



## A STUDY ON FACTORS INFLUENCING THE INVESTORS AND INVESTORS' AWARENESS ABOUT POST OFFICE SAVINGS SCHEMES

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### ABSTRACT

The Department of Post has been the backbone of the country's communication and has played a vital role to connect the whole of the country and has also provided banking facilities. But over the time, its role has changed and it has grown to become one of the best avenues of investment. This paper investigated the factors influencing and awareness level of the investors about post office savings schemes in Gobichettipalayam taluk of Erode district. Factors influencing investors have been analysed with the help of Garrett's Ranking Technique and awareness 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 75.58% of the investors are having low level of awareness and 24.42% of the investors are having high level of awareness about post office savings schemes.

**KEYWORDS :** Post office, Investment, Savings, Investors.

### INTRODUCTION

The Indian economy is developing significantly and has various investment options, but the Government of India has offered the ancient investment option. There are two kinds of investment alternatives, i.e., direct investment alternatives and indirect investment alternatives. Post office is an important one among various indirect investment alternatives. Because, it has the highest trustworthiness among the investors. The post office savings bank is the oldest and by far the largest banking system in India, provide the investment needs of both the urban and the rural investors. These facilities are provided as an agency service on behalf of the Ministry of Finance and Government of India.

Saving comes from excess income. Savings will be increase only when capability and desire to save are high. Taxes are cumulative savings made by the Government and make effective utilisation for the development of country. Economist says that savings-income ratio is steadily rising against rise in population and inflation.

In a developing country like India, small savings play a significant role. In India, small savings help both the Government and individuals to mobilise the income. With the increasing public expenditure, the Government has to discover various source of income, to fulfill the necessities of the people.

### POST OFFICE SAVINGS SCHEMES

Postal Department operates the Savings schemes for Ministry of Finance and Government of India. Savings bank facility is provided through a wide network all over the India. To push lower interest rates and make a shift to market-linked rates for all small savings schemes, the Government has cut the returns on schemes like Kisan Vikas Patras and Recurring Deposit by 0.25 percentage. It has combined the returns of all small savings schemes to the present market rate on Government securities to be modified in every four months with effect from April 1, 2016.

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 Samriddhi Accounts

Every people in the world try to reach the goal of savings and investments. Savings has generally been hold to be one of the major determinants of economic development. Against this background, the present study is an attempt to analyse the factors influencing the investors and awareness level of the investors about post office savings schemes.

### REVIEW OF LITERATURE

Dhiraj Jain and Ruhika Kothari (2012) made a study with the objective of the level of awareness of various schemes of post office among the people. For this study, the required primary data have been collected from 100 sample investors through Interview Schedule. Such collected data have been analysed with various statistical tools like Percentage Analysis, Standard Deviation and Chi-Square test. They found that majority of the investors were aware only about Recurring Deposit.

Ritika Aggarwal (2012) examined the factors influencing preference towards post office savings schemes. This study was conducted to examine the factors that influence investors to invest in post office savings scheme. For this study, the required primary data have been collected from 320 sample investors through Interview Schedule. Such collected data have been analysed with various statistical tools like Percentage Analysis and Pearson's Chi-Square test. She found that majority of the investors prefer post office savings scheme because of safe, secure and risk – free investments.

Amalorpavamary and Santhursankara Velusamy (2015) examined post office savings and its relevance in rural areas. This study was conducted to examine the factors influencing to invest in post office savings. For this study, the required primary data have been collected from 200 sample investors through Interview Schedule. Such collected data have been analysed with various statistical tools like Chi-square test, Percentage ANOVA and correlation analysis. They found that majority of the investors prefer post office savings scheme because of capital growth and tax benefits.

Aswathy Prasad and Ambily (2020) made a study with the objective of identifying the consumer perception on different types of Post office savings schemes. They found that interest rates of some schemes are very less and they suggested that necessary steps should be taken to increase the interest rate.

Santhana kamala (2020) made a study with the objective of

examine the attitude of investors towards post office savings schemes. For this study, the required primary data have been collected from 75 sample investors through interview schedule. Such collected data have been analysed with the help of various statistical tools like Chi-Square test and Percentage analysis. She found that easy formalities highly influence the investors to invest in post office.

**OBJECTIVES OF THE STUDY**

The objectives of the study are as follows:

1. To identify the factors influencing the investors to prefer Post Office Savings Schemes.
2. To examine the awareness level of the investors about Post Office Savings Schemes.

**HYPOTHESIS OF THE STUDY**

H<sub>0</sub>: 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 awareness 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.

**FACTORS INFLUENCING THE INVESTORS TO PREFER POST OFFICE SAVINGS SCHEMES**

In the present scenario, there are various factors motivating the investors to prefer post office savings schemes. It is not possible to identify a particular factor which influences the investors. By keeping all these in mind, an attempt has been made to identify the factors which influencing the investors to prefer post office savings schemes. To identify the most important factor influencing the investors to invest in post office savings schemes, Garrett's Ranking Technique has been used. The Table 1 shows the results of Garrett's Ranking Technique.

