

INVESTIGATING THE CAUSAL RELATIONSHIP BETWEEN SAVING, INVESTMENT AND ECONOMIC GROWTH FOR INDIA

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ABSTRACT

Since the inception of economic planning in India, the emphasis has been on saving and investment as the primary instruments of economic growth and increase in national income. One of the objectives of economic plan (for e.g., Eleventh five year plan) is to increase the production in the economy and thus economic growth. To increase the production, capital formation is considered as the crucial determinant; and capital formation has to be backed by the appropriate volume of saving. Increased saving is used for increased capital formation, use of the increased capital formation for increasing saving, and use of the increased saving for a further increase in capital formation constituted the strategy behind economic growth.

KEYWORDS: Economic Growth, Investment, Economic, Saving