

**IMPACT OF INFLATION ON SAVINGS
A CASE STUDY OF HYDERABAD DISTRICT**

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ABSTRACT

The aim of this study is to find the impact of inflation on savings. Primary data were collected through Questionnaire, which was administered in 300 individual consumers of different demographics. Data was analyzed through Correlation, One-way ANOVA and Independent T-Test. The findings showed that the inflation affects lower class more than middle class consumers. Impact of occupation is different for inflation: Labor & Retried consumers are affected more by inflation as compared to Govt. employees, Private employees and Business/Agriculture consumers. Findings also showed that Inflation decreases not only permanent income but also transitory income. Impact of occupation is different for permanent as well as transitory income. The mean score of Labor, Retried consumers on permanent and transitory income is less than the government employees, Private employees and Business/Agriculture consumers. Findings also showed that Inflation decreases savings and the impact of occupation is also different for savings. Labor & Retried consumers save less as compared to Govt. employees, Private employees and Business/Agriculture consumers. This research has implications for consumers, producers as well as for policy makers.

Key words: Inflation, Permanent Income, Transitory Income and Savings

INTRODUCTION

Inflation increases the price level of goods and commodities and thus due to inflation money becomes unstable. It results when aggregate demand increases or when aggregate supply decreases. The sources of inflation are stated as Demand Pull, Cost Push, Supply-Side inflation and Administered-price inflation (Byrns *et.al.*, 1995:137).

According to Samuelson (2006:67) Low inflation is defined by price and can be forecasted. It can be defined as a single digit annual

inflation. Prices are mostly in stable range which motivates people to believe on the value of money because it doesn't change its value from month to month and year to year. Galloping inflation is in the double digits such as 20, 50 or 100 percent a year. Galloping inflation is common in those countries where they are suffering from weak govt., wars, floods or revolution. Latin countries such as Argentina, Chile & Brazil have inflation rate between 50 to 100 percent in the years 70s and 80s. While economies seem to survive under galloping inflation but in hyperinflation deadly strain takes hold when the cancer of hyperinflation strikes. Everything seems to be bad for the market economy in which prices are rising a million or even a trillion percent per year; due to civil wars, heavy floods, weak economic policies and weak government policies etc. The national account measure of savings is the difference between disposable income excluding capital gains and consumption. The balance sheet measures of saving calculates the change in real net worth (that is assets less liabilities corrected for inflation) from one year to the next, this measure includes real capital gains. Private savings are mostly affected by per capita income (Edward, 1996). According to Lucas (1988) higher savings and the related hike in capital formation can result in a permanent enhance in economic growth rate. According to Loayza *et.al.*, (2000) the critical components for determining savings are income level, inflation rate and fiscal policy of the government. There is a decrease of 10 percent in savings when inflation rises from 0 to 5 percent (Haan, 1990:17).

REVIEW OF LITERATURE

Muhammad *et.al.*, (2011:566) have examined the relation between inflation and household consumption in Pakistan. Primary data was collected by administering close ended questionnaire from household heads. Data was analyzed through graphical presentation and correlation. It was found that more than 50 percent of samples were affected negatively by higher prices. It was also found that lower social class persons spend major part of their income on food items and thus their education and health expenditures are severally affected by the inflation. Results yielded by the analysis also confirmed that household consumption is significantly negatively affected by the inflation.

Sher *et.al.*, (2011:116) conducted research on elements affecting the consumer's decision on purchasing power. Primary data were gathered from 415 students of University Sains, Malaysia. The results showed that three factors- Product, Price, place – are important in student's decision on purchasing motorcycles. Most respondents have indicated a negative significant relation between purchases and prices.

Abdul *et.al.*, (2011:58) conducted research in Pakistan to identify the determinants and causes of inflation and then to examine the impact of inflation on the economy. Through content analysis their findings confirmed that price rise in imported goods, loans provided to private sector and adaptive expectations are the critical determinants of inflation. It was found that fiscal policy has minimum role on the inflation. It was also found that inflation negatively affects not only trade balance, fiscal policy, Revenue department, construction department; but also lender & borrower, salaried persons, entrepreneurs, farmers and fixed payment receivers. Muhammad *et.al.*, (2011) found that inflation severally affected poor classes.