**TABLE 1 FACTORS INFLUENCING THE INVESTORS- GARRETT'S RANKING TECHNIQUE**

Factors	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		
F1	f	21	24	9	27	7	9	15	24	21	15	50.27	IV
	f <sub>x</sub>	1701	1680	567	1539	364	423	630	864	609	270		
F2	f	42	39	15	9	3	19	12	15	12	6	58.94	I
	f <sub>x</sub>	3402	2730	945	513	156	893	504	540	348	108		
F3	f	19	18	9	12	18	15	18	33	12	18	48.29	VII
	f <sub>x</sub>	1539	1260	567	684	936	705	756	1188	348	324		
F4	f	18	15	9	27	18	12	21	10	30	12	49.08	V
	f <sub>x</sub>	1458	1050	567	1539	936	564	882	360	870	216		
F5	f	9	18	22	15	36	18	9	15	24	6	50.41	III
	f <sub>x</sub>	729	1260	1386	855	1872	846	378	540	696	108		
F6	f	12	22	18	6	21	12	9	15	33	24	46.23	VIII
	f <sub>x</sub>	972	1540	1134	342	1092	564	378	540	957	432		
F7	f	24	9	51	18	15	15	28	3	3	6	56.84	II
	f <sub>x</sub>	1944	630	3213	1026	780	705	1176	108	87	108		
F8	f	15	15	18	18	18	12	27	18	12	19	48.82	VI
	f <sub>x</sub>	1215	1050	1134	1026	936	564	1137	648	348	342		
F9	f	3	3	18	12	15	24	21	24	10	42	40.53	X
	f <sub>x</sub>	243	210	1134	684	780	1128	882	864	290	756		
F10	f	9	9	3	28	21	36	12	15	15	24	45.58	IX
	f <sub>x</sub>	729	630	189	1596	1092	1692	504	540	435	432		
<b>Total</b>		<b>172</b>	<b>172</b>	<b>172</b>	<b>172</b>	<b>172</b>	<b>172</b>	<b>172</b>	<b>172</b>	<b>172</b>	<b>172</b>		

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

From the Table 1, it is observed that the most important factor influencing the investors to invest in post office savings schemes is Prompt services (58.94) followed by safety (56.84), Services offered by agents (50.41), Proximity (50.27), Agents recommendations' (49.08), Availability of various schemes (48.82), Courteous at the counter (48.29), Voluntarily (46.23), Uniform rate of interest all over India (45.58) and Loan facility (40.53).

**AWARENESS LEVEL OF THE INVESTORS ABOUT POST OFFICE SAVINGS SCHEMES**

Awareness means the knowledge about a particular thing. Investors' awareness means the stage in which a future investor is conscious of and has knowledge of the presence of an investment products or avenues for his consideration to place his savings. Awareness is a continuum by which investors can learn about the investments. In such cases,

investors try to know about the methods clearly and eventually accept it or rejects it. Awareness is commonly described as the initial step in the process of investment. 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 AWARENESS LEVEL OF THE INVESTORS ABOUT POST OFFICE SAVINGS SCHEMES**

Personal - Economic Factors	d.f.	Calculate d Value (X <sup>2</sup> )	Table Value	Result @5%Level
Age	2	1.400	5.991	Insignificant
Gender	1	1.555	3.841	Insignificant
Marital Status	1	0.014	3.841	Insignificant
Educational Qualification	2	0.813	5.991	Insignificant

Occupational Status	4	6.180	9.488	Insignificant
Nature of the Family	1	2.563	3.841	Insignificant
Number of Family Members	2	3.444	5.991	Insignificant
Number of Earning Members	1	2.203	3.841	Insignificant
Annual Income	2	0.804	5.991	Insignificant
Annual Expenditure	2	0.397	5.991	Insignificant
Annual Savings	2	2.445	5.991	Insignificant
Annual Family Income	2	11.632	5.991	Significant
Annual Family Expenditure	2	6.538	5.991	Significant
Annual Family Savings	2	4.731	5.991	Insignificant
Other Avenues of Savings	2	0.265	5.991	Insignificant

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 annual family income and annual family expenditure. Hence, the test is statistically insignificant and the framed null hypothesis is accepted for all personal-economic factors except annual family income and annual family expenditure at 5% level of significance. In case of annual family income and annual family expenditure, 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 awareness level of investors about post office savings schemes and it is also concluded that there is a significant relationship between annual family income, expenditure and awareness level of investors about post office savings schemes.

**SUGGESTIONS**

- In the present study, the factors influencing the investors to prefer Post Office Savings Schemes have been examined and it is found that Prompt service is an important factor felt by the investors. Hence, it is suggested that innovative technologies (deposits machines) should be used in Post Office to assist the people in an effective manner, thereby reducing transaction time.
- In the present study, it is found that 75.58% of the investors are having low level of awareness about Post Office Savings Schemes. Hence, it is suggested that all possible steps to be taken by the Authorities concerned to increase the level of awareness by the way of providing advertisements through face book, twitter and wats app regarding Postal savings. By doing so, it is hope that number of investors may come forward to have an account with Post Office. By doing so, post office will provide a better service to its customers.

**CONCLUSION**

It is known fact that small savings plays a vital role in the development of Indian economy. By realising this, there is mushroom growth of Post office branches. Consequences of this, investors are struggling a lot to choose a particular saving scheme. By considering this, the present study has been undertaken to trace out the awareness level of the investors about a Post Office Savings Schemes, the factors influencing the investors to prefer Post Office Savings Schemes. On the basis of findings of the present study, various viable suggestions have been offered. If all the suggestions

have been seriously considered by the Authorities, it is hope that Post office investors will be more benefited.

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