

INVESTORS PREFERENCES TOWARDS SELECT POST OFFICE SAVINGS SCHEMES

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ABSTRACT

The Indian postal system occupies a major source of investment among the rural as well as urban people for a long period. Still its performance is exploring with new verticals of government schemes. The India post is being the largest postal network in the world with 1.5 lakhs post offices across the nation. It has been the backbone of economy which paves a way to procure a pool of investments from the rural people. Crossing 150 years now still it is glowing with new financial inclusions, besides delivering mails it concentrates in number of new savings schemes, retail services, and core banking solutions, postal life insurance products, and pension schemes in digital mode. From this back ground this paper brings an empirical study on investors preferences towards select post office savings schemes since savings schemes are very traditional and still most people prefer to continue their accounts in post offices. Besides it reaches easily to the middle income and low income people easily it has its own strength so far. The researcher undertook the research in Coimbatore district covering ten taluks with the objective of the level of awareness towards most preferred savings schemes among the investors based on their economic profile and to examine the association between level of awareness and their demographic and socio economic profile. The study it was observed that most preferred schemes are monthly income scheme followed by savings account, time deposit account and KVP and NSC are preferred by a few segments of investors. Finally it is found that the investors prefer to get the maturity amount for further investments, they are satisfied with safety, liquidity and ease of operations when compared to banks.

Keywords - Post office schemes, preferred savings schemes, socio and economic profile of the investors.

INTRODUCTION

To establish the first level of trust for the unbanked is one of the biggest challenges across third world economies. Postal networks have often been the most effective tools of establishing inclusion and yet remain the least accredited and overlooked. A study by the Universal Postal Union states that 1.4 million postmen go door-to-door daily establishing a daily 2 million odd contact points across the world. Postal networks therefore become the strongest channels of inclusion globally and India has one of the most ambitious projects at hand. Globally fifty per cent of adults have an account at either at a financial institution, post office or both institutions, 12 per cent have an account at the post office as well as bank and 3 per cent have an account at the post office only. Roughly twenty eight per cent of the world's adults use postal services for payments and remittances. One strategy adopted by posts in a number of countries is to use cash based services as an introductory product to account-based services and savings. Following this model, people use post to access certain financial services without an account could potentially move from informal to formal savings. From this view the researcher is interested to carry out the research work to examine the investors behavior towards various post office savings schemes.

STATEMENT OF THE PROBLEM

India post has been battling a number of challenges to establish its inclusion programs- shortage of trained staff, cost of implementation and a credit hungry rural India, with no lending programs as part of its roadmap, the post office

has fallen behind in its customer acquisition to a number of rural regional banks. Apart from mail delivery, India post has been servicing India as a business logistics service provider and a trusted financial advisor. Its services range from basic financial services such as savings bank accounts, recurring and time deposit schemes as well as savings schemes for senior citizens other than that NSC. The Postal Savings System is a vehicle for promoting a more balanced economic development over a century among poor and lower-income people, with the advent of this the central Government introduced digital technology, to aim the India Post Payments Bank will strengthen the country's village system stronger.

OBJECTIVES OF THE SUDY

The study focuses on the following objectives.

- To examine the investors level of awareness and their preferences towards select post office savings schemes.
- To test the hypotheses that the investors awareness towards select post office savings schemes differs according to their socio-economic and demographic status, investors' criterion differ one to another while selecting the schemes.

REVIEW OF LITERATURE

Patil and Chaudhari (2017) study aimed to assess the Financial, Retail and Premium services by Indian Post. The result of the study found that services provided by Indian post plays an important role in financial, retail and premium services among all type individual income group.

Ramteke et al. (2016) research article made an attempt has been made to check the hypotheses whether the working population of Chhattisgarh Postal Circle have prefer the whole LifeRisk coverage or the survival maturity returns. The study found that the Whole Life Insurance (Suraksha) policy provide the risk coverage for the insurer throughout the life (or a option of 80 years) in minimal premium amount but due to the lacking of earlier returns or non-survival benefits the working people of Chhattisgarh Postal Circles were not took more interests in this policy. The study concluded that the returns dominate the marketing of risk coverage in theworking population of Chhattisgarh Postal Circle.

LIMITATIONS OF THE STUDY

The study pertains only to Coimbatore district and to the related peiod only, hence it is not applicable to other areas as it. Since the study is based on primary data it has own limitations since it vary from one to another.

MAJOR FINDINGS

Findings From Investors' Level Of Awareness and preferences towards Select Post Office Savings Schemes

To examine the investor's level of awareness towards select post office savings schemes weighted average has been applied. The selected schemes are Post office savings account, monthly income scheme, 5 year post office RD, time deposit, monthly income scheme, senior citizen savings scheme, 15 years PPF, NSC, 5 years NSC, KVP, Sukanya samriddhi account. A 5 point scaling has been applied (0 to 4- very high(4), high(3), moderate(2), low(1), very low(0)) and Factor analysis has used to identify the most influencing schemes among the investors.

