

“A STUDY ON INVESTORS ATTITUDE TOWARDS POST OFFICE DEPOSITS SCHEMES WITH SPECIAL REFERENCE TO MUTTOM POST OFFICE”

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ABSTRACT- Savings is common to all human societies, even if saving practices differ from one another. Motivations vary, but caution, social pressures and ambitions for future consumption are the key drivers encouraging people to save. Postal savings funds play a significant role in financing public debt In a number of countries the funds are intermediated through a variety of policy based financial institutions with developmental objectives, returning the funds to the direct benefits of the community savers. The study is intended to identify various savings schemes offered by Muttom Post office and the investor's attitude towards these schemes. For this study total 70 respondents were selected, all of the respondents are current depositors in Muttom post office. The study reveals that there are many saving options available, and the level of awareness of the respondents about various deposit schemes are very low except post office savings account, recurring deposit and public provident fund.

KEY VARIABLES: *Post office savings scheme, awareness level, purpose of investment*

1. INTRODUCTION

One of the most pressing concerns for the economies of the developing world is the need for mobilizing domestic financial resources. Many financial strategies were framed to help the needs of the poor and lower income people. Many countries in the early stages of development showed that people of lower income levels were precluded from depositing their savings in Post offices. Postal savings funds play a significant role in financing public debt the funds are intermediated through a variety of policies. Postal financial services and Postal savings in particular begin with a social mandate which embraces the strength of Postal network's —brick and mortar facilities. When postal financial services and Postal savings are running a agency agreements for separate savings banks or postal private financial institutions, it is the synergy between the postal and financial operations that makes them uniquely efficient. An attempt has been made through this study to identify various post office savings schemes and its awareness level among various depositors.

2. STATEMENT OF THE PROBLEM

This study was taken up with the main idea of studying the investor's attitude towards Post office deposits schemes because of the lack of proper advertisements about various schemes. The post office savings scheme not only yields high returns but is also guaranteed by the Government, making it highly secure. The postal savings schemes offer risk free investment. The important question to be considered at this stage is how far

the customers are satisfied with its services. The study is an attempt to identify the awareness, preferences, problem and attitudes of investor towards various deposit schemes offered by the Post Office.

3. SIGNIFICANCE OF THE STUDY

The Indian economy is growing significantly and has various investment options. The postal saving schemes have not gained much importance. The changing postal environment presents an enormous challenge for traditional postal business. It also creates a vast array of new business options and opportunities, as the interest rate compared to other schemes provided by the postal schemes are higher. The present study has been undertaken to analyze whether the postal saving schemes have gained importance among the investors or not. So this study helps to know the depositor's attitude towards post office saving schemes.

4. OBJECTIVES

1. To know the level of awareness of various schemes of Post office among the public.
2. To identify the different type of savings schemes preferred by the investors.
3. To examine the purpose of investments in various schemes of post office.
4. To analyze the level of satisfaction of depositors towards postal schemes.

5. RESEARCH METHODOLOGY

5.1 DESIGN

Descriptive research design was used for the study

5.2 DATA BASE DESIGN

The population of the study consist of people in Muttom. A total of 70 respondents constitutes the sample for this study. The data for this study has been collected by administering a self-structured questionnaire.

Both primary data and secondary data were collected for the study.

5.2.1 PRIMARY DATA

Primary data related to this study was collected through conducting interviews, schedules by using a structured questionnaire.

5.2.2 SECONDARY DATA

Secondary data required for the study were collected from various books, journals, and other academic publications

5.3 SAMPLE DESIGN

Snow ball sampling technique has been adopted in order to get representative sample of the universe. Here the universe of the study was depositors in Muttom post office.

5.4 ANALYTICAL TOOLS

The data collected for this study were analyzed with the help of simple statistical tool Percentage analysis & Rating Scale and the Hypothesis were tested with the help of chi-square test. For the effective presentation of data, charts and diagrams were used at appropriate places.

6. HYPOTHESES

From the above objectives, the following hypothesis is formulated.

