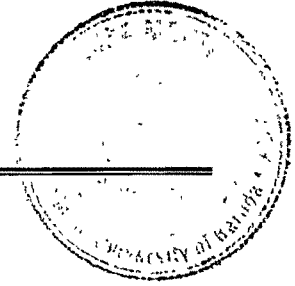


Appendices



Appendix	: I	Cointegration Test between Saving and Economic Growth [CRDW Test]
Appendix	: II	Cointegration Test between Saving and Macro Economic Variables [CRDW Test]
Appendix	: III	Household Saving and its Components [Unit Root Test]
Appendix	: IV	Determinants of Household Saving and its Components
Table	: 1	Household Saving
Table	: 2	Household Saving in Financial Assets
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Table	: 4	Household Saving in Demand Deposits
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Appendix	: V	Cointegration Test for Household Saving Equations

Cointegration Test between Saving and Economic Growth

Cointegration Regression Durbin-Watson Test

Test for Cointegration						
Time Period : 1950-51 to 2003-04						
Eqn No.	Variables		CRDW Test			Inference
	Dependent	Independent	Residual	D-W value	Cointegration	
1.	S	Y	ECT 01	0.72 [^]	Yes	Cointegration : implies Granger causality
2.	S	Y _{fc}	ECT 02	0.78 [^]	Yes	Cointegration : implies Granger causality
3.	S	YNA _{fc}	ECT 03	1.025 [^]	Yes	Cointegration : implies Granger causality

[^] implies that the DW value is significantly away from zero [based on the thumb rule that DW value should be above 0.5 for significance].

The CRDW test results indicate that the residuals ECT 01, ECT 02 and ECT 03 are stationary. Hence, the three pairs of saving and income - S and Y, S and Y_{fc} and S and YNA_{fc} are cointegrated or share a stable long-run relationship between them. This implies Granger causality between saving and income pairs in atleast one direction.