HYPOTHESES

- H1: Inflation affects more on lower class of households than the middle class of households.
- H2: Impact of occupation is different for Inflation.
- H3: Inflation decreases the permanent income.
- H4: Impact of occupation is different for permanent income.
- H5: Inflation decreases the transitory income.
- H6: Impact of occupation is different for transitory income.
- H7: Inflation decreases the savings.
- H8: Impact of occupation is different for Savings.

RESEARCH METHODOLOGY

The universe of this study is a finite one. The 'content' of population in this research is "All different social class individual-Grade 16 and above - customers, Grade 1-15 customers, Business /Agriculture, Labor and Retired class of consumers". The 'extent' of population for this research is 'Hyderabad District' and 'time' is '2013'.

TABLE-1
SAMPLE SIZE

Consumers	Males	Females	Total
16 grade above consumers	30	30	60
1-15 grade consumers	30	30	60
Business/agriculture	30	30	60
Labor	30	30	60
Retired	30	30	60
Total	150	150	300

Source: Field work.

Instruments

- For measuring savings & Inflation we adapted tool designed by IVO Vlavec and Nick Chater of Department of Psychology University College London, published in 2007.
- Income, transitory as well as permanent- was measured by the questionnaire designed by the researcher.

Reliability Measures of Different Scales

Reliability test of Inflation Scale, having five questions, was 0.883 (Table-2). Cronbach alpha score of 0.88 is greater than the required one i.e., 0.70, which indicates the reliability of the instrument.

TABLE-2
RELIABILITY STATISTICS OF INFLATION (5 ITEMS)

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.883	.866	5

Source: Field work.

Reliability test of Permanent Income scale, having three questions, was 0.822 (Table-3); which indicates that the instrument is reliable one.

TABLE-3
RELIABILITY STATISTICS FOR PERMANENT INCOME (03 ITEMS)

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.822	.824	3

Source: Field work.

Reliability test of Transitory Income scale, having four questions, was 0.855 (Table-4). This instrument is also reliable one with cronbach alpha score of greater than 0.70.

TABLE-4
RELIABILITY STATISTICS FOR TRANSITORY INCOME (04 ITEMS)

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.855	.857	4

Source: Field work.

Reliability test of Savings scale, having twenty one questions, was 0.708 (Table-5); the cronbach alpha score of 0.70 indicates that instrument is reliable for measuring the savings.

TABLE-5
RELIABILITY STATISTICS OF SAVINGS (21 ITEMS)

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.708	.701	21

Source: Field work.

DATA ANALYSES

Hypothesis 1 was tested through Independent sample t test. Table-6 provides descriptive statistics for lower and middle class respondents. N shows the number of lower and middle class respondents, which is 124 and 176 respectively. In table-7, the score of .410 in the column of significant level for Levene's test is more than the cut-off of .05, which indicates that there is no violation of

assumption of equal variance. Therefore we have used the t-value provided in the equal variance assumed line. There was significant difference in scores for lower class ($M=16.73$, $SD= 5.699$) and middle class ($M=15.16$, $SD= 5.420$); $P=.017$ (two-tailed). Hence lower class is affected more by inflation as compared to and middle class consumers. Based on these findings alternative hypothesis is accepted and null hypothesis is rejected.

- **H₀**: Lower social class is not affected from inflation as compared to middle social class of consumers.
- **H_A**: Lower social class is affected more from inflation as compared to middle social class of consumers.

TABLE-6
GROUP STATISTICS

Group Statistics

	Social Class	N	Mean	Std. Deviation	Std. Error Mean
SUM INFLATION	Lower <300000	124	16.73	5.699	.512
	Middle >300000	176	15.16	5.420	.409

Source: Field work.