H0: There is no significant relationship between income and investment preference of respondents.

H1: There is a significant relationship between income and investment preference of respondents.

7. LIMITATIONS OF THE STUDY

This study is confined to post office savings schemes only with special reference to Muttom post office. Hence the findings cannot be generalized to people belonging to another area.

8. REVIEW OF LITERATURE

Gavini and Athma (1999) found that social considerations, tax benefits, and provision for oldage were the reasons cited for saving in urban areas, whereas provision for old age was the main reason in rural areas. Among the post office schemes, Indira Vikas Patra (IVP), KVP and Post Office Recurring Deposit Account (PORD) were the most popular, in both urban and rural areas.

Dr. R. Ganapathi (2010) identified that various Small Saving Schemes were mainly meant to help at one hand the small investors and at the other hand also those who are in high tax brackets. The study concluded that proper advertisements must be made for Post Office Savings Schemes, so that even a layman could know about these Schemes and deposits can be increased. They stated that investing their amount in Post Office deposits provides safety and security for the amount invested making it a sheltered option for investment.

Preeti Singh (2002) stated that post office schemes were generally like the post office deposits schemes and commercial bank schemes. They have a saving account, a recurring deposits account, time deposits account

which is also recurring in nature. The saving account functions in the same way as commercial banks through cheques and there is no restriction on withdrawals.

Mukhi (1989) has revealed that National Savings Certificate (NSC) has been one of the most popular tax savings instruments in this country. He has stated that contractor and others who have to provide security while bidding for contracts finds it extremely convenient to buy NSC and pledge these to the appropriate authorities while earning 8 per cent per annum on the pledged securities. He also stated that the major attraction of NSC is its simplicity. Even the average investor does not have to scratch his head to understand the scheme

9. ANALYSIS OF DATA

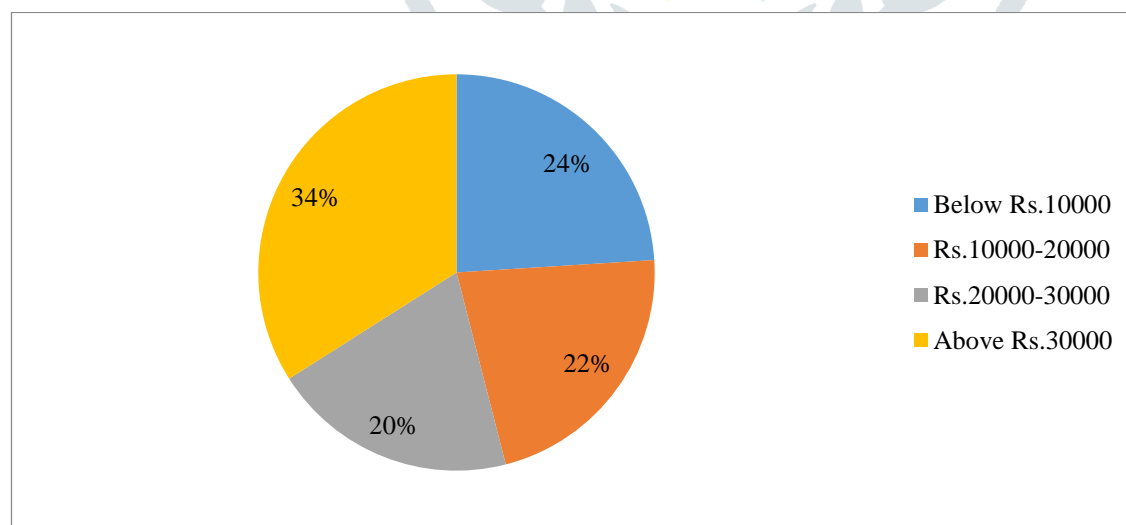
TABLE 9.1
MONTHLY INCOME OF THE FAMILY

| INCOME | NO.OF RESPONDENTS | PERCENTAGE |
|----------------|-------------------|------------|
| Below Rs.10000 | 17 | 24 |
| Rs.10000-20000 | 15 | 22 |
| Rs.20000-30000 | 14 | 20 |
| Above Rs.30000 | 24 | 34 |
| Total | 70 | 100 |

