

A STUDY ON INVESTOR ATTITUDE TOWARDS INVESTMENT SCHEME

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Abstract : Investing in well-known financial products falls into the category of traditional investments. These include bonds, shares, real estate etc. These are categories which are quite popular among investors to save their life for the future

IndexTerms- Investment types, Postal savings scheme, Importance of investment

I. INTRODUCTION

In the financial industry, there are two concepts that form the basis of most transactional activities. One is savings and the other is investments. There is a huge overlap between the two concepts though, in terms of execution. Investment in terms of financial context, means any money that is spent today in the hope of financial benefits that may be reaped in a future time frame. Any investment is the act of buying or creating assets with an expectation that the same would yield interest earnings or dividend or capital appreciation or any other return that is profitable as compared to the money put in initially. Almost all investments are differentiated from other kinds of transactions based on the aim of the money spent. Money spent on making investments is primarily with the aim of obtaining some sort of return in a specific period of time.

Types of investment

1. Bond
2. Stock
3. Small savings Scheme
4. Employees Provident Fund
5. Sukanya samriddhi scheme
6. National pension Scheme
7. Mutual Fund
8. Fixed Deposits
9. Real Estate

Alternative Investment

1. Hedge funds
2. Private Equity
3. Venture Capital
4. Managed Futures
5. Structured products
6. Collectible Items

Importance of Investment

1. Investing money in various financial schemes impels that the money grows
2. Investments return help the investor to make use for the emergency purpose
3. Investments help to earn income from your accumulated wealth. For example, earning rent from a real estate investment or earning dividends from stock market investment
4. Investment in postal savings scheme helps to get the tax deduction.
5. Investing helps to face both the inflation and deflation stages in the economy.
6. Investments vital role in helping the financial support for the families
7. Investment can be done both short term and long term

Traditional Investment

- Stocks
- Bonds
- Deposits

Alternative Investment

- Real Estate
- Private Equity
- Collectibles (Valuables)
 - Gold jewelry, bullions, coins etc.(Check for Gold Rates Place Wise)
 - Silver jewelry, coins etc.(Check for Silver Rates Place Wise)
 - Other precious metals and gems
 - Antique Collectibles
 - Paintings
- Hedge Funds
- Structured Products

Objectives of the Study

1. To Know the Investor attitude towards rate of return.
2. To Study about the effectiveness of the Scheme.
3. To Study about the Purpose of investing in the postal savings scheme.

Methodology

The study based on both primary and secondary sources. The primary data has been collected from 100 investors through a well structured questionnaire. The secondary data has been collected from various standard text books, Journals, Magazines, newspapers and websites.

2. 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.

3. Shantilal Sarupria(1963) in the study captioned “Individual Savings in an under Development Economy-India-A Case Study”has made an attempt to disprove certain widely held views about the individuals’ savings behaviour in an under developed country like India and suggested the ways of potential savings which could be mobilised for investment. It was regrettably contended that a large section of our opulation held the savings in the form of gold, landed property and other unproductive assets.

4. Fama (1972)in the study titled “Components of Investment Performance” analysed the Investment and introduced two terms —Selecting| and —Timing| which were more important compared to risk and return. Further, he suggest methods for measuring the efforts of foregone diversification when an investment manager decides to concentrate his holdings in which he thinks that there are only a few winners. Eventually he was successful in presenting a multi period model that allowed evaluation both on period by period and on a cumulative basis.

5. Lewellen Wilbur.Get.al. (1977)in their study “Pattern of Investment Strategy and Behaviours among Individual Investors” ascertained the portfolio decision process of individual equity investors. Data was collected from 972 individual investors residing in the U.S. The result shows that age has a strong influence on the portfolio goals of the Investors. Older Investors have interest in long term capital gains and young investors have a desire for short-term capital gains. Age and risk taking propensities were found to be inversely related. The study concluded that the women investors were found to be broker reliant unlike men.

3. INTRODUCTION TO THE POSTAL SAVINGS SCHEME

Post Office Savings Schemes:

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

- Savings Bank account (SB):
- Recurring Deposit account (RD):
- Monthly Income Scheme (MIS):
- Public Provident Fund (PPF):
- Time Deposit (TD):
- Senior Citizens Savings Scheme (SCSS):
- National savings certificates (NSC) (VIII) issue:
- National Savings certificates (IX) issue:

4. Analysis and interpretation

Statistical Tools:

1. Percentage
2. Chi – Square
3. Annova

Data Collection:

Primary data Collection:

The data are collected using questionnaire

Secondary data Collection:

The Secondary data are collected using books, Journals, Websites

TABLE 1.1

TABLE SHOWING DISTRIBUTION OF RESPODENTS ON THE BASIS OF RATE OF RETURN

S.No.	Rate of Return	No. of Respondents	Percentage
1	Sufficient	41	41
2	Expect More	45	45
3	Insufficient	14	14
	Total	100	100

Source: Primary data

Interpretation:

The above table describes that the rate of return is expected more by 45% of respondents, followed 41% of respondents says that it is sufficient, and only 14% of the respondents says insufficient.

