Impact of Family Size and Income on "Spending –Saving" Pattern of Rural Muslim Community

Niyaz[1] & Abbokar Siddiq[2]

[1]Assistant Professor, College of Management and Commerce, Srinivas University, Mangalore, India.
ORCID: 0000-0003-4568-1658, E-Mail: niyaz0191@gmail.com
[2]Associate Professor and Coordinator, Dept. of P. G. Studies in Commerce, University College, Mangalore, India.
ORCID: 0000-0001-7199-7133, E-Mail: ugetsiddiq@gmail.com

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Niyaz[1] & Abbokar Siddiq[2]

[1]Assistant Professor, College of Management and Commerce, Srinivas University, Mangalore, India.
ORCID: 0000-0003-4568-1658, E-Mail: niyaz0191@gmail.com
[2]Associate Professor and Coordinator, Dept. of PG Studies in Commerce, University College, Hampankatta, Mangalore, India.
ORCID: 0000-0001-7199-7133, E-Mail: ugetsiddiq@gmail.com

ABSTRACT

This study measures the association of family size and income level on spending and savings habits of rural Muslim households. A well-structured questionnaire was used to collect primary data, which was administered personally to the rural Muslim community in Dakshina Kannada district. A stratified random sampling technique was adopted and secondary data were collected from government officials. The study considered 398 rural Muslim community respondents from five taluks of Dakshina Kannada District. The study found that income and number of dependents in a family play an important role in attributing consumption and savings behavior.

Keywords: Rural Muslim, Number of Dependents, Income, Consumption Expenditure.

1. INTRODUCTION:

Income is necessary for consumption and savings activities of the people, but depends on family size or number of dependent in a family. Spending habit of a people is reflected through various indicators. These indicators are (i) Expenditure on food, (ii) Expenditure on health, (iii) Expenditure on education, (iv) Expenditure on clothing, (v) Expenditure on fuel and lighting, (vi) Expenditure on miscellaneous items. Economic theory tells us that saving represents the difference between income and consumption expenditure and income includes earnings from all sources during a year and is net of costs incurred in producing that income [1]. The household tends to make an adjustment to their income and expenditures to fulfill their needs during the economic crisis or recession, such as stagflation and the inflation [2]. The consumption and expenditure patterns occur due to changes in income level among households.

In India rural Muslim community is lagging behind the national average in various socio-economic indicators compared to other Socio-religious group [3] [4]. According to Gallup based on the field study particular region "Household income is a particular disadvantage for Muslims in India. Muslims (47%) are more likely to say they find it "difficult" or "very difficult" living on their present household income than Hindus (39%) and members of other religions (24%) [5]. Due to employment in unorganized sector and more number of dependents has made them economically poor. Family size and income has a direct effect on consumption expenditure and saving patterns [6]. So here saving level completely depends on how much he or she will earn? Whether the income is regular? What is the pattern of utilization of income and numbers of dependents in a family? There is a lot of difference between the spending patterns of the particular community compared to the other social-religious group in India.

Many people will save money to meet any future requirements such as funds for old age, education of children, or to buy or build a house or any emergency requirements. Only a certain percentage of rural Muslim community has having the above system. Here saving can also be used for unwanted expenses like regularly buying cloth, expenses of traveling, lavish spending on food, festival, pilgrimage, wedding expenses, the payment of interest on loan from money lender and personal expenses on tobacco product and other, etc.

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2. OBJECTIVES:

The major objective of this research paper is: To know the difference in spending and saving level of rural Muslim community based on their income and number of dependents in a family.

3. DATA BASE AND METHODOLOGY:

The study is based upon both primary and secondary sources. Primary data is collected from 398 male rural Muslim community respondents from five taluks viz Belthangady, Bantval, Mangalore, Puttur and Sullia of Dakshina Kannada district, which has been selected based on proportionate stratified sampling techniques using Taro Yamane's formula. For analysis of data, exploratory data analysis techniques is used and for testing of hypothesis Chi-square Test, Fisher's Exact Test, Krushkal-Wallis Test and Tukey B- Post-hoc Test used.

4. HYPOTHESES:

The following four hypotheses are intended to address the objectives of this study:

H1: The spending and saving level of rural Muslim community is associated with a number of dependents in family.