Source; Primary data

Figure 9.1

Monthly Income-wise Distribution of Respondents



INFERNCE Table 9.1 presents the details of the monthly income of the respondents. Out of the total respondents taken for the study, 24% of respondents monthly income ranges up to rs.10000. The monthly income of 22% respondent's ranges between Rs 10000 -Rs.20000, 20% of respondents have monthly

income between Rs 20000- rs.30000and remaining 34%respondents have monthly income of more than rs.30000.

9.2 INFORMATION SOURCE OF POST OFFICE SAVINGS SCHEMES

Table 9.2

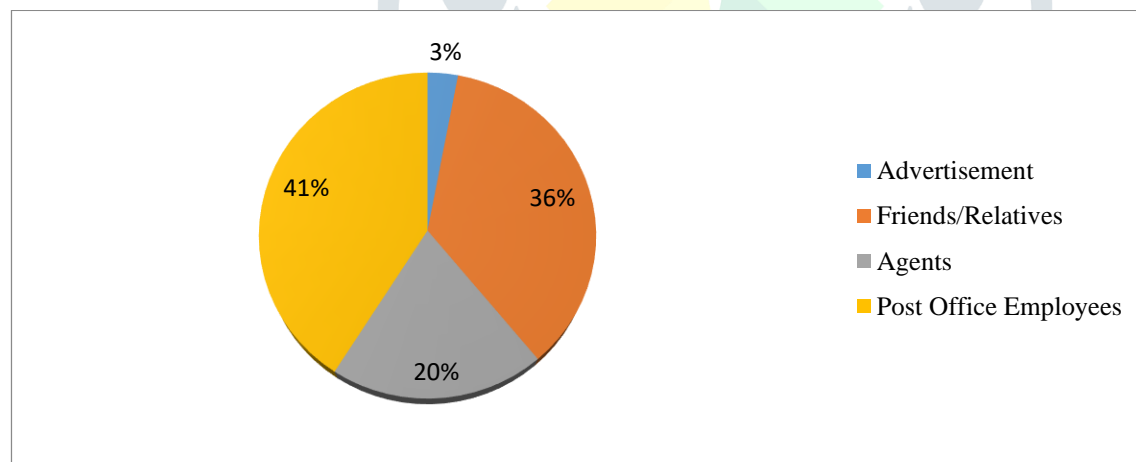
Information source of Post office savings schemes

| SOURCE OF INFORMATION | NO.OF RESPONDENTS | PERCENTAGE |
|-----------------------|-------------------|------------|
| Advertisement | 2 | 3 |
| Friends/Relatives | 25 | 36 |
| Agents | 14 | 20 |
| Post Office Employees | 29 | 41 |
| Total | 70 | 100 |

Source; Primary data

Figure 9.2

Information Source-wise Distribution of Respondents



INFERNCE The table 9.2 represents the details on the information sources derived by the respondents towards post office schemes. It was understood from the table that 41% of the respondents have got the information through Post office employees, 20% of respondents got information from Agents, 36% of respondents got the information through Friends/Relatives and the next 3% of respondents got information from Advertisements.

9.3 LEVEL OF AWARENESS ABOUT DIFFERENT POST OFFICE SAVINGS SCHEMES

The level of awareness of the respondents on POSS is measured through Likert's five point scale. For each item, the respondents are required to respond by selecting any of the five responses namely highly aware, partly aware, neutral, not aware, highly not aware and the scores for each response is 5, 4, 3, 2 and 1 respectively. The weighted frequency of the responses given by the respondents is presented in the following table and ranks are provided according to the mean score.