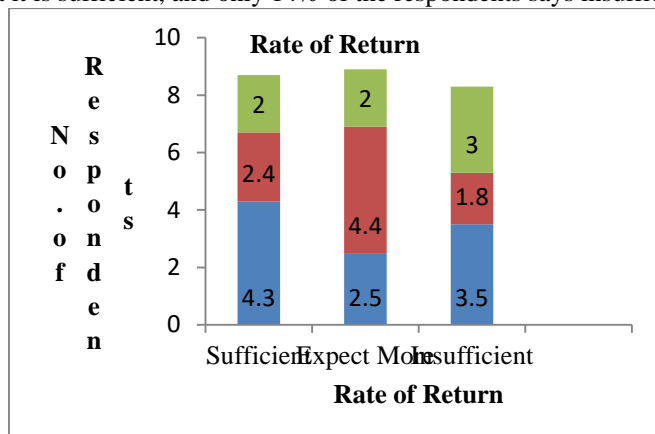


TABLE 1.2

TABLE SHOWING DISTRIBUTION OF RESPONDENTS ON THE BASIS OF EFFECTIVENESS OF THE SCHEME

S.No.	Effectiveness of the Scheme	No. of Respondents	Percentage
1	Very more effective	22	22
2	More Effective	45	45
3	Less Effective	22	22
4	Very less Effective	11	11
	Total	100	100

Source: Primary data

Interpretation:

The above table denotes that 45% of the respondents says that the postal savings scheme are more effective, followed by 22% of the respondents says that very more effective and less effective and only 11% of the respondents says that it is very less effective

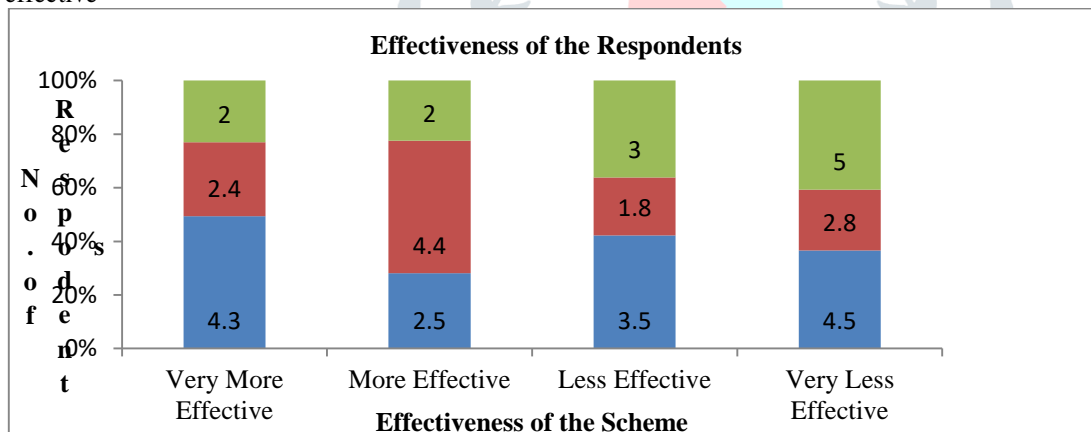


TABLE 1.3

TABLE SHOWING DISTRIBUTION OF RESPONDENTS ON THE BASIS OF PURPOSE OF THE SCHEME

S.No.	Benefits of the Scheme	No. of Respondents	Percentage
1	To avoid income tax	16	16
2	To enjoy the benefit	19	19
3	Safety	49	49
4	More returns	16	16
	Total	100	100

Source: Primary data

Interpretation:

The above table indicates that 49% of the respondents enjoys the benefit of safety, followed by 16% of the respondents says that the purpose to avoid the income tax and for more returns