H2: There is a significant difference among mean rank of number of dependents with respect to spending and saving level of rural Muslim community.

H3: The spending and saving level of rural Muslim community is associated with income level.

H4: There is a significant difference among mean rank of income level with respect to spending & saving level of rural Muslim community.

5. RESULT AND DISCUSSION:

5.1 Results:

5.1.1. The table reveals the various spending and saving levels calculated on Fisher's Exact test value and their significant association between the number of dependents in family are shown in table 1.

Table 1: Spending and Saving Level and Number of Dependents in Family: Test Statistics of Fisher's Exact Test.

Particular	FETV	df	Significant	Decision
Spending-Consumption Expenditure	FETV=135.502	20	**P=0.000**<0.01**(Significant)	Reject H0
Spending–Personal Expenditure	FETV=23.214	8	**P=0.002**<0.01**(Significant)	Reject H0
Saving	FETV=243.108	20	**P=0.000**<0.01**(Significant)	Reject H0

**Significant at 1% level of significant

From the above table it is evident that spending & saving level of rural Muslim community is completely dependent on the number of dependents of the family as the p values are less than 0.01. Hence the null hypothesis is rejected, which leads to the conclusion that there is an association of number of dependents in the family on the spending & saving level of rural Muslim community.

5.1.2. The table reveals the various Spending and saving level calculated on Kruskal-Wallis H Test value and their significant between the number of dependents in family are shown in table 2, Post hoc test result in table 3 and 4 with a graphical representation in figure 1 and 2.

Table 2: Kruskal-Wallis test for significant difference among mean rank of number of dependents with respect to spending & saving level of rural Muslim community.

Expenditure and Saving	Number of Dependent in a Family					Chi-Square Value	P Value
	Only 1	1 - 3	3-5	5-7	Above 7		
Consumption expenditure per month after availing Loan	255.50	66.83	181.65	197.64	230.71	53.109	**P<0.01**

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from Cooperative Banks						
Personal expenses per day after availing Loan from Cooperative Banks	140.00	203.67	203.25	196.36	203.22	3.937	P>0.05
Monthly Saving After availing loans from Cooperative Banks	88.00	207.50	182.50	185.69	228.01	21.944	**P<0.01****

**Significant at 1% level of significant

From Kruskal-Wallis H test it is clear that there is a significant difference in the consumption expenditure level and level of monthly savings of the rural Muslim families based on the number of dependents in a family at 1% level of significance as the p values are less than 0.01, So null hypothesis is rejected, but there is no significant difference in the personal expense level of the rural Muslim community based on the number of dependents, so the null hypothesis is accepted.

Table 3: Post-hoc Test between Number of Dependent in Family and Consumption Expenditure

Consumption Expenditure (Per Month)				
Post-hoc Test	**Number of Dependent in a Family**	**N**	**Subset for alpha = 0.05**	
			1	**2**
Tukey	One to Three	24	1.6667	
	Three to Five	80		2.7000
	Five to Seven	144		2.7778
	Only One	8		3.0000
	Above 7	142		3.0000

From Post-hoc Comparison families with one to three dependent form one group and the rest form another group as far as consumption expenditure per month is considered.
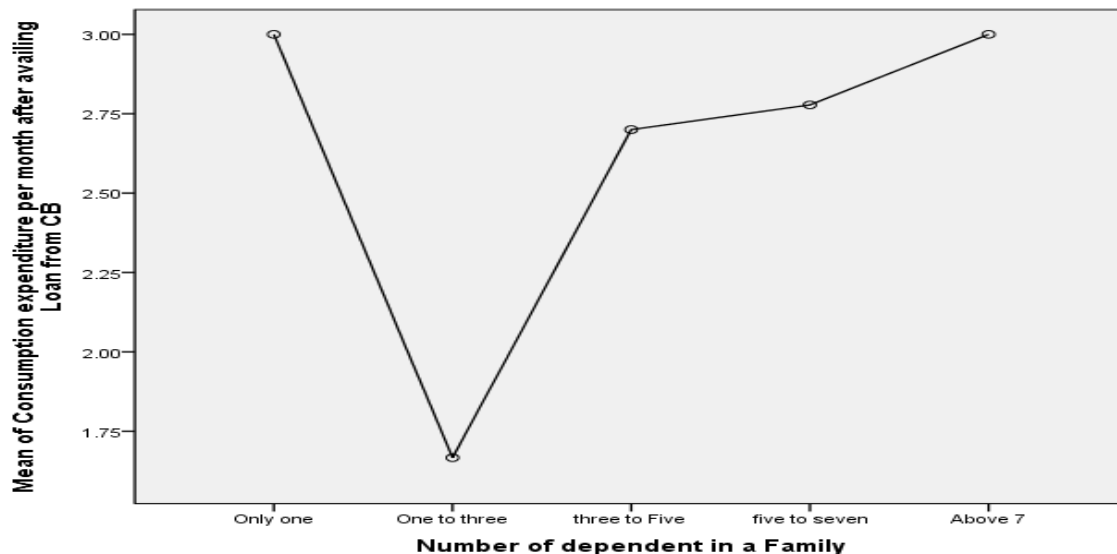

