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## **A study on investor's attitude towards post office saving schemes in Chinnampalayam**

**D Sivasakthi and S Gandhimathi**

### **Abstract**

Postal savings systems to provide depositors who do not have access to banks a safe, convenient method to save money and to promote saving among the poor. Investment culture refers to the attitudes, perceptions, and willingness of individuals, and institutions in placing their savings in various financial assets, more popularly known as investments or Postal Savings. A study on investors attitude towards post office savings schemes in Chinnampalayam thus assumes a greater significance in the formulation of policies for the development and regulation of savings in general and protection and promotion of small and house-hold investors in particular. It is extremely important for the policy makers and regulatory authorities to understand the investors' perceptions and their preferences.

**Keywords:** Post office savings, investors, deposits, schemes, provident fund

### **Introduction**

In India, Post Office savings scheme provides a secure, risk free and attractive investment option for the small investors and offers the savings products across its 155000 Post offices. The post office savings bank in India was established by the British Colonizers. The Post Office savings bank is the oldest and by far the largest banking system in the country, serving the investment need of both urban and rural clientele. These services are offered as an agency service for the Ministry of Finance, Government of India. The post office savings bank is included in the union list side item No.39 of the seventh scheduled of the constitution of India. It provides various schemes framed by the central government under the following acts:

- (i) Government Savings Bank Act 1873
- (ii) Government Savings Certificate Act 1959
- (iii) Public provident fund 1968

### **Post Office Saving Schemes**

Several Schemes are offer to serve various investment requirements of the people in rural and in urban.

#### **Savings Bank account (SB)**

Serves the need of regular deposits and withdrawals. Cheque facility is also available.

#### **Recurring Deposit account (RD)**

Offers a monthly investment option with a handsome return at the end of five years with option to extend the account period. Insurance cover facility is also available with some conditions.

#### **Monthly Income Scheme (MIS)**

Offers a fixed investment option for five years with monthly interest payment facility. The facility of automatic credit of interest to SB account available.

#### **Public Provident Fund (PPF)**

Offers intermittent deposits subject to certain limits for a 15 year period coupled with income tax exemptions subject to certain conditions, on the investment. Loan and withdrawal facilities also available.

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**Time Deposit (TD)**

Fixed deposit option for periods ranging from one, two, three to five years with facility to draw yearly interest offered at compounded rates. Automatic credit facility of interest to SB account.

**Senior Citizens Savings Scheme (SCSS)**

Offers fixed investment option for senior citizens for a period of five years, which can be extended, at a higher rate of interest that are paid in quarterly installments.

**National savings certificates (NSC) (VIII) issue**

With a fixed investment for 5 years on certificates of varied denominations. Pledging facility available for availing loan from Banks.

**National Savings certificates (IX) issue**

Fixed investment tenure of 10 years. Post Office also offers Insurance product through Postal Life Insurance (PLI) and Rural Postal Life Insurance (RPLI) schemes with low premium and high bonus of the country.

**Statement of the Problem**

The major problems are uneducated and illiterate persons are unaware of the procedures and facilities that are announced by our government and computerized post offices are not available in the village sides even today.

**Scope of the Study**

In countries, every individual has to plan for savings and plan to investment of their savings in proper sources. Thus, planning not only helps for making profit but also for safety and security in our life. There are number of opportunities available for individuals today, for investing money, despite the two important factors viz., profit making and safety, these are numbers of factors which influences the investment decision of investors. These give an idea for the researcher to study the investment pattern of investors under existing situation.

**Objectives of the Study**

- To study the customers attitude towards postal saving schemes.
- To study the different factors considered by customers in selection of the schemes.
- To study the practices and preference for use of postal savings schemes by customers.
- To analyze the benefits enjoyed by the customers.

**Methodology of the Study**

This study is based on questionnaire method. Primary data were collected in Chinnampalayam Village. The total number of respondents is 150. The first drafts of questionnaire were prepared by bearing the study in mind. Secondary data also collected form journals, magazines and websites.

**Tools for Analysis**

The raw data thus collected has been classified, edited and tabulated for analysis. Customer’s attitude towards postal savings schemes is described with the help of following analysis.

- Karl Pearson’s co-efficient of correlation,
- Likerts summate.

**Limitations of the Study**

- The study is restricted only in Chinnampalayam.
- Since all the questions are direct, there is chance for biased answer from the respondents.
- The numbers of respondents are restricted to 150.

