

# A Small Investors Perceptions on post office Small Savings Schemes

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## ABSTRACT

Indian Post Office Savings Bank being the largest savings institutions in the country play a vital role in mobilising savings especially in the rural part of the country and offer numerous benefits to the investors. Post office small saving schemes once hailed as people's movement are losing sheen for the rural household. In this paper an attempt has been made to analyse the investor's behaviour towards post office saving schemes. On the basis of responses of 140 respondents from three districts in Himachal Pradesh study observed that mostly salaried class of society is inclined towards post office schemes due to safe and secure return guaranteed by the government and tax incentives. Recurring Deposits, Post Office Saving Bank & Post Office Monthly Income Schemes are the main instruments for investment. Friends and relatives are the main source of information for investment. Declining interest rates, inadequate promotion, lack of value added facilities, poor hospitality, slow pace of automation etc. are the main the reasons for the decline in net collections of post office small saving scheme.

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## INTRODUCTION

India possesses the largest network of postal offices. Post offices have traditionally acted as vital channel for small household savings. The department of posts, trading as India post, is a government postal system in India it is generally referred as "India Post". As on 31<sup>st</sup> March 2011, the Indian Postal Service and planning had 1,54,886 post offices, of which 1,39,040 in rural areas and 15,826 in urban areas. The postal services are under the department of posts, which is a part of Ministry of Communication and Information technology of the Government of India. In April 1959, the Indian Postal department adopted the motto "Service before help". The slogan of India Post is "Dak seva Jan seva". Department of India Post is serving the economy since 1982. It plays a significant role in developing economy. Financial inclusion has been the key element of developing society and socio economic development. The role of post office is very important in developing the economy by providing various services to all the sections of the society.

Department of Post engaged in 3 activities:

- Retailing postal products and services.
- Transmission of Postal articles.
- Delivery of Postal articles.

### POST OFFICE SAVINGS SCHEMES:

- Post Office Savings Account
- Post Office Recurring Deposit Account
- Post Office Time Deposit Account
- Kisan Vikas Patra
- National Savings Certificate
- Senior Citizen Savings Scheme
- Sukanya Samridhi Account

### Statement of Problem:

Savings have become an important tool in poverty alleviation. People need savings to run their day to day life. Savings depends on the life style of a person. Domestic savings play an important role in bringing about economic development of backward countries. In order to promote the economy of our country, various post office saving schemes have been introduced by the post office. India is a country of villages; hence the people are unable to aware Post Office Saving Schemes. The depositors face a lot of difficulties while depositing money and getting back their deposits. Even today main problems are uneducated peoples are not aware of the facilities extended by the government. Hence, research in this area will facilitate the urban people investors to know their savings patterns real problem faced them while investing.

### Scope Of The Study:

- Every individual has to plan for saving and plan to investment of the saving in proper sources.
- Planning not only helps for making profit but also for safety and security in our life.
- There are number of opportunities available for individual today.
- For investing money, despite the two important factors viz., profit making, and safety, these are number of factors which influence the investment decision of investors.
- These given an idea for the researcher to study the investment pattern of investors under existing situation.

### Objectives of The Study:

- To analyse the role of post office savings schemes in the saving pattern of urban people.
- To study the awareness among urban people investors about post office savings schemes in the study area.
- To examine the motivational factors encouraging urban people investors to prefer post office savings schemes.
- To find out the benefit and problems of urban people investors while investing in post offices.

## RESEARCH METHODOLOGY

### Primary Source

A well structured interview schedule was prepared and distributed to the urban people investors who are investing the amount in various post office savings schemes in Coimbatore district.

### Secondary Source:

The various secondary information sources used for the present research include the journals and magazines and websites.

### Statistical Tools Used For Data Analysis:

The data collected was analyzed through Garret ranking and Likert scale.

### Garret Ranking:

Garret ranking technique was used to rank the preference indicated by the respondents and different factors. As per this method, respondents have been asked to assign the rank for all factors and the outcome of such ranking has been converted into score value with the help of the following formula.

Percent position =  $100 (R_{ij} - 0.5)$

$\frac{N_j}{N}$

Where,

$R_{ij}$  = Rank given for the  $i^{\text{th}}$  variable by  $j^{\text{th}}$  respondents.  $N_j$  = Number of variable ranked by  $j^{\text{th}}$  respondents.

