholar and datasort of Research Design: The research is