Fig. 1: Mean Consumption Expenditure and Number of Dependent in a Family

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Table 4: Post-hoc Test between Number of Dependent in a Family and Monthly Saving

	Monthly Saving			
Post-hoc Test	**Number of Dependent in a Family**	**N**	**Subset for alpha = 0.05**	
			1	**2**
Tukey	Only One	8	2.0000	
	Three to Five	80		2.7000
	Five to Seven	144		2.8333
	One to Three	24		3.0000
	Above 7	142		3.3310

As far as monthly savings considered, families with only one dependent form one group and the rest another group.
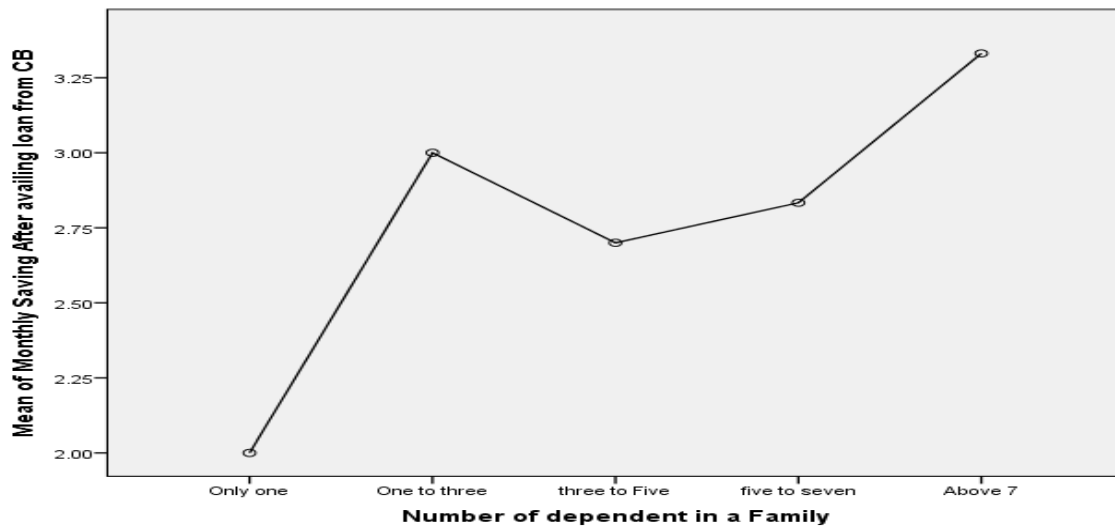

Fig. 2: Mean Monthly Saving and Number of Dependent in a Family

5.1.3. The table reveals the various Spending and saving level calculated on Fisher's exact test value and their significant association between Income level of the family are shown in table 5.

Table 5: Spending and saving level and Income level of the respondents: Test Statistics of Fisher's Exact Test

Expenditure and Saving	**FETV**	**df**	**Significant**	**Decision**
Consumption expenditure per month after availing Loan from Cooperative Banks	FETV=527.737	25	P=0.000**<0.01 (Significant)	Reject H0
Personal expenses per day after availing Loan from Cooperative Banks	FETV=66.601	10	P=0.002**<0.01 (Significant)	Reject H0
Monthly Saving After availing loan from Cooperative Banks	FETV=171.898	25	P=0.000**<0.01 (Significant)	Reject H0

**Significant at 1% level of significant

From Fishers Exact test it can observe that spending & saving level of rural Muslim community is dependent on the income level of the family at 1% level of significance as the p values are less than 0.01 which leads to the conclusion that there is association of income level of the family on the spending & saving level of rural Muslim community.

