

PROSPECTS OF POST OFFICE SCHEMES: A STUDY ON INVESTOR'S PERCEPTION

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INTRODUCTION

Savings are considered as a vital element of human beings that assist in accumulating funds for stress free life regarding financial help. Financial institutions like banks, insurance companies, mutual funds, post office savings banks, companies etc provide different types of financial instruments to an individual to store the savings as per his requirements. Indian Post Office banks being the largest institution in the country play a vital role in mobilizing savings and offer numerous benefits to the investors.

The Indian postal system is a vast infrastructure providing the ultimate access for pro people to basic services that last mile connectivity, both literally and along the development path to a billion people. The basic services are not just the delivery of letters and postcards but the money order as well for which most illiterate and poor people rely in the post office in preference to banks, because of its simplicity and easy access. One of the important highlights of the schemes are risk free investments that are safe and secure along with the benefits of capital gains without TDS . Tax savings features of these schemes welcome the higher income groups more than the small savers. Postal schemes are an excellent choice for those who want to deposit money into a low risk investment and earn high returns. Savings choices with reasonable interest rates with no financial risks. Post office schemes like Savings Bank Account (SB)Time Deposit Scheme (TD)Monthly Income Scheme (MIS),Public Provident Fund (PPF),Senior Citizen Saving Scheme (SCSS),Kisan Vikas Patra (KVP),National Saving Certificate (NSC),Postal Life Insurance (PLI),Post Office Time Deposit Account, Sukanya Samriddhi Account requires minimum investment is modest and cheap as a result, investors from various socio economic groups can participate in these schemes. Despite the presence of various investment avenues, small savings are considered as a preferred alternative for the majority of the participating populace. They have security on investment tied with favourable returns making this small savings a “most preferred “preposition for a large group of investors. The government of India had implemented various savings schemes with the aim of providing fully secured and attractive investment avenues to its people.

1.2 STATEMENT OF THE PROBLEM

Savings depends upon an individual's lifetime. Savings are meant to meet possibilities and to raise the expectations of the living standards an individual saver. It provides a plenty of benefits to investors such as tax deduction, lower rate with security of investment etc. Post office investment



comprises a range of savings schemes which include high interest rate as well as tax advantages and, most significantly bear Indian Government's Sovereign guarantee. All of these schemes are tax exempted under section 80c and deliver efficiency and risk free returns on capital. Post office schemes like Post office Savings Scheme, Time Deposit Scheme Monthly Income Scheme, Public Provident Fund, Senior Citizen Saving Scheme, Kisan Vikas Patra, National Saving Certificate, Postal Life Insurance, Post Office Time Deposit Account, Sukanya Samriddhi Account requires minimum investment which is affordable and reasonable. As a result, investors from different socio economic groups can contribute in these schemes.

This study aims to reveal the attitude of investor's towards post office schemes and find ways and means to solve problems, if any. It also helps us to know about the opinion of the users and their satisfactory level regarding this investment.

1.3 SIGNIFICANCE OF THE STUDY

Post office schemes generally assure a fixed income. Several post office schemes are the most preferred choice of investors looking for a assured and fixed income. Significantly, the post office schemes bear a sovereign assurance on the whole amount contributed and hence possess the highest safety on the whole principal invested. As a fixed income scheme, the money invested is subject to any market risk and is safe enough. The earlier studies find that the investors who approve of the post office are on a path towards change. The investors started trusting to make an investment in the diverse schemes provided by the post office. Also the respective authority created changes in the working of the system, and they provide sustainable benefits and easy access of the schemes. The dynamic postal environment displays a great opportunity to the postal business. It also creates a wide array of new business options and opportunities, as the interest rate is higher compared to other schemes provided by postal schemes. This study has been undertaken to analyze whether the postal savings scheme has gained significance among the investors or not. This study also assists to know attitude of the investors towards the post office savings scheme as well as the prospects and problems of several schemes.

1.4 OBJECTIVES OF THE STUDY

- Evaluate the attitude of investors towards Post office savings schemes
- Identify the benefits and prospects of post office savings schemes
- Analyze the overall satisfaction level of investors towards postal schemes
- Examine the problems and challenges faced by the investors

1.5 HYPOTHESIS

H₀: There is no significant relationship between savings and overall satisfaction level of Investors.