TABLE-7
INDEPENDENT SAMPLES TEST

		Levene's Test for Equality of Variances		t-test for Equality of Means						
								95% Confidence Interval of the Difference		
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
SUM INFLATION	Equal variances assumed	.680	.410	2.413	298	.016	1.567	.649	.289	2.844
	Equal variances not assumed			2.392	256.517	.017	1.567	.655	.277	2.856

Source: Field work.

Hypothesis 2 was tested through one-way ANOVA. Table-8 shows the mean and standard deviation for Govt. employees, Private employees, Business/Agriculture consumers, Labor and Retired consumers. N shows the number of respondents in different occupations. The results concluded that the Labor and Retired were getting more affected from inflation which is equal to 19.17 and 18.72 as compared to government employees, private employees and Business/Agriculture which is equal to 14.61, 13.71, and 12.55 respectively. Table-9 showed that the significance level is .000 which is less than .05, hence the difference is significant. In table-10, the test showed whether the variance in scores is the same for each of the groups. If sig value is greater than 0.05, it has not violated the assumption of homogeneity of variances. In table-11, the mean difference of the mean score of Govt. employee is significantly different from the mean difference of mean score of Labor (-4.559, $p=.000$) and Retired employees (-4.109, $p=.000$). The mean difference of the mean score of private employee is significantly different from the mean difference of mean score of Labor (-5.45, $p=.000$) and Retired employees (-5.00, $p=.000$). The mean difference of the mean score of Business/Agriculture is significantly different from the mean difference of mean score of Labor (-6.617, $p=.000$) and Retired employees (-6.167, $p=.000$). The mean difference of the mean score of Labor is significantly different from the mean difference of mean score of Govt. employees (4.559, $p=.000$), Private employees (-5.459, $p=.000$) and Business/Agriculture (6.617, $p=.000$), The mean difference of the mean score of Retired is significantly different from the mean difference of mean score of Govt. employees (4.109, $p=.000$) and private employees (5.009, $p=.000$), Business/Agriculture (6.167, $p=.000$). Therefore, alternative hypothesis is accepted and null hypothesis is rejected:

- **H₀:** Impact of occupation is not different for inflation.
- **H_A:** Impact of occupation is different for inflation.

**TABLE-8
DESCRIPTIVE STATISTICS FOR INFLATION**

	Occupation	N	Mean	Std. Deviation	Maximum
Govt. Employee		60	14.61	5.060	21
Private Employee		60	13.71	5.018	21
Business/Agriculture		60	12.55	5.927	21
Labor		60	19.17	4.089	21
Retired		60	18.72	4.536	21
Total		300	15.81	5.581	21

Source: Field work.

**TABLE-9
TEST OF ANOVA
ANOVA
SUM INFLATION**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2116.097	4	529.024	21.679	.000
Within Groups	7198.690	295	24.402		
Total	9314.787	299			

Source: Field work.

**TABLE-10
TEST OF HOMOGENEITY**

Levene Statistic	df1	df2	Sig.
9.733	4	295	.000

Source: Field work.

