

SOCIO-ECONOMIC ANALYSIS AND INVESTMENT BEHAVIOUR ATTITUDES TOWARDS POST OFFICE DEPOSIT SCHEMES

(With Special Reference to Western District of Tamil Nadu)

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Abstract - In the global era of investment revolution in the financial sector challenging for Post Office Saving Banks. Liberalization has substantially increased better and innovative investment possibilities to the investor. However, India POSB has and continuously positioned itself as a reliable agency of Government of India. It is due to its competitive advantage of geographical accessibility and product differentiation on the important attributes of safety, security and risk free factor. In the present study Socio-Economic Analysis and Investment Behaviour Attitudes towards Post Office Deposit Schemes (PODS) the preference of investors of Western District of Tamil Nadu - Rural Areas towards different investment schemes of Post office and factors that motivates them to choose a particular investment scheme of post office.

Index Terms - Post office, Investment behaviour, Deposit schemes, attitude, socio-economic

I. INTRODUCTION

The Department of Posts, with its network of 1,54,910 Post Offices, is the largest postal network in the world. The beginnings of this vast postal network can be traced back to the year 1727 when the first Post Office was set up in Kolkata. Subsequently, General Post Offices (GPOs) were also set up in the then three Presidencies of Kolkata (1774), Chennai (1786) and Mumbai (1793). To bring some uniformity amongst the then Post Offices, the Indian Post Office Act of 1837 was enacted. This Act was followed by the more comprehensive Indian Post Office Act of 1854. This Act reformed the entire fabric of the postal system and its provisions granted the monopoly of carrying mail in the British territories in India to the Indian Post Office. The present postal system in India thus came into existence with the Indian Post Office Act of 1854.

In the same year, Railway Mail Service was introduced as also the sea mail service from India to Great Britain and China. Thereafter, the Indian Post Office Act of 1898 was passed which regulated postal services in the country. The Department of Posts has proved to be one of the greatest institutions of the country; playing an important role in the While the core activity of the Department is processing, transmission and delivery of mail, there are also a diverse range of retail services undertaken by the Department which include money remittance, banking, as well as, insurance. The Department has also undertaken social benefit payments, such as MGNREGA and social security pension schemes. To meet the new developments and challenges, the services provided by the Department of Posts are being upgraded, as well as, diversified and new services are being introduced. A major IT Modernization Project is currently being implemented. Business process re-engineering and improving operational efficiency are other focus areas.

Digital India Programme is a flagship programme of Government of India launched in 2014 with a vision to transform India into a digitally empowered society and knowledge economy. The thrust of the Digital India Programme is digital empowerment of the citizens of India. Department of Posts has been entrusted to transform the Post Offices into multi service centres. The Department is digitizing all the 1,54,910 Post Offices including 1,29,346 Gramin Dak Sewak Post Offices in rural areas. The digitized Post Office shall work as multi service centre and become the nodal centre for the dissemination of information vis-a-vis government policies; disbursement of social security benefits; and financial inclusion. These Post Offices will offer a digital means of communication, carrying physical goods and money transfers.

II. STATEMENT OF PROBLEM

This research has taken up with the main purpose of studying the behaviour of postal customer's postal investments in western district of Tamil Nadu - rural areas. How People purchase their various schemes by way of strong marketing activities. Hence, this is the right time to study the behaviour and attitude of postal customers in western district of Tamil Nadu.

III. REVIEW OF LITERATURE

Vinayagamorthy and Senthilkumar (2012) in their study titled "An analysis of Postal Investment and Small Savings" have shown that mobilization of domestic financial resource has remained a major concern in many developing countries. Despite the variety of vehicles that are intended to mobilize and allocate financial resources, only very few offer strategies for meeting the needs of poor and lower income people. Savings are increasingly being acknowledged as a powerful tool for poverty reduction. Postal savings funds play a significant role in financing public debt and 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 of savers. Savings is the excess of income over consumption expenditure. Savings are meant to meet contingencies and raise standard of living of individual savers.

Vijayanand and Selvaraj (2015) state that the position of financial organization would be increasingly decisive in the next decade in view of the frightening competition. With the increasing number of businesses and growing competitions today, each organization wants to be the customer's first choice and try to satisfy them for getting loyalty for their future endurance in the market. However, it is open to ask

whether the organizations are satisfying their customers through quality in their service and this is the crucial hitch for every organization in today's context. In view of this, the author conducted an empirical study to investigate the role of service quality in customer perception.

Balu and Muthumani (2016) concluded that the Post offices has since ages been viewed as an avenue for communication. This paper reveals the repositioning strategy adopted by post office as an investment avenue too. Further the various investment scheme offered have also been elaborated. The various types of savings account and its growth over the years and the percentage change in growth has been traced in this paper. Post office has for ages been a friendly place for the local people. Just like many organizations, the face of post offices as a communication avenue is slowly and steadily changing. It has not stepped back in grabbing the opportunities available to widen its horizons. By repositioning itself as solely as communication avenue, it has been successful in posing as an investment avenue too. In country such as India, where rural population is spread out, this repositioning strategy of post offices is apt and appreciable.