1.6 SCOPE OF THE STUDY

The present study is entitled as “Post Office Schemes: A Study on Investor’s Perception “is confined to Trivandrum district. The respondents are the investors invested in various Post Office Schemes. A total of 50 respondents are surveyed to conduct the study. It focuses on the attitude, benefits, satisfaction and problems of the Post office Schemes

1.7 RESEARCH METHODOLOGY

➤ RESEARCH DESIGN

The study is designed as descriptive and analytical one.

➤ POPULATION

The population of the study is the investors invested in various Post Office Schemes.

➤ SAMPLE OF THE STUDY

50 investors who have invested in any of the Post Office Schemes including Savings Bank Account ,Time Deposit Scheme ,Monthly Income Scheme Public Provident Fund ,Senior Citizen Saving Scheme ,Kisan Vikas Patra National Saving Certificate ,Postal Life Insurance ,Post Office Time Deposit Account, Sukanya Samridhhi Account .

➤ SAMPLING TECHNIQUE

Convenient sampling method is used to collect the data from the investors.

➤ SOURCE OF DATA AND TOOLS FOR COLLECTION

Both primary and secondary data have been collected for the study. Primary data has been collected with the help of a well-structured questionnaire and secondary data has been collected from various publications, books, journals and related websites.

➤ TOOLS FOR ANALYSIS

The collected data on the basis of questionnaire has been tabulated and analysed using mathematical techniques like percentages, averages, correlation. Graphical tools like pie diagram and bar charts have been used.

➤ VARIABLES IDENTIFIED

Variables identified in the study are to evaluate the attitude of investors towards Post office savings schemes, identify the benefits of post office savings schemes, analyze the satisfaction level; of investors towards postal schemes, examine the problems and challenges faced by the investors.

1.8 LIMITATION OF THE STUDY

- ❖ Respondents were randomly selected.
- ❖ Lack of response and biased opinions from some respondents
- ❖ The study is purely based on information supplied by the respondents.
- ❖ The findings are not applicable to other areas, hence there is a limit to generalisations.

REVIEW OF LITERATURE



Shashikant (2015) studied on "Investment behaviour of postal customers towards post office savings bank schemes" and founded in his study that post-office savings is one of the largest institutions of investment in the nation. Post offices have introduced a variety of schemes to make investment suited to every individual's requirement. The investors are satisfied with the post office investment. People prefer post office investment because of the strong government support, rare chance of malpractices, frauds and guarantee of return.

B. Saranya and G.B. Karthikeyan (2015) revealed in the paper "A study on investor's behaviour towards post office schemes with special reference to Coimbatore city", about the significance of savings among the investors in post office schemes. Saving practices differs from one person to another person. They analysed the various factors of strength, weakness, and threats faced by investing in post office savings schemes. The main reasons for investing in post office are for meeting the family needs, future of children and emergencies. Mutual funds are found to be the major threat to the post office investment.

Mathumitha (2015) studied "Investor attitude and savings pattern towards post office savings schemes a study with special reference to rural working women of Pollachi taluk in Coimbatore district" has identified that post office savings schemes ensure a secure, risk free investment and various investment options for small investors. She concluded in her study that, for creating a more effective and efficient Indian postal system, the latest technologies should be incorporated, which in turn reduce the transaction time. And also, to improve people's investment in post offices; they must increase the interest rates.

D Sivasakthi and S Gandhimathi (2016), in "Study on investors attitude towards post office savings schemes in Chinniampalayam" stated that post office savings schemes are the best among the government schemes. All categories of people use postal services. The postal schemes are more beneficial to the senior citizens. They suggest that now a days post office was just for the means of communication. But now it has changed and have become an investment avenue. In India, where rural population forms the majority, post office is apt and appreciable.

Balu and Muthumani (2016) conducted a study on "An overview on post office as an avenue for savings". They conducted the study to comprehend the importance of post office savings schemes that is available for the lay man to improve the savings attitude. In earlier days post office was just for the means of communication. But now it has changed drastically and has become an investment avenue.