Table 9.3

Level of awareness about different Post Office Savings Schemes

| S. No | Schemes | Highly Aware | Partly Aware | Neutral | Not Aware | Highly Not Aware | Total | Mean Score |
|-------|------------------------------|--------------|--------------|---------|-----------|------------------|-------|------------|
| 1 | Post Office Savings Account | 115 | 136 | 36 | 2 | 0 | 289 | 4.13 |
| 2 | Post Office Time Deposit | 35 | 136 | 51 | 22 | 1 | 245 | 3.5 |
| 3 | Recurring Deposit | 130 | 92 | 30 | 20 | 1 | 273 | 3.9 |
| 4 | Monthly Income Scheme | 25 | 88 | 48 | 44 | 5 | 210 | 3 |
| 5 | Kisan Vikas Patra | 10 | 56 | 39 | 66 | 8 | 179 | 2.56 |
| 6 | National savings certificate | 30 | 108 | 60 | 30 | 2 | 230 | 3.3 |
| 7 | Senior citizen Scheme | 30 | 80 | 63 | 42 | 2 | 217 | 3.1 |
| 8 | Public Provident Fund | 60 | 112 | 51 | 24 | 1 | 248 | 3.54 |
| 9 | Sukanya Samriddhi | 30 | 68 | 75 | 40 | 2 | 215 | 3.07 |

Source; Primary data

*value shown in the column are weighted frequency

From the above table 9.3 it is clear and evident that, out of the various schemes considered the 1st rank was secured by the Post office savings account with the mean score of 4.13. Hence it is understood that this scheme is very popular and has got more awareness among respondents, followed by the Recurring deposit scheme has bagged the 2nd position with the mean score of 3.9. The IIIrd and IVth rank was secured by Public Provident Fund and Post office Time deposit with the mean score of 3.54 and 3.5 respectively. The Vth and VIth ranks were obtained by the schemes of National Savings Certificate (3.3) and Senior Citizen Savings Schemes (3.1) respectively. The VIIth and VIIIth positions were held by Sukanya Sammridhhi Accounts and Monthly Income Scheme with the mean score of 3.07 and 3 respectively. It is concluded that respondents were least aware about the scheme Kisan Vikas Patra which has the weighted score of 2.56.

