

A STUDY ON PROBLEMS FACED BY THE INVESTORS AND INVESTORS' SATISFACTION TOWARDS POST OFFICE SAVINGS SCHEMES

S.Dhivyajothi, M.com., M.phil., SET.

Assistant Professor

Department of Commerce

P.K.R. Arts College for Women (Autonomous),

Gobichettipalayam.

Erode-District.

Tamilnadu, India.

ABSTRACT

This paper investigated the problems faced by the post office investors and satisfaction level of the investors about post office savings schemes in Gobichettipalayam taluk of Erode district. Problems faced by the post office investors have been analysed with the help of Garrett's Ranking Technique and satisfaction level of the investors about post office savings schemes were analysed using Chi-square test. Primary data were collected from 172 sample investors through well-structured Interview Schedule. Data collected have been analysed and tested using SPSS. It is found that 63.37% of the investors are having low level of satisfaction and 36.63% of the investors are having high level of satisfaction about post office savings schemes.

Keywords: Post office, Investors, Savings, Income.

INTRODUCTION

India is one of the quickly developing countries in Asia. After Liberalization, Privatization and Globalization several significant changes has been emerged. Demographic shift to Urbanisation, Monetisation of economy especially the agricultural sector increase the demand for financial services. Because of on-going reforms, people's anticipations and necessities of life are changing. Investment has become the basic and essential thing to everyone.

Savings is generally the major determinants of economic development. According to Adam Smith, "whenever a person saves from his revenue, he adds to his capital and since the capital of an individual can be increased only by what he saves from his annual revenue, so also the capital of a society can be increased only in the same manner"

However, there are various methods of generating income for Government expenditure, the receipts of small savings is one of the major source of income. Most of the poverty stricken Indians have poor savings, because of low income and low standard of living. Saving schemes provided by the Government not only gives better rate of return but also offer security and protection to the investors.

POST OFFICE SAVINGS SCHEMES

Post offices in India play a crucial role in the remote areas. Post office associate these areas with other areas of the country and also render banking facilities where there is no banks. Indian postal service offer many facilities like General or Registered Mail, Parcel Post, Speed Post, Express Post, E-Post and Special Courier Service known as EMS-Speed Post. Post office renders a number of post office saving schemes like National Savings Certificate, Recurring Deposits and Term Deposits.

These schemes have been planned with the aim that the small investors have the ease to access, because the post offices are located at each and every place. Additionally, it was also to motivate the saving habit among the uneducated class and small savers. The investment of the small savers will help to mobilize the savings in the country.

Following are the schemes offered by the Post Office.

- Post Office Savings Bank Deposits
- 5-Years Post Office Recurring Deposits (RD)
- Post Office Time Deposits (TD)
- Post Office Monthly Income Scheme (MIS)
- Senior Citizen Savings Scheme (SCSS)
- Public Provident Fund (PPF)
- National Savings Certificate (NSC)
- Kisan Vikas Patra (KVP)
- Sukanya Sammridhi Accounts

At present, People are interested to invest their money only in banks compared to Post Office Savings Scheme which leads to a reduction of deposit in post office. The slashing of commission to agents have further aggravated the problem of collection. Against this

background, the present study is an attempt to analyse the problems faced by the post office investors and satisfaction level of the investors about post office savings schemes.

REVIEW OF LITERATURE

Selva Tharangini (2009) made a study with the objective of examine the problems faced by investors while investing in post office savings schemes. For this study, the required primary data have been collected from 500 sample investors through Interview Schedule. Such collected data have been analysed with various statistical tools like Percentage and Chi-square test, Z-test and Kruskal-Wallis test. She found that major problem felt by sample investors is delay in processing and low rate of interest.

Gayathri (2014) made a study with the objective of identify the problems of investors while investing in post office. For this study, the required primary data have been collected from 120 sample investors through Interview Schedule. Such collected data have been analysed with Percentage and Rank Analysis. She found that a poor response from employees is considered as major problem felt by investors.