SudhansuSekarNayak and Prasanta Mahapatra (2016) had conducted a study on "Investors attitude towards post office deposit scheme". They conducted this study to know about the awareness about postal schemes among the public. They concluded that the main reason for investment in the post office is because of the guaranteed security assured by the government. The study also revealed that most of the respondents are well aware about the deposit schemes.

Kalaiarasi and Saranyadevi (2016) had studied on "Depositors' satisfaction and level of awareness towards post office savings bank schemes with special reference to Udumalpet". Through their study they identified that the investors are very much satisfied with the recurring deposit. They also found that every investor is aware about the post office savings account, post office time



deposit account, monthly deposit account, senior citizen account and recurring deposit account. Safety is the main reason for which the depositors are investing in post office savings schemes.

Bhagyashree Teli (2017) conducted a study on "Role of post offices in channelizing small savings in rural areas". He was able to prove that the respondents are quite aware about the postal schemes quite well through their friends and relatives. The awareness of the various deposit schemes is low except recurring deposits and post office savings deposit. Both these schemes are the most commonly used ones. He also found that the postal investment in the rural areas is going well, but to increase deposits in various schemes, awareness should be maximised.

Sasikala and DSelvaraj (2017) studied on "The postal savings scheme with special reference to sub-post office, Meensuratty". It was conducted for analysing the postal savings schemes available and to identify the problems faced by post office in mobilising the savings. They concluded that the post office savings account is the schemes which is used mostly by the investors. The main purpose of investors for investing in post office is for children's education and marriage.

Vembu (2018) conducted a study on "Rural investors' attitude towards post office savings schemes Kodavasal Taluk" and stated in his research that the rural women are very much interested in investing in post offices. They accepted post office investment due to proximity of the post offices in their residing areas. The officials of the postal department have provided awareness to the people and that in turn became the major reason for the increase and growth in the postal sector. He concluded that the main interest of investing in postal schemes is to avail the benefit of tax deduction.

DATA ANALYSIS AND INTERPRETATION

The study "Post Office Schemes: A study on investors perception", is conducted to analyse the investor perception towards various Post Office Schemes. For that purpose, data have been collected from 50 respondents. The data has been classified, tabulated, analysed and interpreted as below.

4.1 DEMOGRAPHIC PROFILE

Table 4.1 shows the demographic profile of the respondents. Demographic profile includes age, gender, marital status, occupation of the respondents. Gender wise classification shows that out of 50 respondents, 33 are male and 17 are female representing 60 percent and 34 percent respectively.

Different age may have different perceptives towards Post Office Scheme. On the basis of age, respondents were classified into four categories namely below 25 years, between 26-40 years, between 31 and 60 years and above 60 years. Among the total respondents, majority are of the age group of 26-40 years (60 percent). The marital status wise classification shows that out of 50 respondents, 32 are married and 18 are unmarried representing 64 and 36 percent respectively.

Occupation level of the investors affects their attitude towards investing in different Post Office Schemes. So occupation wise analysis of the respondents reveals that, 58 percent are private employees followed by 16 percent who are engaged in business. Only 12 percent each are Government employees and do agricultural activities, the rest 2 percent are others.

TABLE 4.1
Demographic profile of the investors

VARIABLE			RESPONDENTS STATUS	
			NUMBER	PERCENTAGE
1.	Gender	Male	33	66
		Female	17	34
2.	Age	Below 25 years	10	20
		26-40 years	30	60
		41 – 60 years	7	14
		Above 60 years	3	6
3.	Marital Status	Married	32	64
		Unmarried	18	36
4.	Occupation	Agriculture	6	12
		Business	8	16
		Government Employee	6	12
		Private employee	29	58
		Others	1	2

Source: Primary Data

Regarding the income of the respondents, 18 percent of the total respondents belong to the income group less than 20,000. Most of the respondents belong to the income group 20,000-60,000 (56 percent). 16 percent of the respondents belong to the income group between 60,000 and 1, 00,000. Only 10 percent of the respondents belongs to the income group above 1, 00,000.