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5.1.4. The table reveals the various spending and saving level calculated on Kruskal-Wallis H test value and their significant difference between income level are shown in table 6 and Post hoc test results in table 7 and 8 with graphical representation in figure 3 and 4.

Table 6: Kruskal-Wallis test for significant difference among mean rank of income level with respect to spending & saving level of rural Muslim community.

Expenditure and Saving	Level of Income After availing Loan from CB						Chi-Square Value	P Value
	<10,000	10,000 To 20,000	20,000 To 30,000	30,000 To 40,000	40,000 To 50,000	> 50,000		
Consumption expenditure per month after availing Loan from Cooperative Banks	8.50	120.54	193.58	267.44	351.00	383.83	249.72	P<0.01**
Personal expenses per day after availing Loan from Cooperative Banks	140.00	207.92	212.05	187.75	140.00	203.67	21.43	P<0.01**
Monthly Saving After availing loan from Cooperative Banks	207.50	215.88	192.87	218.69	147.83	167.67	11.96	P>0.05

**Significant at 1% level of significant

From Kruskal-Wallis H test it is clear that there is a significant difference in both consumption and personal expenditure level of the rural Muslim families based on the level of income at 1% level of significance as the p value is less than 0.01, But there is no difference in the level of savings based on the level of income at 5% level of significance as the p value is greater than 0.05.

Table 7: Post-hoc Comparison between Level of Income and Consumption expenditure

Consumption Expenditure (Per Month)								
Post-hoc Test	Level of Income After Availing Loan from CB	N	Subset for alpha = 0.05					
			1	2	3	4	5	6
Tukey	Less than 10000	16	1.0000					
	10000 to 20000	104		2.1538				
	20000 to 30000	167			2.6707			
	30000 to 40000	64				3.1250		
	40000 to 50000	23					4.0000	
	Above 50000	24						5.3333

The above table shows that, there is a significant difference in the consumption expenditure for each level of income. As income increases consumption expenditure on average has increased.
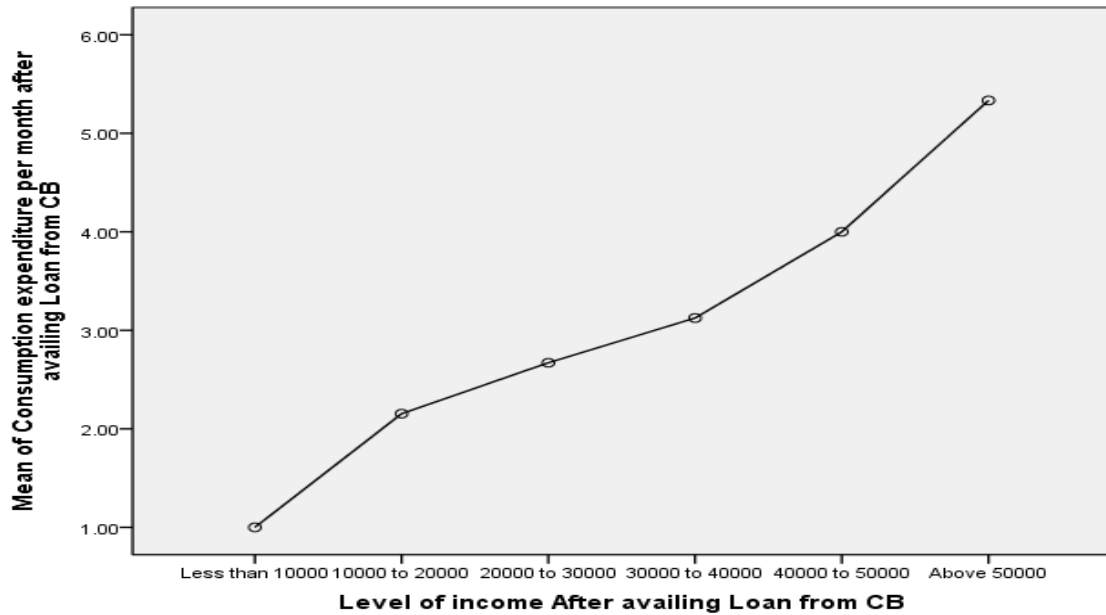
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Fig. 3: Mean consumption expenditure and income level