### Likert Scale:

A Likert scale is a type of rating scale used to measure attitude or opinion. With this scale, respondents are asked to rate items on a level of agreement. For example,

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

Five to seven items are usually used in the scale. The scale does not have to state “Agree” or “disagree”; dozens of variations are possible on themes like agreement, frequency, quality and importance.

**Area of The Study:**

The study was undertaken in Coimbatore district.

**Sampling Design:**

The study covers only the selected urban people investors who are all investing amount in post office savings scheme. In this study stratified random sampling techniques has been used and 120 customers were selected on random basis.

**Limitations of The Study:**

- Urban people investor may be hesitant to provide the necessary information.
- Only 120 respondents were selected for sampling.
- Data is collected only from Coimbatore district.

**REVIEW OF LITERATURE**

**Vembu (2018)<sup>1</sup>**, revealed that more of rural women are interested in investing their savings in investing their savings in post offices because of proximity of post offices situated in their residing location. He also stated that the officials create awareness to rural people for investing their money in post offices it creates a growth of postal sector. Most of the investors are invest in post office savings scheme only for tax relief.

**Holosagi (2018)<sup>2</sup>**, said that investors motivational factor for investment in postal is to meet domestic purpose and to be secure at old age and their prefer regular and safety, local access ability and easy manageability. He suggests that government can create more awareness among rural people about the postal investment schemes and its benefits availed through it is it has not reached the people property.

**Bhagyashree Teli (2017)<sup>3</sup>**, conducted a study of 50 respondents in Rajsam and district, stated that most of the respondents were aware about post office deposit schemes through their friends and relatives. Level of awareness of various post offices saving scheme is very low expert recurring deposit and post office savings bank account. He also pointed out that post office in small savings scheme for rural areas is good enough but if they want to increase deposit officials increase awareness through advertising and agents.

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**ANALYTICAL AND INTERPRETATION OF THE STUDY**

**Likert Table 1: Distribution of respondents based on awareness of savings schemes**

Awareness level	Total No. of respondents	Percentage (%)
Above 27	70	58.3
18-26	50	41.7
Below 17	0	0
<b>Total</b>	<b>120</b>	<b>100</b>

**Source: Primary data Inference:**

The above table shows that majority (58.3%) of the respondents belongs to above 27 on awareness of saving scheme followed by 18-26 and below 17.

**Likert Table 2: Distribution of respondents based on reading habits of investment avenues**

Reading habits of investment avenues	Total No. of respondents	Percentage (%)
Above 16	115	95.9
15-12	5	4.1
Below 11	0	0
<b>Total</b>	<b>120</b>	<b>100</b>

**Source: Primary data Inference:**

The above table shows that majority (95.9%) of the respondents belongs to above 16 on reading habits on investment avenues and followed by 15-12 and below 11.

**Likert Table 3: Distribution of respondents based on level of awareness of Post Office Schemes**

Level of awareness	Total No. of respondents	Percentage (%)
Above 18	109	90.9
13-17	10	8.3
Below 12	1	0.8
<b>Total</b>	<b>120</b>	<b>100</b>

**Source: Primary data Inference:**

The above table shows that majority (90.9%) of the respondents belongs to above 18 followed by 13-17 and below 12.

**Table 4 Rank given for the  $i^{th}$  variable by the  $j^{th}$  respondents. No. of variables ranked by the  $j^{th}$  respondents**

S.NO	MOTIVES	1	2	3	4	5	6	7	8	9	10
1	To meet emergency needs	31	13	7	10	10	8	7	7	12	15
2	To meet the family needs in future	18	16	13	11	15	7	8	17	9	6
3	Well being of my children	10	22	4	13	16	10	11	9	12	13
4	Regular income	9	15	19	11	10	9	17	7	10	13
5	Post Office Saving are more than banks.	8	12	29	17	13	16	5	5	11	4
6	Utilizing the opportunities for investment	9	6	12	15	13	12	15	9	15	14
7	Retirement safety	3	4	10	19	8	19	12	21	12	12
8	To reduce income tax burden	11	9	8	8	14	15	18	13	12	12
9	Getting security during old age	8	12	8	11	11	14	10	20	11	15
10	Automatic transfer of money to other category	13	11	10	5	10	10	17	12	16	16

**Table 5: Percent position and garret value**

S. No	$100 (R_{ij}-0.5) / N_j$	Calculated value	Garret value
1	$100 (1-0.5) / 10$	5	81
2	$100 (2-0.5) / 10$	15	70
3	$100 (3-0.5) / 10$	25	63
4	$100 (4-0.5) / 10$	35	97
5	$100 (5-0.5) / 10$	45	96
6	$100 (6-0.5) / 10$	55	48
7	$100 (7-0.5) / 10$	65	42
8	$100 (8-0.5) / 10$	75	36
9	$100 (9-0.5) / 10$	85	29
10	$100 (10-0.5) / 10$	95	18

**Inference:**

Position of the rank 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 in the Garret ranking table for the rank 1, the percentage position is calculated as 5 and that table value 81 and in the same way the Garret value of rank 2 to 10 is identified.