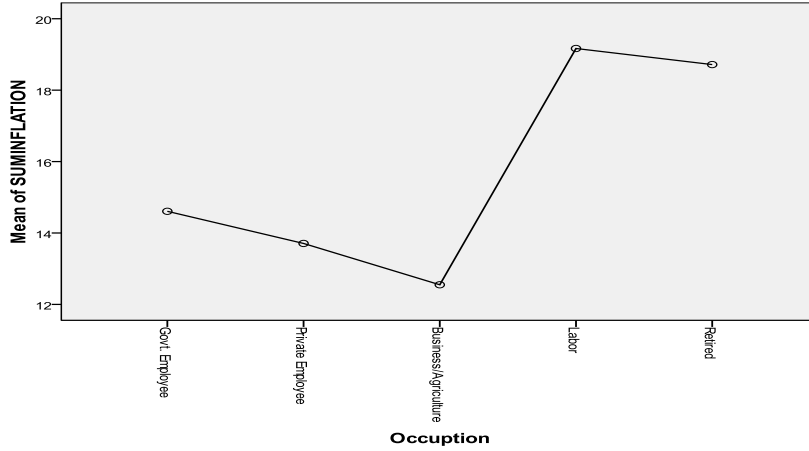
TABLE-11
TEST OF MULTIPLE COMPARISON

Turkey HSD

(I) Occupation	(J) Occupation	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Govt. Employee	Private Employee	.900	.951	.878	-1.71	3.51
	Business/Agriculture	2.058	.846	.110	-.26	4.38
	Labor	-4.559*	.846	.000	-6.88	-2.24
	Retired	-4.109*	.846	.000	-6.43	-1.79
Private Employee	Govt. Employee	-.900	.951	.878	-3.51	1.71
	Business/Agriculture	1.157	1.001	.776	-1.59	3.90
	Labor	-5.459*	1.001	.000	-8.21	-2.71
	Retired	-5.009*	1.001	.000	-7.76	-2.26
Business/ Agriculture	Govt. Employee	-2.058	.846	.110	-4.38	.26
	Private Employee	-1.157	1.001	.776	-3.90	1.59
	Labor	-6.617*	.902	.000	-9.09	-4.14
	Retired	-6.167*	.902	.000	-8.64	-3.69
Labor	Govt. Employee	4.559*	.846	.000	2.24	6.88
	Private Employee	5.459*	1.001	.000	2.71	8.21
	Business/Agriculture	6.617*	.902	.000	4.14	9.09
	Retired	.450	.902	.987	-2.03	2.93
Retired	Govt. Employee	4.109*	.846	.000	1.79	6.43
	Private Employee	5.009*	1.001	.000	2.26	7.76
	Business/Agriculture	6.167*	.902	.000	3.69	8.64
	Labor	-.450	.902	.987	-2.93	2.03

Source: Field work.

**FIGURE-I
IMPACT OF INFLATION FOR DIFFERENT OCCUPATIONS**



Hypothesis 3 was tested through Correlation, the result of the test showed that the correlation between the two variables is -0.133, $p=0.021$ (Table-12). Both variables were significantly negatively related with strength of 0.133. Therefore, alternative hypothesis is accepted and null hypothesis is rejected.

- **H₀**: Inflation does not decrease permanent income.
- **H_A**: Inflation decreases permanent income.

**TABLE-12
CORRELATION**

		Sum Inflation	Permanent Income
SUM INFLATION	Pearson Correlation	1	-.133*
	Sig. (2-tailed)		.021
	N	300	300
PERMANENT INCOME	Pearson Correlation	-.133*	1
	Sig. (2-tailed)	.021	
	N	300	300

Source: Field work.

Hypothesis 4 was tested through one-way ANOVA. The results of table-13 showed that the Labor and Retired were getting less Permanent income the mean score of which is equal to 9.98 and 7.70, respectively, as compared to govt. employees, private employees and

Business/Agriculture which is equal to 10.92, 10.10, 12.22 respectively; with a significant difference of .000 (Table-14).

TABLE-13
DESCRIPTIVE STATISTICS FOR PERMANENT INCOME

Occupation	N	Mean	Std. Deviation	Maximum
Govt. Employee	60	10.92	3.686	15
Private Employee	60	10.10	4.753	15
Business/Agriculture	60	12.22	2.706	15
Labor	60	9.98	4.148	15
Retired	60	7.70	3.321	15
Total	300	10.24	3.975	15

Source: Field work.

TABLE-14
TEST OF ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	663.276	4	165.819	12.046	.000
Within Groups	4060.921	295	13.766		
Total	4724.197	299			

Source: Field work.

TABLE-15
TEST OF HOMOGENEITY OF VARIANCES

Levene Statistic	df1	df2	Sig.
8.846	4	295	.000

Source: Field work.