9.4 PREFERRED SAVINGS SCHEMES

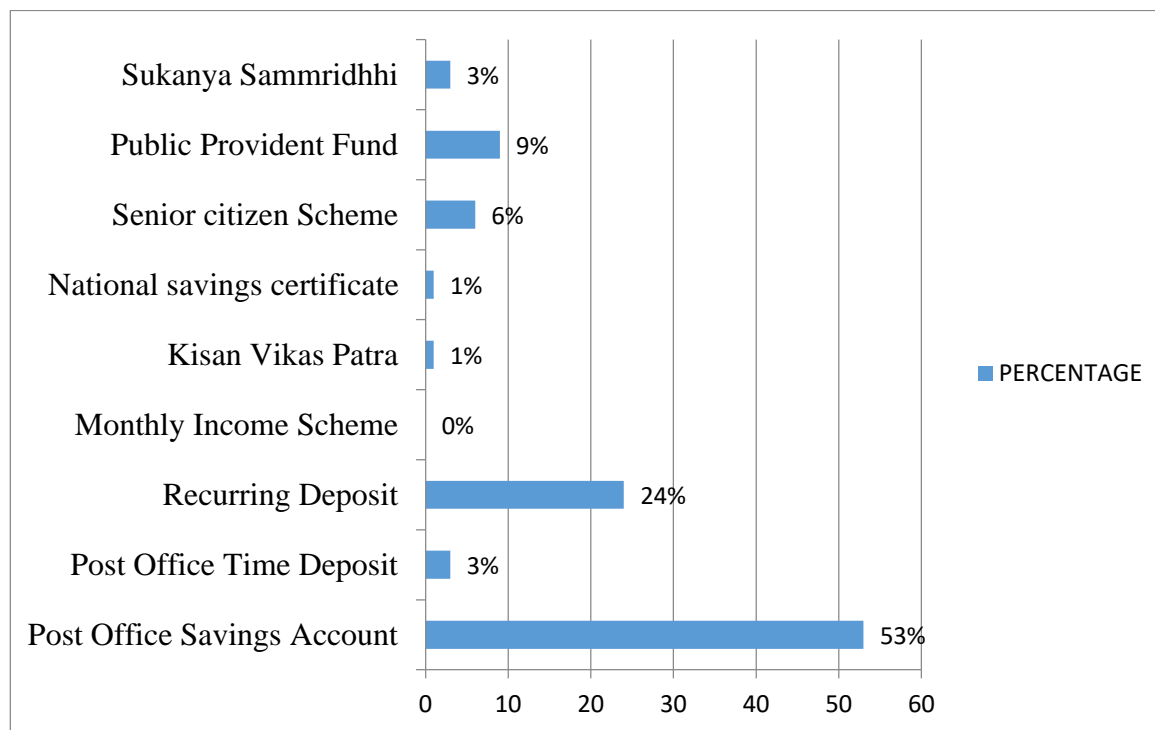
Table 9.4
Preferred Savings Schemes

| SCHEMES | NO.OF RESPONDENTS | PERCENTAGE |
|------------------------------|-------------------|------------|
| Post Office Savings Account | 37 | 53 |
| Post Office Time Deposit | 2 | 3 |
| Recurring Deposit | 17 | 24 |
| Monthly Income Scheme | 0 | 0 |
| Kisan Vikas Patra | 1 | 1 |
| National savings certificate | 1 | 1 |
| Senior citizen Scheme | 4 | 6 |
| Public Provident Fund | 6 | 9 |
| Sukanya Sammridhhi | 2 | 3 |
| Total | 70 | 100 |

Source; Primary data

Figure 9.4

Preferred savings schemes of Respondents



INFERNCE table 9.4, it is clear that 53% of respondents prefer savings account in post office, 3% of respondents prefer time deposit, 24% of respondents prefer recurring deposit, Kisan Vikas Patra and national savings certificate are preferred by 1% of respondents each, 6% of respondents prefer senior citizen scheme, 9% of respondents prefer PPF, 3% of respondents prefer Sukanya Sammridhhi accounts and none of them prefer Monthly income scheme.

9.5 MOTIVES FOR INVESTING IN POST OFFICE

Table 9.5

Motives for investing in Post Office

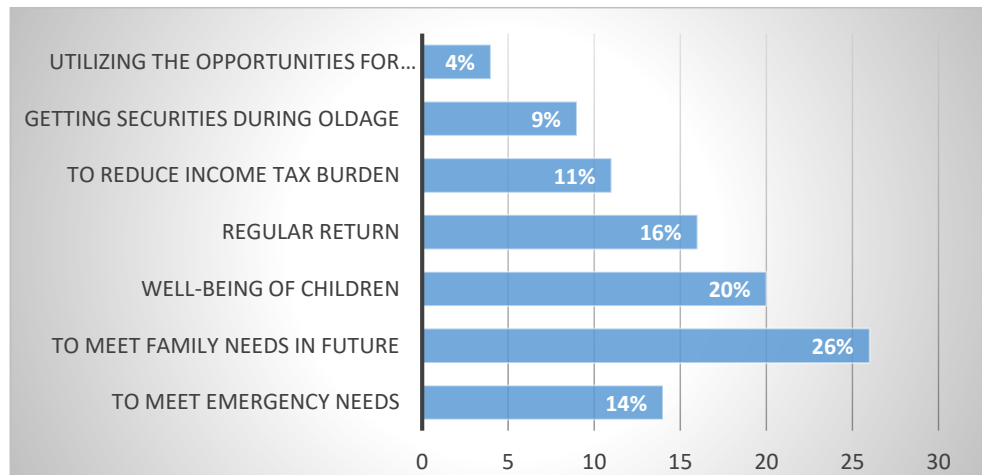
| S.NO | MOTIVES | NO.OF RESPONDENTS | PERCENTAGE |
|------|--------------------------------|-------------------|------------|
| 1 | To meet emergency needs | 10 | 14 |
| 2 | To meet family needs in future | 18 | 26 |
| 3 | Well-being of children | 14 | 20 |
| 4 | Regular return | 11 | 16 |

| | | | |
|---|--|-----------|------------|
| 5 | To reduce income tax burden | 8 | 11 |
| 6 | Getting securities during oldage | 6 | 9 |
| 7 | Utilizing the opportunities for investment | 3 | 4 |
| | Total | 70 | 100 |