### Calculation of Garret value and ranking

S. No	Description	Rank given by respondents										Total	Rank
		1	2	3	4	5	6	7	8	9	10		
1	To meet emergency needs	2511	910	441	970	960	384	294	252	348	270	7340	3
2	To meet the family needs in future	1458	1120	819	1067	1440	336	336	612	261	108	7557	2
3	Well being of my children	810	1540	252	1261	1536	480	462	324	348	234	7247	4
4	Regular income	729	1050	1197	1067	960	432	714	252	290	234	6925	5
5	Post office saving are more than banks	648	840	1827	1649	1248	768	210	180	319	72	7761	1
6	Utilizing the opportunities for investment	648	430	756	1455	1248	576	630	324	435	252	6744	6
7	Retirement safety	243	280	630	1843	768	912	504	756	348	216	6500	9
8	To reduce income tax burden	891	630	504	776	1344	720	756	468	348	216	6653	7
9	Getting security during old age	648	840	504	1067	1056	672	420	720	319	270	6516	8
10	Automatic transfer of money to other category	1053	770	630	485	960	480	714	432	464	288	6276	10

The above table shows that sources the garret scores value and ranking firstly the garret rank are calculated by using appropriate garret ranking formula. Then based on the garret rank the garret table value is ascertained. The garret value given in 4.2:2 which are multiple to record garret score in table 4.2:3. Finally by adding each row. The total garret score is obtained.

Then, the garret scores are ranked according to the values,

The first ranks given to **“Post office savings are more than banks.”**

Second rank is given to **“To meet the family needs in future”**.

Third rank is given to **“To meet emergency needs”**. Fourth rank is given to **“Well being of my children”**. Fifth rank is given to **“Regular income”**.

Sixth rank is given to **“Utilizing the opportunities for investment”**.

Seventh rank is given to **“To reduce income tax burden”**. Eighth rank is given to **“Getting security during old age”**.

Ninth rank is given to **“Retirement safety”**.

Tenth rank is given to **“Automatic transfer of money to other category”**.

The highest score is awarded to **“Post office savings are more than banks”**, The least score is awarded to **“Automatic transfer of money to other category”**.

**“It is inferred that “Post office savings are more than banks”**.

### FINDINGS, SUGGESTION AND CONCLUSION

#### FINDINGS:

#### LIKERT ANALYSIS:

- Majority 58.3% of the respondents are above 27 based on awareness of saving scheme.
- Majority 95.9% of the respondents are above 16 based on reading habits of investment avenues.
- Majority 90.9% of the respondents are above 18 based on level of awareness of Post Office schemes.

#### RANK ANALYSIS:

Respondents are satisfied with the Post office savings are more than banks.

### SUGGESTION

- More awareness must be created among the people about the schemes introduced.
- The rate of interest offer by the post office should be increased.
- Tax benefits are attached only too few schemes in post office but also can be extended too many schemes.
- Lack of advertisement in postal service, the government has to take necessary step to adopt advertisement strategy in wider range.
- Latest technology should be incorporated in post office to serve the public in an efficient manner, thereby reducing the transaction time.
- As the Indian Postal savings is a monopoly, it has to frame strategies to meet challenges of competition in the new world.
- There is a direct need to initiate steps to include a habit of saving among the growing middle class families.
- It may further accelerate to in future on a large scale.

### CONCLUSION

- In this study I have made an attempt to study on investors attitude towards postal saving schemes.
- The investors have been approached and untainted data for analysis.
- The post office saving schemes is the very best scheme in central government scheme.
- All people belonging to different occupation use postal service.
- Both literate and illiterate people use the postal service, when compared to bank, post office provide more rate of interest.
- Senior citizens are much benefited by post office schemes.
- There is no complicated procedure in making investment in post office but the return is more when compared to bank.
- All the post office is computerized today and the speed post facility is also available.

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