Table-16, the mean difference of the mean score of Govt. employee is significantly different from the mean difference of mean score of Retired employees (3.224, $p=.000$). The mean difference of the mean score of private employee is significantly different from the mean difference of mean score of Retired employees (2.398, $p=.014$) and Business/Agriculture (-2.119, $p= 0.041$). The mean difference of the mean score of Business/Agriculture is significantly different from the mean difference of mean score of Labor (2.233, $p=.010$), Retired employees (4.517, $p=.000$) and private employees (2.119, $p=.041$). The mean difference of the mean score of Labor is significantly different from the mean difference of mean score of Business/Agriculture (-2.333, $p=.010$) and Retired (2.283, $p=.008$).

The mean difference of the mean score of Retired is significantly different from the mean difference of mean score of government employees (-3.224, $p=.000$) and private employees (-2.398, $p=.014$), Business/Agriculture (-4.517, $p=.000$) and labor (-2.283, $P=.008$). Therefore, alternative hypothesis is accepted and null hypothesis is rejected:

H₀: Impact of occupation is not different for Permanent income

H_A: Impact of occupation is different for Permanent income

TABLE-16
TEST OF MULTIPLE COMPARISONS

PERMANENT INCOME Tukey HSD

(I) Occupation	(J) Occupation	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Govt. Employee	Private Employee	.826	.714	.776	-1.13	2.79
	Business/Agriculture	-1.293	.635	.252	-3.04	.45
	Labor	.941	.635	.576	-.80	2.68
	Retired	3.224*	.635	.000	1.48	4.97
Private Employee	Govt. Employee	-.826	.714	.776	-2.79	1.13
	Business/Agriculture	-2.119*	.752	.041	-4.18	-.06
	Labor	.114	.752	1.000	-1.95	2.18
	Retired	2.398*	.752	.014	.33	4.46
Business/ Agriculture	Govt. Employee	1.293	.635	.252	-.45	3.04
	Private Employee	2.119*	.752	.041	.06	4.18
	Labor	2.233*	.677	.010	.37	4.09
	Retired	4.517*	.677	.000	2.66	6.38
Labor	Govt. Employee	-.941	.635	.576	-2.68	.80
	Private Employee	-.114	.752	1.000	-2.18	1.95
	Business/Agriculture	-2.233*	.677	.010	-4.09	-.37
	Retired	2.283*	.677	.008	.42	4.14
Retired	Govt. Employee	-3.224*	.635	.000	-4.97	-1.48
	Private Employee	-2.398*	.752	.014	-4.46	-.33
	Business/Agriculture	-4.517*	.677	.000	-6.38	-2.66
	Labor	-2.283*	.677	.008	-4.14	-.42

*. The mean difference is significant at the 0.05 level.

TABLE-17
CORRELATION

		SUM INFLATION	TRANSITORY INCOME
SUM INFLATION	Pearson Correlation	1	-.260**
	Sig. (2-tailed)		.000
	N	300	300
TRANSITORY INCOME	Pearson Correlation	-.260**	1
	Sig. (2-tailed)	.000	
	N	300	300

Source: Field work.

Hypothesis 5: predicted, that this was tested through Correlation, the result of the test shown the correlation between the two variables is -0.260 , $p=0.000$. Both variables were significantly negatively related with a moderate strength of 0.260 . Therefore, alternative hypothesis is accepted and null hypothesis is rejected.

H₀: Inflation does not decrease transitory income.

H_A: Inflation decreases transitory income.