IV. OBJECTIVE OF THE STUDY

1. To identify the Socio-economic profile of the investors towards Post Office Deposit Schemes.
2. To analysis the awareness factors that influencing the investors while making investment in Post Office Deposit Schemes.
3. To understand the reasons behind priority to investment behaviour of postal customers towards post office saving bank schemes

V. RESEARCH METHODOLOGY

In this study the researcher used Descriptive research, which is concerned with describing the characteristics of a particular individual or of a group. Simple Random sampling method is used for the present study. Due to the Illiteracy issue with most of the respondents Interview schedule was used to collect the primary data from the respondents. Respondents are chosen among different economic categories of people The Western Tamil Nadu district is predominant district in Tamil Nadu. In this regards the following districts are dharmapuri, Coimbatore, Erode, Krishnagiri, Namakkal, The Nilgiris, salem and Tirupur district for conducting the study in order to give equal importance to all district and the investors available in the study area, sample respondents have been selected. From the total Population 500 respondents were selected by using simple random sampling method. In this present study percentage analysis, rank test, ANOVA and t-test were applied.

VI. ANALYSIS AND INTERPRETATION OF THE STUDY

Table 6.1

Economic Awareness, Problem Faced and Opinion of their Respondents Regarding Post Office Deposits Schemes (PODS)

| S.No. | Factors | Frequency | Percentage |
|-----------------------------|---------------------------------|------------|------------|
| Sources of Awareness | | | |
| 1. | Advertisements | 15 | 10 |
| | Agents | 54 | 36 |
| | Friends & relatives | 56 | 37 |
| | Others | 25 | 17 |
| | Total | 150 | 100 |
| Problem Faced | | | |
| 2. | Problem related to services | 35 | 23 |
| | Low rate of return | 59 | 39 |
| | Lack of awareness and Knowledge | 30 | 20 |
| | Others | 28 | 18 |
| | Total | 150 | 100 |
| Opinions | | | |
| 3. | Very Good | 38 | 25 |
| | Good | 77 | 52 |
| | Average | 30 | 20 |
| | Bad | 5 | 3 |
| | Total | 150 | 100 |

Source: Field Survey

The table show that out of 150 respondents, 37% of the respondents came to know about Post Office Deposits Schemes through Friends & relatives, 36% were aware through agents, 17% respondents came to know through other members like staff in post office and another 10% of the respondents through advertisements. Regarding problems faced while investing, 39% of the respondents had faced the problem of low rate of return, 23% of the respondents faced the problems related to the services while investing in post office deposits schemes, 20% of the respondents had lack of awareness and knowledge regarding post office deposits schemes and 18% of the respondents faced other problems while investing in post office deposits schemes. The major problem faced were the problem of low rate of return. Regarding opinion of the respondents 52% of the respondents had good opinion regarding Post Office Deposits Schemes, 25% had a very good opinion about it, 20% of the respondents had average opinion about it and only 3% had bad opinion regarding Post Office Deposits Schemes. Majority of the respondents have good opinion regarding Post Office Deposits Schemes which shows that people like them.

Table 6.2

Level of Awareness of the Respondents about Various Schemes

| S.No | Level of Awareness | Frequency | Percentage |
|------|-----------------------------------|-----------|------------|
| 1. | Post Office Saving Bank A/C | 36 | 24 |
| 2. | Post Office Time Deposits | 4 | 3 |
| 3. | Recurring Deposit | 43 | 29 |
| 4. | Post Office Monthly Income Scheme | 19 | 13 |

| | | | |
|----|---|------------|------------|
| 5. | National Savings Certificate | 6 | 4 |
| 6. | National Savings Scheme | 7 | 5 |
| 7. | Deposits scheme for retiring govt. Employee | 8 | 5 |
| 8. | Public Provident Fund | 22 | 15 |
| 9. | Deposits scheme for retiring employees. | 5 | 3 |
| | Total | 150 | 100 |

Source: Field Survey

The above table shows the level of awareness of the respondents about various schemes of the post office. 29% of the respondents were aware only about Recurring Deposits, 24% of the respondents were aware about Post Office Saving Bank A/C, 3% were aware only about Deposits Scheme for Retiring Govt. Employees, 4% of the respondents were aware about both National Savings Certificate & Scheme and 3% were aware only about Post Office Time Deposits. Majority of the respondents were aware only about Recurring Deposits.