4.2 ANNUAL INCOME OF RESPONDENTS

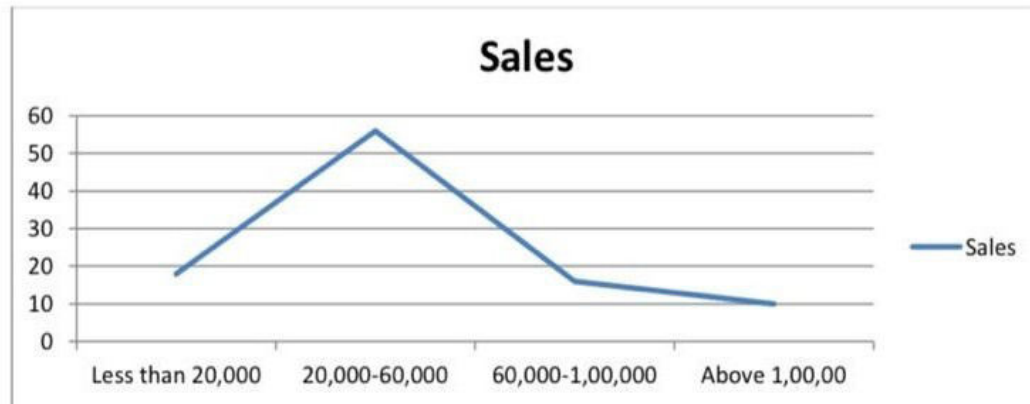
The below table shows the annual income of the respondents.

Table no 4.2

Annual income of respondents

ANNUAL INCOME	NO: OF RESPONDENTS	PERCENTAGE
Less than 20,000	9	18
20,000-60,000	28	56
60,000-1,00,000	8	16
Above 1,00,000	5	10
Total	50	100

Source: Primary Data



Annual income of respondents

Figure 4.1

From the above table it is clear that 18 percent of the total respondents belongs to the income category below 20,000,56 percent belongs to the income category of 20,000 – 60,000,16 percent of the respondents belong to the income category 60,000 – 1,00,000 and the remaining 10 percent belongs to the category of above 1,00,000. On the whole majority of the respondents belong to the income category of 20,000-60,000.

4.3 ANNUAL SAVINGS OF RESPONDENTS

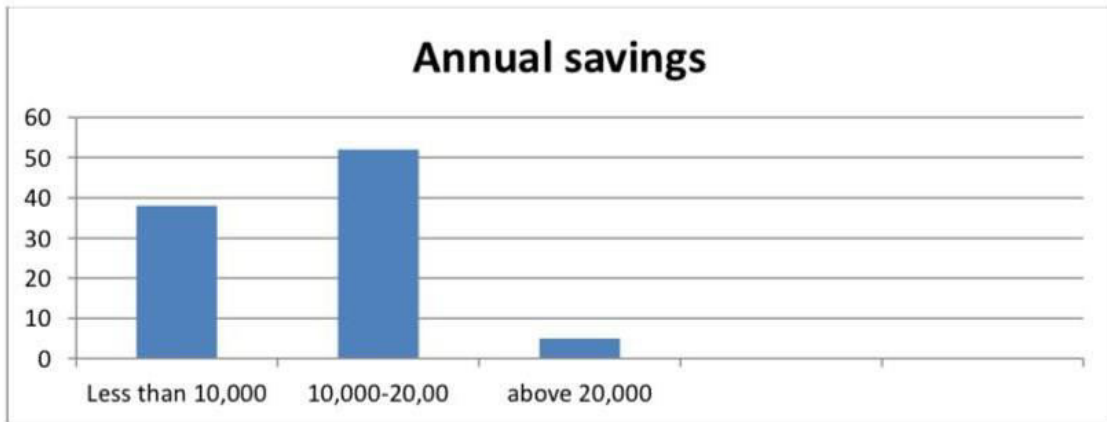
The table below shows the annual savings of the respondents.