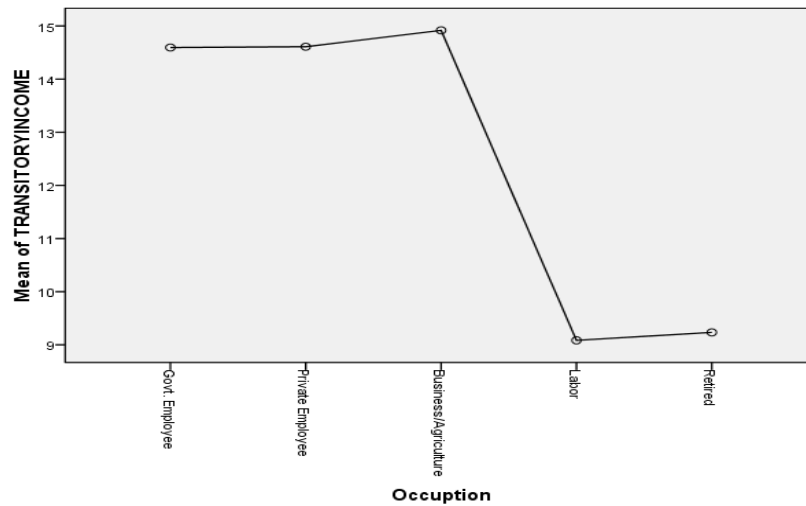
Hypothesis 6 was tested through one-way ANOVA. The results of table-18 showed that the Labor and Retired were getting less transitory income the mean score of which is equal to 9.08 and 9.23 , respectively, as compared to Govt. employees, Private employees and Business/Agriculture which is equal to 14.59 , 14.61 , and 14.92 respectively; with a significant level of 0.000 (Table-19). In table-21, the mean difference of the mean score of Govt. employee is significantly different from the mean difference of mean score of Retired employees (5.362 , $p=.000$) and labor (5.512 , $p=.000$). The mean difference of the mean score of private employee is significantly different from the mean difference of mean score of Retired employees (5.376 $p=.000$) and labor (5.526 , $p=0.000$). The mean difference of the mean score of Business/Agriculture is significantly different from the mean difference of mean score of Labor (5.833 , $p=.000$) and Retired employees (5.683 , $p=.000$). The mean difference of the mean score of Labor is significantly different from the mean difference of mean score of Business/Agriculture (-

5.833, $p=.000$), Govt. employees (-5.512, $p=.000$) and private employees (-5.526, $p=.000$) The mean difference of the mean score of Retired is significantly different from the mean difference of mean score of Govt. employees (-5.362, $p=.000$), private employees (5.376, $p=.000$) and Business/Agriculture (-5.683, $p=.000$). Therefore, alternative hypothesis is accepted and null hypothesis is rejected.

H₀: Impact of occupation is not different for transitory income.

H_A: Impact of occupation is different for transitory income.

FIGURE-II
IMPACT OF TRANSITORY INCOME FOR DIFFERENT OCCUPATIONS



Hypothesis 7 was tested through Correlation, the result of the test showed that correlation between the two variables is -0.277, $p=0.000$. Both variables were significantly negatively related with a moderate strength of 0.277. Therefore, alternative hypothesis is accepted and null hypothesis is rejected.

- **H₀:** Inflation does not decrease savings.
- **H_A:** Inflation decreases savings.

**TABLE 18
DESCRIPTIVE STATISTICS FOR TRANSITORY INCOME**

		N	Mean	Std. Deviation	Maximum
	Occupation				
	Govt. Employee	60	14.59	4.762	20
	Private Employee	60	14.61	4.024	19
	Business/Agriculture	60	14.92	4.043	20
	Labor	60	9.08	4.533	20
	Retired	60	9.23	4.589	18
	Total	300	12.49	5.191	20

Source: Field work.

**TABLE-19
TEST OF ANOVA**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2220.253	4	555.063	28.054	.000
Within Groups	5836.694	295	19.785		
Total	8056.947	299			

Source: Field work.

**TABLE-20
TEST OF HOMOGENEITY OF VARIANCES**

Levene Statistic	df1	df2	Sig.
1.525	4	295	.195

Source: Field work.

