

**Cointegration Test between Saving and Macro Economic Variables**

***Cointegration Regression Durbin-Watson Test***

*Time Period : 1970-71 to 2003-04*

	Cointegrating Regression		CRDW Test	
	Variables		D-W value	Inference on Cointegration
	Dependent	Independent		
Monetary Variables	S	WPI	0.22	No
	Log S	Log WPI	0.68 <sup>^</sup>	Yes
	Log S/Y	Log WPI	0.79 <sup>^</sup>	Yes
	S/Y	INT	0.24	No
	Log S	Log INT	0.07	No
	Log S/Y	Log INT	0.23	No
Fiscal Variables	S/Y	FD/Y	0.47 <sup>^</sup>	Yes
	Log S	Log FD/Y	0.32	No
	Log S/Y	Log FD/Y	0.46 <sup>^</sup>	Yes
	S	TR	0.50 <sup>^</sup>	Yes
	Log S	Log TR	0.68 <sup>^</sup>	Yes
	Log S/Y	Log TR	0.76 <sup>^</sup>	Yes
External Variables	S/Y	EXP/Y	0.76 <sup>^</sup>	Yes
	Log S	Δ EXP	1.11 <sup>^</sup>	Yes
	Log S	EXP/Y	0.27	No
	Log S	Log EXP/Y	0.29	No
	Log S/Y	Log EXP/Y	0.78 <sup>^</sup>	Yes
	Δ S	TOT	0.68 <sup>^</sup>	Yes
	S/Y	TOT	0.23	No
	Log S	Log TOT	0.13	No
	Log S/Y	Log TOT	0.21	No
	S/Y	CAB/Y	0.165	No
	Log S	CAB/Y	0.01	No
	Log S/Y	CAB/Y	0.145	No
	Δ S	FCI	2.13 <sup>^</sup>	Yes
	S/Y	FCI	0.65 <sup>^</sup>	Yes
	Log S	FCI/Y	0.94 <sup>^</sup>	Yes
Log S/Y	FCI/Y	0.84 <sup>^</sup>	Yes	
Real Variable	Log S	Log Y	0.71 <sup>^</sup>	Yes
	Log S/Y	Log Y	0.71 <sup>^</sup>	Yes
	Log S/Y	Log ΔY	1.11 <sup>^</sup>	Yes
Demographic Variable	S	DEP <sup>\$</sup>	0.09	No
	Log S	ΔDEP	0.15	No
	Log S/Y	ΔDEP	0.41	No

The 1%, 5% and 10% critical values for DW statistic for a sample of 100 observations are 0.511, 0.386 and 0.322 respectively. As DW critical values are not available for a sample of 50 observations, the thumb rule is followed that if DW is 0.5 and above, the residual is stationary.

<sup>^</sup> implies that the DW value is significantly away from zero and hence residual is stationary.

<sup>\$</sup> Time period for the analysis of age-dependency ratio is 1970-2000.