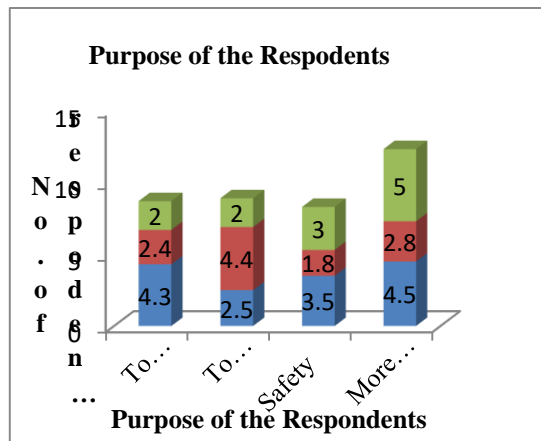


TABLE 1.4

TABLE SHOWING THE RELATIONSHIP BETWEEN SEX AND ANNUAL SAVINGS

Sex	ANNUAL SAVINGS			
	Below 1000	1001-2000	2001 - 3000	Above 2001
Male	14	13	10	13
Female	13	16	9	12

Source: Primary data

Interpretation:

The above table indicates that 16% of the female had an annual savings between 1001 – 2000 and 14% of the male had an annual savings between below 1000.

Chi-Square

Null Hypothesis:

There is no significant relationship between sex and annual savings

Chi -square value = 0.298

Degree of freedom = 3

Level of significance = 5%

Table value = 7.815

Interpretation

The calculated chi-square value is less than the table value at 5% of level of significance. So, the null hypothesis is accepted. Hence there is a no significant relationship between sex and annual savings

Annova

The Calculated value is 0.823

The table value is 9.28

Interpretation

The calculated value is less than the table value. So the null hypothesis is accepted.

TABLE 1.5

TABLE SHOWING THE RELATIONSHIP BETWEEN OCCUPATION AND ANNUAL SAVINGS

Occupation	ANNUAL SAVINGS			
	Below 1000	1001-2000	2001 - 3000	Above 2001
Govt Employee	3	2	3	12
Private Employee	11	18	9	5
Retired person	1	1	1	3
others	12	8	6	5

Source: Primary data

Interpretation:

The above table indicates that 12% of the government employee annual savings is above 2001, 18% of the private employee annual savings is 1001- 2000, 3% of the retired person annual savings is above 2001.

Chi-Square

Null Hypothesis:

There is no significant relationship between occupation and annual savings

Chi -square value = 23.894

Degree of freedom = 9

Level of significance = 5%

Table value = 16.919

Interpretation

The calculated chi-square value is greater than the table value at 5% of level of significance. So, the null hypothesis is rejected. Hence there is a significant relationship between occupation and annual savings

Annova

The Calculated value is 215

The table value is 9.28

Interpretation

The calculated value is greater than the table value. So the null hypothesis is rejected.

TABLE 1.5

TABLE SHOWING THE RELATIONSHIP BETWEEN QUALIFICATION AND ANNUAL SAVINGS

Qualification	ANNUAL SAVINGS			
	Below 1000	1001-2000	2001 - 3000	Above 3001
School level	9	7	10	11
Graduate	7	8	4	9
Post Graduate	8	12	5	4
Others	3	2	0	1

Source: Primary data

Interpretation:

The above table indicates 10% of the respondents whose qualification at school level had an annual savings between 2001 – 3000, 9% of the respondents whose qualification graduate had an annual savings above 3001, 12% of the respondents whose qualification of post graduate had an annual savings between 1001 – 2000.

Chi-Square

Null Hypothesis:

There is no significant relationship between education qualification and annual savings

Chi -square value = 9.476

Degree of freedom = 9

Level of significance = 5%

Table value = 16.919

Interpretation

The calculated chi-square value is less than the table value at 5% of level of significance. So, the null hypothesis is accepted. Hence there is no significant relationship between education qualification and annual savings

Annova

The Calculated value is 351.34

The table value is 9.28

Interpretation

The calculated value is less than the table value. So the null hypothesis is rejected.

4. FINDINGS AND SUGGESTION

FINDINGS:

1. It is found that 45% of the respondents says that the postal savings schemes are more effective.
2. It is found that 49% of the respondents enjoy the benefit of safety.
3. It is found that 45% of the respondents expecting more rate of return.
4. It found that there is no relationship between sex and annual savings
5. It is found that there is a significant relationship between occupation and annual savings

SUGGESTION:

1. It is suggested that the postal department has to increase their rate of return.
2. It is suggested that the investor expecting the more effectiveness of the scheme.
3. It is suggested that the investor is choosing the postal savings scheme only for the benefit of the safety alone

CONCLUSION:

The postal savings scheme mainly help for the rural areas . Most of the rural people will involved in investing the money in the postal savings scheme. So the postal department take necessary steps in increasing the scheme and also give proper advertisement for improvement of the postal savings scheme for the poor people.

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