Source; Primary data

Figure 9.5

Motives for investing in Post Office



INFERNCE Table 9.5 presents the details of the motives of the investment made by the respondents. 14% of the respondents save in Post offices for meeting out the emergency needs, 26% of the respondents save in Post offices to meet the family needs in the future, 20% of the respondents save for the well-being of their children, 16% of the respondents save in Post offices to have a regular savings, 11% of respondents invest in post office to reduce the burden of income tax, 9% of respondents saving in the post offices to get security during old age and the remaining 4% of the respondents have a motive of utilizing the opportunities for investment.

9.6 REASON FOR INVESTMENT

Table 9.6

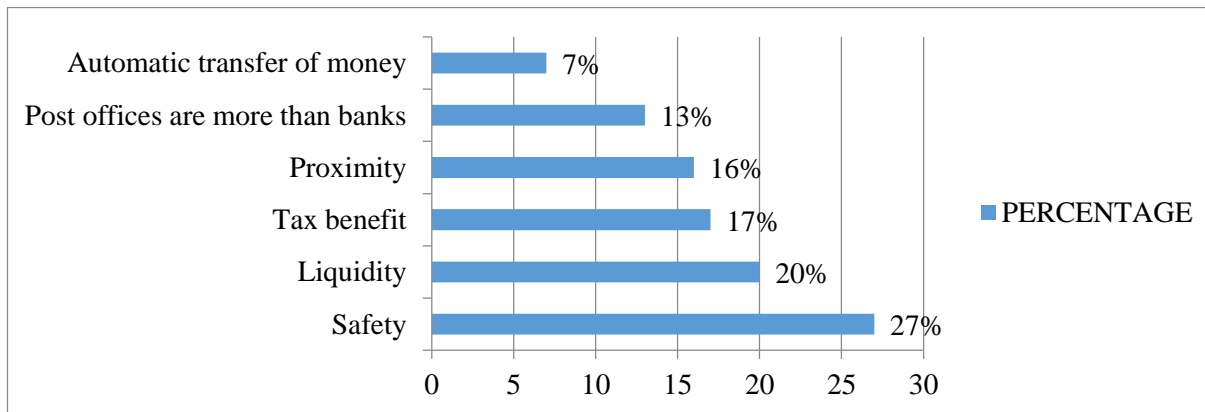
Reason for Investment

| S.NO | REASON FOR INVESTMENT | NO.OF RESPONDENTS | PERCENTAGE |
|------|-----------------------|-------------------|------------|
| 1 | Safety | 19 | 27 |
| 2 | Liquidity | 14 | 20 |
| 3 | Tax benefit | 12 | 17 |

| | | | |
|---|----------------------------------|-----------|------------|
| 4 | Proximity | 11 | 16 |
| 5 | Post offices are more than banks | 9 | 13 |
| 6 | Automatic transfer of money | 5 | 7 |
| | Total | 70 | 100 |

Source; Primary Data

Figure 9.6
Reasons for Investment



INFERNCE table 9.6 represents the reason for investing in post office. 27% of the respondents invest in post offices as it assures them safety, 20% of the respondents invest in post office as the investment guarantees them liquidity. 17% of respondents prefer post office as the investment will give additional tax benefits, 16% of the respondents invest in post office as it ensures proximity, 13% of respondents were comfortable in post offices as post offices do not risk them like banks and remaining 7% of respondents prefer post office as it guarantees them automatic transfer of money.

9.7 LEVEL OF SATISFACTION

The post offices are in a need to satisfy their customers by schemes. The satisfaction of the respondents on POSS is measured through 13 variables in Likert's five point scale. For each item, the respondents are required to respond by selecting any of the five responses namely highly satisfied, satisfied, neutral, not satisfied, highly not satisfied and the scores for each response is 5, 4, 3, 2 and 1 respectively. The weighted frequency of the responses given by the respondents is presented in the following table and ranks are provided according to the mean score.