Indubala (2014) examined the study on post office savings schemes in Kanyakumari district. This study was conducted to examine the satisfaction level of depositors towards post office savings scheme. For this study, the required primary data have been collected from 500 investors (125 investors from each taluk) through Interview Schedule. Such collected data have been analysed with Kruskal-Wallis test and Mann-whitney test. She found that 79.1% of the investors have medium level of satisfaction, 11.9% of the investors have low level of satisfaction, only 9% of the investors have high level of satisfaction. She suggested that post office may also provide some online facilities.

Rajeswari (2017) examined customer preferences of recurring deposits in post office over banks. This study was conducted to examine the major drawback of recurring deposit in post office. For this study, the required primary data have been collected from 100 customers. Such collected data have been analysed with the help of various statistical tools like correlation and ANOVA. She found that majority of the customers feels that waiting in long queues act as a major drawback of recurring deposit in post office.

Karunakaran and Athira babu (2020) made a study with the objective of examine the attitude of rural post office investors. They found that the most important problem faced by the investors is lack of awareness about post office savings schemes.

OBJECTIVES OF THE STUDY

The objectives of the present study are:

1. To trace out the problems faced by the investors while investing in Post Office Savings Schemes.
2. To study the satisfaction level of the investors about Post Office Savings Schemes.

HYPOTHESIS OF THE STUDY

H₀: There is no association between the Age, Gender, Marital status, Educational qualification, Occupational status, Nature of the family, Number of family members in family, Number of earning members, Annual income, Annual expenditure, Annual savings, Annual family income, Annual family expenditure, Annual family savings and Other avenues of savings of the investors and their level of satisfaction about post office savings schemes.

SAMPLE DESIGN

This study is an empirical research based on survey method. The present study is confined to Gobichettipalayam taluk of Erode district, being Gobichettipalayam taluk is the second largest next to Erode. Non-probability convenience sampling method has been employed in this study to select the sample investors from Gobichettipalayam taluk.

COLLECTION OF DATA

For the purpose of present study, required primary data have been collected from the investors with the help of pre-tested and well-structured Interview Schedule.

FRAME WORK OF ANALYSIS

The data collected from the primary sources are analysed with the help of various statistical tools like Mean, Sum, Chi-square test and Garrett's Ranking Technique.

PROBLEMS FACED BY THE POST OFFICE INVESTORS

The investors are making the investment based on the savings made by them. The investors will go through thoroughly before making any investment. An investor has to go through various problems in any type of investment that is to be made. The investors have to assess various problems before making the investment. Garrett's Ranking Technique is employed to indicate the most important problem faced by the post office investors. The Table 1 shows the results of Garrett's Ranking Technique.

Table 1

Problems Faced by the Post Office Investors– Garrett's Ranking Technique

Problems	Rank	1	2	3	4	5	6	7	8	9	10	Mean Score	Rank
	X	81	70	63	57	52	47	42	36	29	18		
P1	F	19	3	6	12	18	21	15	18	36	24	43.53	VIII
	f _x	1539	210	378	684	936	987	630	648	1044	432		
P2	F	12	3	12	9	21	18	15	6	27	49	40.11	X
	f _x	972	210	756	513	1092	846	630	216	783	882		
P3	F	15	3	9	12	6	12	21	33	28	33	40.86	IX
	f _x	1215	210	567	684	312	564	882	1188	812	594		
P4	f	21	46	15	21	36	6	15	6	3	3	59.32	II
	f _x	1701	3220	945	1197	1872	282	630	216	87	54		
P5	f	9	15	12	15	18	12	18	31	15	27	44.66	VII
	f _x	729	1050	756	855	936	564	756	1116	435	486		
P6	f	15	18	37	24	18	15	27	6	9	3	55.11	III
	f _x	1215	1260	2331	1368	936	705	1134	216	261	54		
P7	f	51	18	21	30	16	15	6	6	6	3	61.96	I
	f _x	4131	1260	1323	1710	832	705	252	216	174	54		
P8	f	6	39	24	21	9	30	22	9	9	3	54.45	IV
	f _x	486	2730	1512	1197	468	1410	924	324	261	54		
P9	f	3	15	15	6	15	31	18	42	24	3	45.55	VI
	f _x	243	1050	945	342	780	1457	756	1512	696	54		
P10	f	21	12	21	22	15	12	15	15	15	24	49.41	V
	f _x	1701	840	1323	1254	780	564	630	540	435	432		
Total		172	172	172	172	172	172	172	172	172	172		

Note: x: scale value; f: no. of investors; f_x: score value.