TABLE-21
TEST OF MULTIPLE COMPARISONS

Tukey HSD

(I) Occupation	(J) Occupation	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Govt. Employee	Private Employee	-.015	.856	1.000	-2.36	2.34
	Business/Agriculture	-.322	.762	.993	-2.41	1.77
	Labor	5.512*	.762	.000	3.42	7.60
	Retired	5.362*	.762	.000	3.27	7.45
Private Employee	Govt. Employee	.015	.856	1.000	-2.34	2.36
	Business/Agriculture	-.307	.901	.997	-2.78	2.17
	Labor	5.526*	.901	.000	3.05	8.00
	Retired	5.376*	.901	.000	2.90	7.85
Business/ Agriculture	Govt. Employee	.322	.762	.993	-1.77	2.41
	Private Employee	.307	.901	.997	-2.17	2.78
	Labor	5.833*	.812	.000	3.60	8.06
	Retired	5.683*	.812	.000	3.45	7.91
Labor	Govt. Employee	-5.512*	.762	.000	-7.60	-3.42
	Private Employee	-5.526*	.901	.000	-8.00	-3.05
	Business/Agriculture	-5.833*	.812	.000	-8.06	-3.60
	Retired	-.150	.812	1.000	-2.38	2.08
Retired	Govt. Employee	-5.362*	.762	.000	-7.45	-3.27
	Private Employee	-5.376*	.901	.000	-7.85	-2.90
	Business/Agriculture	-5.683*	.812	.000	-7.91	-3.45
	Labor	.150	.812	1.000	-2.08	2.38

Source: Field work.

Hypothesis 8 was tested through one-way ANOVA. Descriptive statistics for this hypothesis are shown in table-23. The results showed that the Labor and Retired were having fewer saving $m = 55.07$ and $m = 51.27$ as compared to Govt. employees, Private employees and Business/Agriculture which is equal to 65.82, 67.59, 59.40 respectively and this difference is significant i.e. 0 .000 (table-24).

TABLE-22
CORRELATION

		SUM INFLATION	SUM SAVINGS
SUM INFLATION	Pearson Correlation	1	-.277**
	Sig. (2-tailed)		.000
	N	300	300
SUM SAVINGS	Pearson Correlation	-.277**	1
	Sig. (2-tailed)	.000	
	N	300	300

** . Correlation is significant at the 0.01 level (2-tailed)

Source: Field work.

TABLE-23

	N	Mean	Std. Deviation	Maximum
Occupation				
Govt. Employee	60	65.82	8.467	86
Private Employee	60	58.59	8.218	85
Business/Agriculture	60	59.40	9.599	87
Labor	60	55.07	5.440	67
Retired	60	51.27	6.989	66
Total	300	59.72	9.816	87

Source: Field work.

TABLE-24
TEST OF ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	11071.580	4	2767.895	46.029	.000
Within Groups	17739.337	295	60.133		
Total	28810.917	299			

Source: Field work.

In table-26, the mean difference of the mean score of Govt. employee is significantly different from the mean difference of mean score of Labor (10.756, $p=.000$), Retired employees (14.556, $p=.000$) and Business/Agriculture (6.423, $p=.000$). The mean difference of the mean score of private employee is significantly different from the mean difference of mean score of Labor (12.519, $p=.000$), Retired employees (16.319, $p=.000$) and Business/Agriculture (8.185, $p=$

.000). The mean difference of the mean score of Business/Agriculture is significantly different from the mean difference of mean score of Labor (4.333, $p=.020$), Retired employees (8.133, $p=.000$) Govt. employees (-6.423, $p=.000$) and private employees (-8.185, $p=.000$). The mean difference of the mean score of Labor is significantly different from the mean difference of mean score of Govt. employees (-10.756, $p=.000$), Private employees (-12.519, $p=.000$) and Business/Agriculture (-4.333, $p=.020$), The mean difference of the mean score of Retired is significantly different from the mean difference of mean score of Govt. employees (-14.556, $p=.000$) and private employees (-16.319, $p=.000$) and Business/Agriculture (-8.133, $p=.000$). Therefore, alternative hypothesis is accepted and null hypothesis is rejected.