Table no 4.3

Annual savings of respondents

ANNUAL SAVINGS	NO: OF RESPONDENTS	PERCENTAGE
Less than 10,000	19	38
10,000-20,000	26	52
Above 20,000	5	10
Total	50	100

Source: Primary Data



Annual savings of the respondents

Figure 4.2

The above table showed that more than half of the respondents have annual savings between 10,000 – 20,000, whereas only few respondents have annual savings more than 20,000.

4.4 MOTIVES FOR SAVINGS AND INVESTMENT

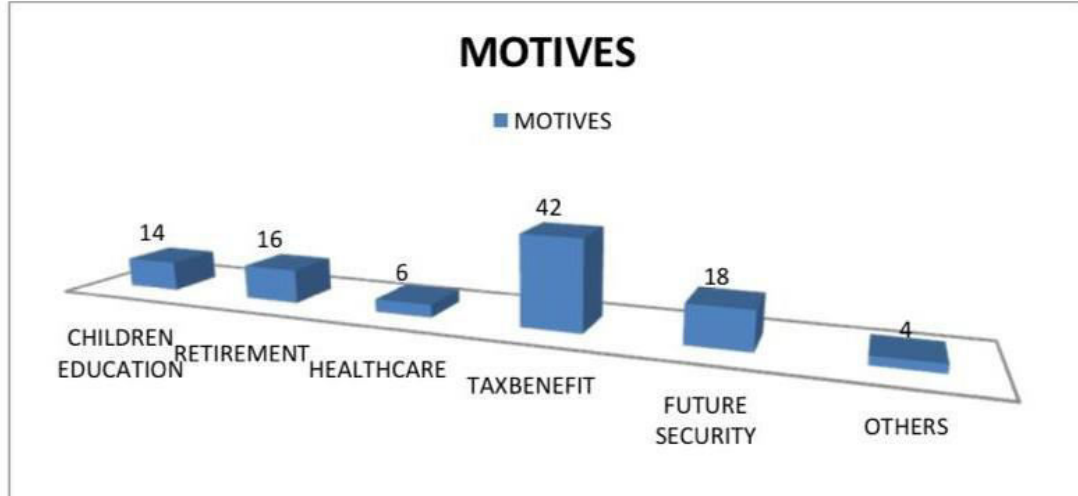
Table shows the major motives for savings and investment

Table No 4.4

Motives for savings and investment

MOTIVES	NO: OF RESPONDENTS	PERCENTAGE
Children Education	7	14
Retirement	8	16
Healthcare	3	6
Tax Benefit	21	42
Future Security	9	18
Others	2	4
Total	50	100

Source: Primary Data



Motives for savings and investment

Figure 4.3

It is understood from the above table that 42 percent of the total respondents see tax benefit as their major motive for their savings and investments followed by future security (18 percent), retirement (16 percent), children education (14 percent),health care (6percent),and others(4 percent).

4.5 POST OFFICE SCHEMES PREFERNCE

The following table indicates the preference made by respondents

Table No.4.5

Post office Schemes Preference

Schemes	Responses		Percent of Cases
	NO:	Percent	
Post Office Savings Scheme	28	26.70	56
Recurring Deposit	15	14.30	30
Time Deposit	6	5.70	12
Sukanya Samridi a/c	11	10.50	22
Public Provident Fund	11	10.50	22
National Savings Certificate	11	10.50	22
Kisan Vikas Patra	11	10.50	22
Schemes for Senior Citizen	5	4.80	10
Others	7	6.70	14
Total	105	100.	