Table 8: Post-hoc Comparison between Level of Income and Personal expenses

Personal Expenses (Per Day)				
Post-hoc Test	Level of Income After availing Loan from CB		Subset for alpha = 0.05	
		N	1	2
Tukey	Less than 10000	16	1.0000	
	40000 to 50000	23	1.0000	
	30000 to 40000	64	1.2500	
	Above 50000	24		1.3333
	20000 to 30000	167		1.3772
	10000 to 20000	104		1.4615

As far as personal expenses are considered the families with income level up less than 10, 000, 40,000 to 50,000 and 30,000 to 40,000 forms one group, and the rest of the income level form another group.
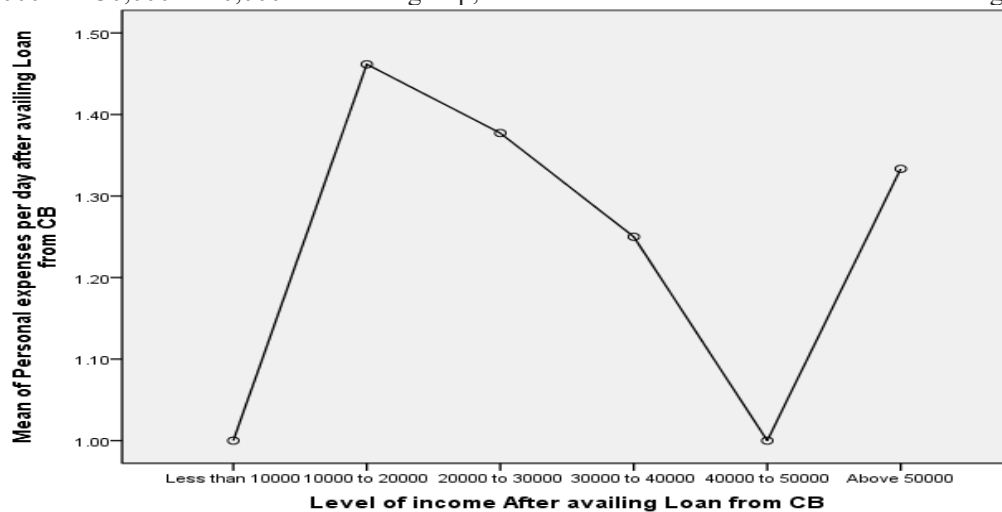

Fig. 4: Mean Personal Expenditure and Level of Income

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5.2 Discussion:

(1) There is a significant difference in consumption expenses and savings level among different categories of income groups based on Kruskal-Wallis H test, except for personal expenses.

(2) In case of consumption expenditure based on the post hoc test one to three dependent family member forms one group and the remaining other i.e., three to five, five to seven, only one and more than seven dependent family members forms different groups.

(3) In case of monthly savings based on post-hoc test only one dependent family member forms one group and the remaining other three to five, five to seven, one to three and more than seven dependent family members form different groups.

(4) There is a significant difference in consumption expenditure and personal expenses among different categories of income groups based on Kruskal-Wallis H test, except for saving level.

(5) In case of consumption expenditure based on the post-hoc test, there is significant difference in consumption expenditure for each level of income. As income increases, the consumption expenditure on average has increased.

(6) In case of personal expenses based on post hoc test less than 10,000, 40,000 to 50,000 and 30,000 to 40,000 income category respondents form one group and Above 50,000, 20,000 to 30,000 and 10,000 to 20,000 forms second group.

6. CONCLUDING REMARK :

Improving the well-being of Muslims in India begins with changing their educational and socio-economic futures. These changes will help a systematic financial planning of any family. Spending and saving level of any community are the most important aspect of a systematic financial plan. Based on the result and discussion, the study concludes that spending & saving level of rural Muslim community is associated with a number of dependents in family and income level.

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