- **H₀**: Impact of occupation is not different for savings
- **H_A**: Impact of occupation is different for Savings

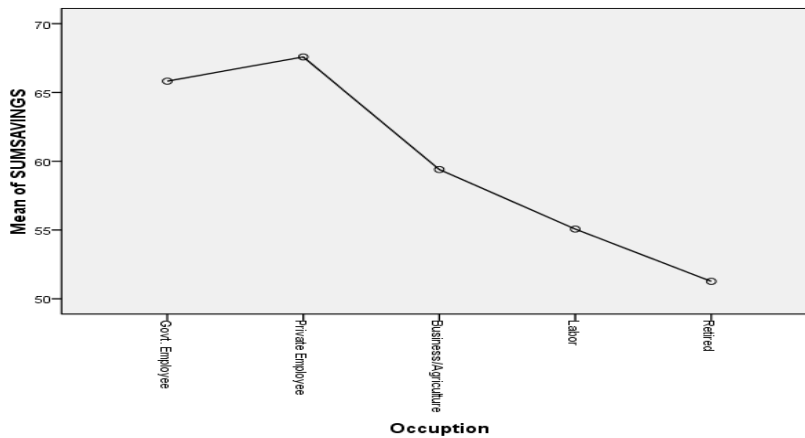


Figure-III: Savings for different occupations

TABLE-25
TEST OF HOMOGENEITY OF VARIANCES

Levene Statistic	df1	df2	Sig.
3.147	4	295	.015

Source: Field work.

TABLE-26
TEST OF MULTIPLE COMPARISONS

(I) Occupation	(J) Occupation	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Govt. Employee	Private Employee	-1.763	1.493	.762	-5.86	2.33
	Business/Agriculture	6.423*	1.328	.000	2.78	10.07
	Labor	10.756*	1.328	.000	7.11	14.40
	Retired	14.556*	1.328	.000	10.91	18.20
Private Employee	Govt. Employee	1.763	1.493	.762	-2.33	5.86
	Business/Agriculture	8.185*	1.571	.000	3.87	12.50
	Labor	12.519*	1.571	.000	8.21	16.83
	Retired	16.319*	1.571	.000	12.01	20.63
Business/ Agriculture	Govt. Employee	-6.423*	1.328	.000	-10.07	-2.78
	Private Employee	-8.185*	1.571	.000	-12.50	-3.87
	Labor	4.333*	1.416	.020	.45	8.22
	Retired	8.133*	1.416	.000	4.25	12.02
Labor	Govt. Employee	-10.756*	1.328	.000	-14.40	-7.11
	Private Employee	-12.519*	1.571	.000	-16.83	-8.21
	Business/Agriculture	-4.333*	1.416	.020	-8.22	-.45
	Retired	3.800	1.416	.059	-.09	7.69
Retired	Govt. Employee	-14.556*	1.328	.000	-18.20	-10.91
	Private Employee	-16.319*	1.571	.000	-20.63	-12.01
	Business/Agriculture	-8.133*	1.416	.000	-12.02	-4.25
	Labor	-3.800	1.416	.059	-7.69	.09

Source: Field work.

CONCLUSIONS

- Inflation decreases the permanent income of the different consumers, i-e Govt. employees, private employees, business/agriculture, retired and labor.
- Inflation decrease transitory income of not only Govt. employees, but also Private employees, Business/Agriculture, Retired, Labor.

- Inflation has affected more on labor and retired consumers as compare to Govt. employees, private employees, and Agriculture/ Business consumers.
- Inflation has affected more to lower social class of consumers as compared to middle social class of consumers.
- Savings is more for Govt. employees, Private employees & Business/Agriculture consumers as compared to labor and retired.
- Inflation has decreased the savings of all the consumers Govt. employees, private employees, Business/Agriculture but especially more on retired and labor class of consumers.

RECOMMENDATIONS

- Govt. should control on the inflation or at least increase their salary of the employees in proportion to the inflation.
- Govt. should also increase the monthly wages for labor in accordance with the inflation.

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