Table No.6.3

Reasons behind priority to Investment behavior of postal customers towards post office saving bank schemes

| S.No. | Particulars | Frequency | Percentage |
|-------|----------------------------------|------------|------------|
| 1 | Variety of Saving Bank Schemes | 19 | 13 |
| 2 | Better of Services | 12 | 8 |
| 3 | Security of Investment | 59 | 39 |
| 4 | Broad Network | 6 | 4 |
| 5 | Income Tax Rebate | 12 | 8 |
| 6 | Less difficulty | 8 | 5 |
| 7 | Easy to Access | 7 | 5 |
| 8 | High rate of interest Return | 5 | 3 |
| 9 | Relation with Staff | 1 | 1 |
| 10 | icon of Post Office | 2 | 1 |
| 11 | Easy Transaction of Account | 10 | 7 |
| 12 | Personnel awareness to Customers | 1 | 1 |
| 13 | Minimum Deposit amount | 4 | 3 |
| 14 | Communication with Customers | 2 | 1 |
| 15 | Other services | 2 | 1 |
| | Total | 150 | 100 |

Source: Field Survey

Table No.6.3 describes that, respondents prefer to have an account with post department. Majority (39) respondents said that because of Security of Investment for their money in postal schemes. Variety of Saving Bank Schemes (13), and least value of Investors Personnel awareness to Customers (1) are very much precautious about their money. Therefore, investor wants security first and post is one of the right places for them. Investors have an assurance on post office saving schemes.

Table No.6.4

Purpose of saving towards post office saving bank schemes

| S.No | Savings reason | Frequency | Percentage |
|------|---|------------|------------|
| 1 | Security of Investment | 45 | 30 |
| 2 | Social obligation like Education and children marriage etc. | 69 | 46 |
| 3 | Acquirement of Land / House | 24 | 16 |
| 4 | Safe way to keep Investment | 12 | 8 |
| | Total | 150 | 100 |

Source: Field Survey

The above table No 6.4 indicates the majority of the sample respondent save money for the purpose of their social obligation and followed by Security of Investment The next purpose goes to the Acquirement of Land/House; the third preference of the respondent for the Safe way to keep Investment.

Table 6.5

Investment Behavior at Various Stages of Investment (Friedman's Rank Test)

| Variable | Stages | Mean Rank | Rank |
|----------------------|-----------------------------|-----------|------|
| Investment Behaviour | Return on Investment | 2.03 | 2 |
| | Minimization of Future Risk | 2.16 | 3 |
| | Marketability of instrument | 1.81 | 1 |

Source: Field Survey

The Friedman's rank test shows that the investment behavior has been found to be better at the post investment for Marketability of instrument, Return on Investment and Minimization of Future Risk as well as at time of investment behavior towards post office saving scheme.

Table 6.6: ANOVA - Investment Behavior Towards Post Office Saving Schemes

| S. No. | Variables | Statistical Tool | Value | Result |
|--------|--|--------------------|-----------------------|------------------|
| 1. | Gender and Investment behavior | Independent t test | t = 2.324 P < 0.05 | Significant |
| 2. | Nativity and Investment behavior | ANOVA | F = 2.156 P < 0.05 | Significant |
| 3. | Occupation and Investment behavior | ANOVA | F = 5.014 P < 0.05 | Significant |
| 4. | Nature of residence and Investment behaviour | Independent t test | t = 0.073 P < 0.05 | Not -Significant |
| 5. | Family type and Investment behavior | Independent t test | t = 4.216 P < 0.05 | Significant |

Source: Field Survey

The table 6.6 stated that there is significant difference in the investment behavior of the investors based on their selection of post office saving schemes. Investor's behavior varies based on Gender and Investment behavior are Significant at 5% level therefore Male had better investment behavior, Nativity and Investment behavior has been significant at 5% level therefore 35-40 years had better investment behavior, Occupation and Investment behavior has been significant at 5% level therefore Urban area had better investment behavior and in the family type and investment behavior joint family had the better investment behavior when compared to nuclear family.

VII. FINDINGS

The findings of the present study are 37% of the respondents came to know about Post Office Deposits Schemes through Friends and relatives, 29% of the respondents were aware only about Recurring Deposits, 39% respondents said that because of Security of Investment for their money in postal schemes. 46% of the respondents were save money for the purpose of their social obligation. Marketability of instrument rank first by the respondents in the investment behaviour. The ANVOVA and t- test indicates that Investor's behaviour varies based on Gender and Investment behaviour are Significant at 5% level therefore Male had better investment behaviour, Nativity and Investment behaviour has been significant at 5% level therefore 35-40 years had better investment behaviour, Occupation and Investment behaviour has been significant at 5% level therefore Urban area had better investment behaviour.

VIII. SUGGESTIONS

The following suggestion are drawn from the findings of the study

1. More awareness must be created among the people about the schemes introduced.
2. The rate of interest offered by the post office should be increased.
3. Tax benefits are attached only too few schemes in post office but also can be extended too many schemes.
4. Lack of Advertisement in postal services, the government has to take necessary steps to adopt advertisement strategy in wider range.
5. Latest technology should be incorporated in post office to serve the public in an efficient manner, thereby reducing the transaction time.

IX. CONCLUSION

The post office has traditionally served as a financial institution for millions of people in the rural areas. It plays a vital role in rural areas. It connects these rural areas with the rest of the country and also provides banking facilities in the absence of banks in the rural areas. If the above mentioned suggestions are implemented by the postal Department, it will increase the number of postal savings investors.

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