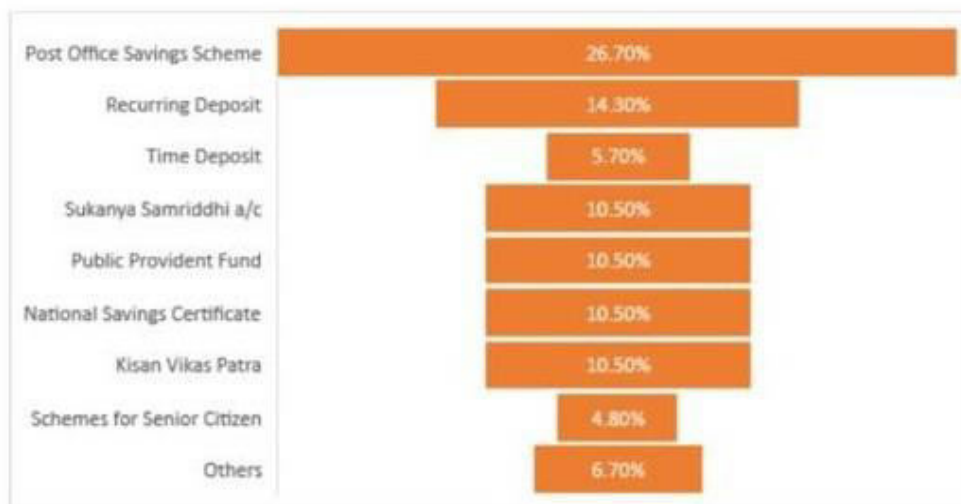


Figure No. 4.4

Preference of Post Office Schemes

Most of the investor considers Post Office Saving Schemes (26.70 percent) as their most preferred scheme out of which 56 percent has only preferred Post Office Schemes .Recurring deposit is also considered a preferred scheme by 14.30 percent. The least preferred scheme is the schemes for senior citizen (4.80 percent).

4.6 AMOUNT INVESTED IN POST OFFICE SCHEMES

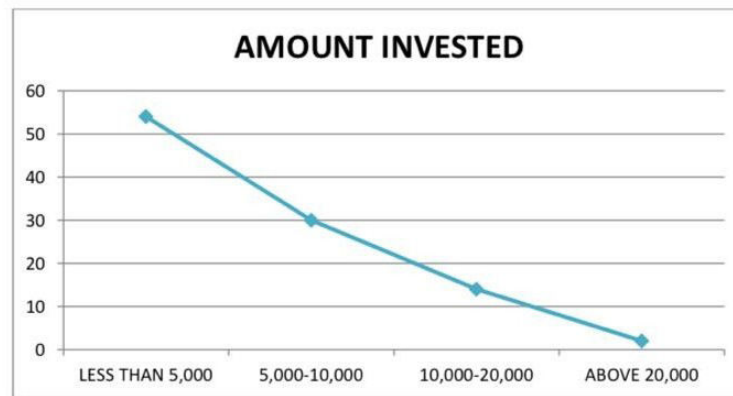
The following table shows the amount invested in various Post Office Schemes by respondents.

Table No 4.6

Amount invested in Post Office Schemes

AMOUNT INVESTED	NO : OF RESPONDENTS	PERCENTAGE
Less than 20,000	27	54
20,000-30,000	15	30
30,000 – 40,000	7	14
Above 40,000	1	2
Total	50	100

Source: Primary Data



Amount invested in Post Office Schemes

Figure 4.5

The above table depicted that majority of the respondents (54 percent) invested less than 20,000 in Post Office Schemes. 30 percent of the total respondents invested between 20,000 and 30,000 followed by 14 percent between 30,000 and 40,000 and 2 percent above 40,000.

Hypothesis test

H0: There is no significant relationship between savings and satisfaction level of investors.

Table No. 4.18

Correlation Table

		Procedure	Encashment	No Hidden Cost
Investment	Pearson Correlation	.433	.439	.453
	Sig. (2-tailed)	.002	.001	.001
	N	50	50	50

A Pearson’s correlation test was run to analyze the relationship between savings made and satisfaction of respondents. The satisfaction level is represented by ease of procedure, ease of encashment, and satisfaction on the basis of no hidden costs. The p-value of .002, .001 and .001 is less than the significance level of 0.05, thus null hypothesis is rejected. The correlation coefficients of .443, .439 and .453 suggest that there is a positive and moderate correlation between the factors. In other words, as the level of savings raises so does satisfaction of the investors.

HYPOTHESIS TESTING

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there is a positive and moderate correlation between the factors. In other words, as the level of savings raises so does satisfaction of the investors.