Table 9.7

Level of Satisfaction of Respondents

| Sl. no | Aspects | Highly Satisfied | Satisfied | Neutral | Not Satisfied | Highly Not Satisfied | Total | Mean Score |
|--------|----------------------------|------------------|-----------|---------|---------------|----------------------|-------|------------|
| 1 | Return | 40 | 180 | 45 | 4 | 0 | 269 | 3.84 |
| 2 | Procedure followed | 20 | 188 | 54 | 2 | 0 | 264 | 3.77 |
| 3 | Loan facility | 15 | 100 | 81 | 28 | 1 | 225 | 3.21 |
| 4 | Terms & Conditions | 60 | 152 | 51 | 18 | 4 | 285 | 4.07 |
| 5 | Variety of Schemes | 55 | 136 | 66 | 6 | 0 | 263 | 3.75 |
| 6 | Prompt payment of Interest | 75 | 156 | 42 | 4 | 0 | 277 | 3.95 |
| 7 | Prompt payment on maturity | 90 | 140 | 51 | 0 | 0 | 281 | 4.01 |
| 8 | Safety | 168 | 160 | 27 | 0 | 0 | 355 | 5.07 |
| 9 | Employees Response | 110 | 140 | 30 | 6 | 0 | 286 | 4 |
| 10 | Service of Agents | 65 | 164 | 39 | 4 | 1 | 273 | 3.9 |
| 11 | Free transfer of money | 55 | 160 | 54 | 2 | 0 | 271 | 3.87 |
| 12 | Rate of interest | 20 | 172 | 63 | 4 | 0 | 259 | 3.7 |
| 13 | Premature closure | 65 | 100 | 108 | 16 | 0 | 289 | 4.12 |

Source; Primary Data

*values shown in the column are weighted frequency

It can be inferred from the table 4.15 that among 13 aspects, the respondents are highly satisfied with the aspect of safety of funds with the highest mean score of 5.07. It is because of , the post office savings are assured by Government of India so it guarantees the safety of funds deposited by the investors. Premature closure of accounts ranks second with the mean score of 4.12 and it is followed by terms and conditions of the

savings schemes which rank third. Prompt payment on maturity date gets the fourth rank with the mean score of 4.01 and the fifth rank of satisfaction level held by Employees response towards depositors.

Prompt payment of interest ranks sixth and it is followed by Service of agents, Free transfer of money, Regular return, Procedure followed, Variety of schemes with a mean score of 3.9 ,3.87, 3.84,3.77 and 3.75 respectively.

The respondents are not satisfied with the rate of interest of post office savings schemes and loan facilities provided by post office which gets twelfth and thirteenth ranks respectively.

10. TESTING OF HYPOTHESIS

Table 10.1

Chi- square analysis on the relationship between Income and Investment Preference of Respondents

| Income / Type of savings schemes | SB | TD | RD | MIS | KVP | NSC | SCSS | PPF | SSA | TOTAL |
|---|-----------|-----------|-----------|------------|------------|------------|-------------|------------|------------|--------------|
| Below 10000 | 11 | - | 3 | - | - | - | 2 | 1 | - | 17 |
| 10000-20000 | 8 | - | 5 | - | - | 1 | - | - | 1 | 15 |
| 20000-30000 | 7 | - | 2 | - | 1 | - | 2 | 1 | 1 | 14 |
| Above 30000 | 11 | 2 | 7 | - | - | - | - | 4 | - | 24 |
| TOTAL | 37 | 2 | 17 | - | 1 | 1 | 4 | 6 | 2 | 70 |