Table 1.1 Investors Level of Awareness and preferences towards selectPost Office Savings Schemes

Schemes	Very High	High	Moderate	Low	Very Low	Sum	Mean	Rank
Post Office Savings Account	220 (33.84)	306 (47.08)	117 (18.00)	7 (1.08)	0 (0.00)	2689	4.14	2
Monthly Income Scheme	334 (51.38)	232 (35.69)	84 (12.93)	0 (0.00)	0 (0.00)	2850	4.38	1

5- Year Post Office Recurring Deposit Account	137 (21.08)	126 (19.38)	354 (54.46)	33 (5.08)	0 (0.00)	2317	3.56	4
Post Office Time Deposit Account	200 (30.77)	126 (19.38)	21 (33.08)	109 (16.77)	0 (0.00)	2367	3.64	3
Post Office Monthly Income Account Scheme	147 (22.62)	140 (21.53)	254 (39.08)	102 (15.69)	7 (1.08)	2268	3.49	5
Senior Citizen Savings Scheme	136 (20.92)	200 (30.77)	116 (17.85)	183 (28.15)	15 (2.31)	2209	3.40	8
15- Year Public Provident Fund Account	144 (22.15)	185 (28.46)	171 (26.31)	115 (17.69)	35 (5.39)	2238	3.44	6
National Saving Certificates	91 (14.00)	168 (25.85)	204 (31.38)	140 (21.54)	47 (7.23)	2066	3.18	11
5-Years National Savings Certificate	106 (16.31)	194 (29.84)	199 (30.62)	99 (15.23)	52 (8.00)	2153	3.31	9
KisanVikasPatra	89 (13.69)	149 (22.92)	269 (41.38)	90 (13.86)	53 (8.15)	2081	3.20	10
SukanyaSamriddhi Account	156 (24.00)	195 (30.00)	155 (23.85)	58 (8.92)	86 (13.23)	2227	3.43	7

Source: Primary Data

From the above table 1.1 it has been inferred that majority of the sample respondents says that they are highly aware of monthly income scheme (87.60 per cent), post office savings account (82.80 per cent), post office time deposit account (72.80 per cent), Followed by, investors have said that they are aware of five year post office recurring deposit account (71.20 per cent), post office monthly income account scheme (69.80 per cent), 15 year public provident fund account (68.80 per cent), sukanyasamriddhi account (68.60 per cent), senior citizen savings scheme (68 per cent). Similarly, few respondents have said that they are moderately aware of five years national savings certificate (66.20 per cent), kisanvikaspatra (64 per cent) and national savings certificates (63.60 per cent). The study acknowledged that 87.60 per cent of the sample subjects are well of monthly income scheme in post office savings schemes.

Investors comparing post office savings with bank

Sl. No	Saving in Post-office	No. of. Respondents	Percentage
1.	Always	46	7.07
2.	Frequently	348	53.54
3.	Sometimes	88	13.54
4.	Rarely	85	13.08
5.	Never	83	12.77
	Total	650	100

Source: Primary Data

Data inferred that 53.54 per cent of the respondents frequently compare the savings in post office and savings made in bank and 13.54 per cent of the sample populations sometimes made comparison between post office savings scheme investment and bank saving investment. Further, 13.08 per cent of the investors rarely compare the post office investment savings and savings made in bank and 12.77 per cent of the investors never made a comparison

between the post office savings and bank savings. Moreover, 7.07 per cent of investors always compare the investment made in the post office savings scheme and bank.

Sl. No	Opinion	No. of Respondents (N:650)	Proportionate Percentage
1.	Value of Minimum Deposits Required to Open Account	32	4.92
2.	Easiness of Opening Account	355	54.62
3.	Interest Rate Benefits	230	35.38
4.	Value of Minimum Deposit to be Maintained for Operating the Account	38	5.85
5.	Safety of the Saving	409	62.92
6.	Tax Rebate Availed	170	26.15
7.	Minimum and Maximum Duration of Deposits	92	14.15
8.	Cash Withdrawal Procedures	355	54.62
9.	ATM Card Usage Benefits	240	36.92

Various criterions on the bases of investors compared for saving in post-office saving and banking. It is clearly defines the different types of benefits adopted by the post-office and banks to attract the investors. It is observed that majority of the sample investors have claimed that they find association between with their savings in the following grounds such as: safety of savings (62.92 per cent), easiness of opening account and cash withdrawal procedures (54.62 per cent), ATM card usage benefits (36.92 per cent), interest rate benefits (35.38 per cent). In the second level of assessment investors have placed their preferences for investing in post-office and banking based on their likeness for: availing of tax rebate (26.15 per cent), minimum and maximum duration of deposits (14.15 per cent), value of minimum deposit to be maintained for operating the account (5.85 per cent) and value of minimum deposits required to open an account (4.92 per cent).

Investors opinion on their account operations

Sl. No	Deposit	No. of Respondents	Percentage
1.	Self	194	29.85
2.	Through Post office Agents	198	30.46
3.	Through Post Officers	258	39.69
	Total	650	100

Source: Primary Data

The above table explained that 39.69 per cent of the investors make investment through post officers and 30.46 per cent of the sample populations prefer to invest through post office agents. Remaining 29.85 per cent of the investors usually invest in post office schemes by themselves.

CONCLUSION:

From the above said analysis it is concluded that the most preferred schemes are monthly income scheme followed by savings account, time deposit account whereas KVP and NSC are preferred by a few segments of investors. From the test of hypotheses it is accepted that there is a significant difference between age, gender, occupation, monthly income, educational qualification plays a vital role while selecting the schemes. Finally it is found that the investors prefer to get the maturity for further investments more over they are satisfied with safety, liquidity and ease of operations when compared to banks.

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