From the Table 1, it is observed that most important problem faced by the investors is Low rate of interest (61.96) followed by Force to inform a day before for withdrawal (59.32), Long queue (55.11), Long lock-in-period (54.45), Poor infrastructure (49.41), Poor service at the counter (45.55), Unnecessary formalities at the time of opening the account (44.66), Agents' compulsion (43.53), Non-availability of locker facility (40.86) and Non-transferable (40.11).

SATISFACTION LEVEL OF THE INVESTORS ABOUT POST OFFICE SAVINGS SCHEMES

Investor satisfaction is the crucial strategic weapon for an organization. Stable development is the secret to sustain the investors' satisfaction. At this time, post office not only distributes letters, but also employ in a wide range of retail activities through its huge network. Its capacity to manage financial transactions and its awareness about the local environment give an efficient service to the people. Indian post absolutely represents both tradition and modernity. This institution has been a emblem for continuity and change. For testing the null hypothesis, Chi-square test has been applied at 5% level of significance. The results of Chi-square analysis are presented in the Table 2.

Table 2

Satisfaction Level of the Investors about Post Office Savings Schemes

Personal – Economic Factors	d.f.	Calculated Value (χ^2)	Table Value	Result @5%Level
Age	2	0.974	5.991	Insignificant
Gender	1	1.796	3.841	Insignificant
Marital Status	1	0.020	3.841	Insignificant
Educational Qualification	2	1.412	5.991	Insignificant
Occupational Status	4	0.106	9.488	Insignificant
Nature of the Family	1	0.368	3.841	Insignificant
Number of Family Members	2	1.810	5.991	Insignificant
Number of Earning Members	1	1.626	3.841	Insignificant
Annual Income	2	1.072	5.991	Insignificant

Annual Expenditure	2	0.370	5.991	Insignificant
Annual Savings	2	6.477	5.991	Insignificant
Annual Family Income	2	2.578	5.991	Insignificant
Annual Family Expenditure	2	0.400	5.991	Insignificant
Annual Family Savings	2	2.301	5.991	Insignificant
Other Avenues of Savings	2	6.491	5.991	Significant

From the Table 2, it is found that the calculated value of Chi-square is less than the table value for all personal-economic factors except other avenues of savings. Hence, the test is statistically insignificant and the framed null hypothesis is accepted for all personal-economic factors except other avenues of savings at 5% level of significance. In case of other avenues of savings, the test is significant and the null hypothesis is rejected.

Finally, it is concluded that there is no significant relationship between personal economic factors and satisfaction level of investors about post office savings schemes and it is also concluded that there is a significant relationship between other avenues of savings and satisfaction level of investors about post office savings schemes.

SUGGESTIONS

- In the present study, the problems faced by the Post office investors have been analysed and it is found that Low rate of interest is the major problem faced by the investors. Hence, it is suggested that Government of India should take necessary steps to increase the rate of interest. By doing so, it is hope that more number of investors will prefer postal savings.
- In the present study, it is found that 63.37% of the investors are having low level of satisfaction about Post Office Savings Schemes. Hence, it is suggested that tax benefits are attached only to few schemes and it may also extend to other schemes to bring the satisfaction among investors. While doing so, satisfaction level of the investors will increase.

CONCLUSION

Based on the findings of the study, quite a few practical and productive suggestions have been offered. If these suggestions are appropriately taken into consideration by concerned authorities and investors, satisfaction level of investors about post office savings schemes would be undoubtedly increased and our country's economic development would ultimately also be achieved.

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