Source: computed

$$\text{Degree of Freedom} = (r-1) (c-1)$$

$$= (4-1) (9-1)$$

$$=3*8$$

$$=24$$

$$\text{Level of significance} = 0.05$$

$$\text{Table Value} = 36.415$$

CHI-SQUARE TABLE

| O | E | O-E | (O-E)² | <u>(O-E)²</u> E |
|----------|----------|------------|--------------------------|---------------------------------------|
| 11 | 8.98 | 2.02 | 4.0804 | .454 |
| 8 | 7.92 | 0.08 | 0.0064 | .0008 |
| 7 | 7.4 | -0.40 | 0.16 | 0.0216 |
| 11 | 12.7 | -1.7 | 2.89 | 0.228 |
| - | 0.49 | -0.49 | 0.2401 | 0.49 |
| - | 0.43 | -0.43 | 0.1849 | 0.43 |
| - | 0.40 | -0.40 | 0.16 | 0.40 |
| 2 | 0.68 | 1.32 | 1.7424 | 2.56 |
| 3 | 4.13 | 1.13 | 1.2769 | 0.309 |
| 5 | 3.64 | 1.36 | 1.8496 | 0.508 |
| 2 | 3.4 | -1.4 | 1.96 | 0.576 |
| 7 | 5.8 | 1.2 | 1.44 | 0.25 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | 0.24 | -0.24 | 0.0576 | 0.24 |
| - | 0.21 | -0.21 | 0.0441 | 0.21 |
| 1 | 0.20 | 0.80 | 0.64 | 3.20 |
| - | 0.34 | -0.34 | 0.1156 | 0.34 |

| | | | | |
|---|------|-------|----------------|----------------|
| - | 0.24 | -0.24 | 0.0576 | 0.24 |
| 1 | 0.21 | 0.79 | 0.6241 | 2.97 |
| - | 0.20 | -0.2 | 0.04 | 0.20 |
| - | 0.34 | -0.34 | 0.1156 | 0.34 |
| 2 | 0.97 | 1.03 | 1.0609 | 1.94 |
| - | 0.86 | -0.86 | 0.7396 | 0.86 |
| 2 | 0.80 | 1.20 | 1.44 | 1.80 |
| - | 1.37 | -1.37 | 1.8769 | 1.37 |
| 1 | 1.46 | -0.46 | 0.2116 | 0.145 |
| - | 1.30 | -1.3 | 1.69 | 1.30 |
| 1 | 1.20 | -0.2 | .04 | 0.033 |
| 4 | 2.05 | 1.95 | 3.8025 | 1.85 |
| - | .48 | -.048 | 0.2304 | 0.48 |
| 1 | .43 | 0.57 | 0.325 | 0.76 |
| 1 | .40 | 0.60 | 0.36 | 0.90 |
| - | .68 | -0.68 | 0.4624 | 0.68 |
| | | | TOTAL = | 26.0854 |

From the analysis it is clear that calculated value (26.0854) is less than the table value (36.415) at 5% level of significance. Since the calculated value is less than the table value, we accept H₀ and reject H₁. It is concluded that there is no significant relationship between monthly income and investment preference of respondents i.e. they are independent.

11. FINDINGS OF THE STUDY

- ❖ In this study it was found that ,the level of awareness of the respondents about various deposit schemes are very low except post office savings account, recurring deposit and public provident fund. Due to this, majority of the respondents (53%) have invested in Post office savings account.
- ❖ It is inferred from the study that most of the respondents invest in post office deposit schemes for the purpose of safety and security (27%).Automatic transfer of money is least preferred by the investors (7%).
- ❖ From testing hypothesis we can analyse that there is no significant relationship between monthly income and investment preference of respondents.

11. CONCLUSION

The study is conducted to know the awareness of post office deposit schemes among depositors with special reference to Muttom. From the results of the study it can be concluded that awareness level of the respondents about various deposits schemes are very low, except some deposit schemes. The study reveals that respondents are not satisfied with the rate of interest of post office savings schemes and loan facilities provided by post office. Today postal department has to equip itself by improving its service and saving schemes to satisfy the customers. In the light of changing environment, it has to constantly upgrade its knowledge of the internal and external environment to understand the customer relationship properly.

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