FINDINGS, SUGGESTIONS AND CONCLUSION

The present study entitled “Post office Schemes: A Study on investor’s perception” aims to find out the attitude of investors, benefits, satisfaction level and problems of Post Office Schemes. The study has been conducted with the help of primary and secondary data. Primary data has been collected with the help of a well structured questionnaire from a sample of 50 respondents from Trivandrum district and secondary data has been collected from various publications, books, journals and related websites. The study is designed as a descriptive and analytical one. The technique used for selecting the sample is convenient sampling method. The collected data is on the basis of questionnaire which has been tabulated and analysed using mathematical techniques like percentages, averages. Graphical tools like pie diagram, bar diagram are used.

FINDINGS

- ❖ Most of the respondents are males
- ❖ Majority of the respondents belongs to the age category 26-40 years
- ❖ Most of the respondents are married
- ❖ Most of the investors are private employees
- ❖ The study shows that the majority of the investors have annual income ranging between 20,000 and 60,000
- ❖ Most of the respondents have annual income between 10,000 and 20,000.
- ❖ Most of the respondents have considered tax benefits as their major motive for savings and investment.
- ❖ Majority of the investors prefer post office savings schemes while the least preferred schemes are the schemes for senior citizens.
- ❖ The study shows that majority the respondents has invested less than 20,000 in various post office schemes
- ❖ Majority of the respondents have marked 1-3years as their number of years of savings in post office schemes
- ❖ Most of the respondents agree to the statement that post office schemes gives a guaranteed return and post office schemes are within their income level
- ❖ 12. Self utilisation is the most preferred way in which the investors utilise their maturity amount
- ❖ 13. Majority of the respondents are aware about the IPPB mobile app
- ❖ 14. Virtual debit /credit card are the most commonly availed IPPB service by the

respondents

- ❖ 15. Most of the respondents benefits from more tax benefits from post office savings schemes
- ❖ 16. Majority of the respondents has availed agent services.
- ❖ 17. Almost majority of the respondents considers post office schemes as a better investment option
- ❖ 18. It is found from the study that attractive returns is the most commonly preferred benefit.
- ❖ 19. Most of the respondents are satisfied with the schemes that they have chosen.
- ❖ 20. Majority of the respondents are satisfied with the guaranteed security and the availability of the various post office schemes.
- ❖ 21. Most of the respondents opinioned that the lower interest value is their major problem followed by heavy procedures.

SUGGESTIONS

- Customer friendliness must be there in every counter.
- An effective grievance redressal mechanism should be introduced and details must be made available to the customers along with the dispute settlement without any delay.
- It is advisable that post office build a unique image for the schemes through advertisement
- To conduct awareness programs for educating the prospective clients as well as to catch their attention towards the products.
- In order to overcome the delay in processing, the latest technology advancement should be implemented thereby reducing the transaction time.
- Most post office Schemes investments are made for tax benefits, but tax benefits are attached only to a few schemes. Therefore it should be extended to many more schemes in the near future.
- There are only a few schemes offered for children which also needs to be increased in the near future.

CONCLUSION

Postal schemes are an excellent preference for those who need to deposit money into a low risk investment and earn high returns. Savings preferences with favourable rate of interest and no financial risk. Post office schemes like Savings Bank Account (SB) Time Deposit Scheme (TD) Monthly Income Scheme (MIS), Public Provident Fund (PPF), Senior Citizen Saving Scheme (SCSS), Kisan Vikas Patra (KVP), National Saving Certificate (NSC), Postal Life Insurance (PLI), Post Office Time Deposit Account, Sukanya Samridhi Account requires minimum investment is modest and reasonable and as a result, investors from various groups in the society can contribute their funds in these schemes. The study exhibits that that the majority of the investors are satisfied with the post office scheme that they have availed. The investors have a neutral opinion regarding the benefits that they have obtained from various post office schemes. Majority of the respondents suggest that post office schemes ensures a guaranteed return .Every



investor expects high interest for their investments ,but post office schemes provide low rate of interest which led the investors to divert their investments to other avenues of investment. It is also suggested to increase the customer friendliness in each counter and thereby creating a unique image for the schemes so that many investors will be aware about the diverse schemes and invest their money in the various post office schemes available throughout the country.

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