**Review of Literature**

1. S. Mathumitha (2015) conducted a study on “Investors Attitude towards Post Office Saving Schemes in Cumbum Town”. The study found that majority of the respondents preferred to meet future plan of their children’s. Majority of the respondents preferred Recurring Deposit. The study suggested that necessary steps can be taken to adopt advertisement strategy.
2. D. Koreshashikant and Dr. R.B. Teli (2015) conducted a study on “Investment behavior of postal customers towards post office savings bank schemes (posb): a case study of Kolhapur district” to know the opinion of postal customers towards post office saving schemes in Kolhapur district of Maharashtra State. The study concluded that small and medium investors had positive and very clear perception towards post office savings scheme. The study recommended that, it is necessary to increase financial awareness about postal schemes, competitiveness, fast decision making, marketing activities and strategic planning to fight against private institutions.

**Analysis**

**A) Karl Pearsons Coefficient of Correlation Coefficient of correlation**

**Table 1:** Let the income of the respondents taken as (x) and investment profit for postal saving schemes taken as (y).

Income	Investment Profit	$x = X - \bar{X}$	$y = Y - \bar{Y}$	$x^2$	$y^2$	$xy$
27	69	10.5	31.5	110.25	992.25	330.75
53	70	15.5	32.5	240.25	1056.25	503.75
50	10	12.5	27.5	156.25	756.25	343.75
20	1	17.5	36.5	306.25	1332.75	638.75
150	150	0	0	813	4137	1817

**Interpretation**

The correlation value between the income of the respondents and profitability of investment for saving schemes is 1. So there exists a perfect positive correlation

between the two factors i.e. income, the respondent and profit of investment for postal saving schemes.

## Coefficient of correlation

**Table 2:** Let the income of the respondents taken as (x) and rate of return for postal saving schemes taken as (y).

Income	Rate of Return	$x = X - \bar{X}$	$y = Y - \bar{Y}$	$x^2$	$y^2$	xy
27	66	10.5	28.5	110.25	812.25	299.25
53	67	15.5	29.5	240.25	870.25	457.25
50	15	12.5	22.5	156.25	506.25	281.25
20	2	17.5	35.5	306.25	1260.25	621.25
150	150	0	0	813	3449	1659

### Interpretation

The correlation value between the income of the respondents and rate of return for saving schemes is 1. So there exists a perfect positive correlation between the two factors i.e. income, the respondent and rate of return for postal saving schemes.

### B) Likerts Summate Postal Saving Schemes Procedure

**Table 3**

S. No	Factors	No. of Respondents	Total Score
1	Very Simple	74	296
2	Simple	57	171
3	Complicated	18	36
4	Difficult	2	2
Total		150	505

### Interpretation

Most favorable attitude  $150*5 = 750$   
 Most neutral attitude  $150*3 = 450$   
 Most unfavorable attitude  $150*1 = 150$

Respondent's opinions regarding the procedure of postal saving schemes were more than neutral value. Therefore according to likerts summated scale, the majority of respondents agreed with simple procedure in postal saving scheme.

### Settlement of Postal Saving Schemes

**Table 4**

S.No	Factors	No. of Respondents	Total Score
1	Settled at once	76	304
2	Take a long time	41	171
3	Difficult in settling	20	40
4	Any other aspect	13	13
Total		150	480

### Interpretation

Most favorable attitude  $150*5 = 750$   
 Most neutral attitude  $150*3 = 450$   
 Most unfavorable attitude  $150*1 = 150$

Respondent's opinions regarding the procedure of postal saving schemes were more than neutral value. Therefore according to likerts summated scale, the majority of respondents agreed with settlement of postal saving schemes are taking long time.

### Findings

#### Correlation

- There exists a perfect positive correlation between the two factors i.e. income the respondent and rate of return for postal saving schemes.

- There exists a perfect positive correlation between the two factors i.e. income the respondent and rate of return for postal saving schemes.

#### Likerts Summate

- Majority of respondents agreed with simple procedure in postal saving scheme.
- Majority of respondents agreed with settlement of postal saving schemes are taking long time.

#### Suggestions

- More awareness must be created among the people about the schemes introduced.
- The rate of interest offered by the post office should be increased.
- Tax benefits are attached only to few schemes in post office but also can be extended to many schemes.
- Lack of Advertisement in postal services, the government has to take necessary steps 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.

#### Conclusion

In this study I have made an attempt to study on investor's attitude towards postal saving schemes. The investor's have been approached and untainted data for analysis. The post office saving schemes is the very best schemes in central government schemes. All people belonging to different occupation use postal service. Both literate and illiterate people use the postal service. When compare 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 offices are computerized today and the Speed post facility is also available.

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