

Investor's Preference towards Post Office Saving Scheme

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ABSTRACT

Various investment opportunities are available for an individual for savings and he /she can choose the appropriate investment schemes, which suit their needs. The different types of investments are provided by many financial institutions like commercial banks, co-operative banks, post office saving banks, life insurance corporations, public limited companies etc., of all the above mentioned institutions, Post Office Saving Bank plays a vital role among rural investors. The present study is an attempt to study the investor's awareness and behaviour on post office saving schemes in Pollachi taluk. The primary data was collected purely on random basis from 100 sample respondents. The study found that majority of the investors prefer post office saving schemes for its safety and tax benefits. The investors mainly prefer post office saving schemes because of its safety.

1. Introduction of the Study

Savings is common to all human societies, even if saving practices differ from one another. Why people save and what make them not to invest? (V.K. Somasundaram 1999). In India, domestic savings originate from three principal sectors namely the household sector (individual, non-corporate business, private), the private corporate sector (Joint stock companies, cooperative institutions) the Public sector (central and state government, local authorities). Rural people are facing an extremely risky environment when they save in the informal sector. Postal savings funds play a significant role in rural India. It provides numerous benefits to the investors. Post office saving bank is the largest savings institutions in the country and offering high returns than those given by scheduled banks. There are a number of attractive schemes, well designed to meet the individual requirements of different small savers. The major instruments of post office saving schemes enjoy tax benefits such as exemption of investment contribution or interest income from tax or both up to certain limits.

2. Postal Services in India

For more than 150 years, the Department of Posts (DOP) has been the backbone of the country's communication and has played a crucial role in the country's socio-economic development. It touches the lives of Indian citizens in many ways: delivering mails, accepting deposits under Small Savings Schemes, providing life insurance cover under Postal Life Insurance (PLI) and Rural Postal Life Insurance (RPLI) and providing retail services like bill collection, sale of forms, etc. The Department of Posts comes under the Ministry of Communications and Information Technology.

3. Review of Literature

Karthikeyan (2001) conducted a research on "Small Investors' Perception on Post Office Saving Schemes" and found that there was significant difference among the four age groups, in the level of awareness for Kisan Vikas Patra (KVP), National Savings Schemes (NSS), and Deposit Scheme for

Retired Employees (DSRE), and the overall score confirmed that the level of awareness among investors in the old age group were higher than in those of the young age group.

P.S. Selva Tharangini (2009) in her article entitled "Post Office Savings Schemes in the Maze of Investment Alternatives: A Study on the Attitude, Investment Pattern and Satisfaction of Investors (With Special Reference to Erode Postal Division)" the researcher states that the respondents considers 'safety' as the top most factor that influenced them to invest in Post Office Savings when compared to other factors.

Ms. B. Saranya (2014) in her study entitled "A Study on Investors Behaviour towards Post Office Savings Schemes (With Special Reference to Coimbatore City)" she portrayed that post office saving schemes major strength factor was "More schemes", the major weakness was "No advertisements and No loans", the opportunity factors was "Offering schemes to rural and urban areas", and major threat factor was "Mutual fund schemes".

Ms. N. Kalaiarasi and Ms. S. Saranyadevi (2016) "Depositors' Satisfaction And Level Of Awareness Towards Post Office Savings Bank Schemes With Special Reference To Udumalpet" the study identified that for most of the depositors, to be financially secure in future was the major factor to make investment in the saving schemes offered by post office.

4. Objectives of the Study

- To analyse the demographic profile of the investors.
- To identify the investors preference towards various post office saving schemes.
- To ascertain the level of preference towards Post offices saving schemes.

5. Methodology

The research design adopted in the study was descriptive in nature. The area of the study is in and around Pollachi. Primary data was collected through structured questionnaire.

The secondary data was collected from the articles, journals, and various websites. 75 respondents were taken for the study

using convenient sampling method. The statistical tool used for the study is Percentage analysis.

6. Analysis and Interpretation of Data

Table 1: Demographic Factors of Investors

Particulars	No of Investors	Percentage
Gender		
Male	29	39
Female	46	61
Age		
Below 20 years	5	7
21-30 years	18	24
31-40 years	27	36
Above 41 years	25	33
Educational Qualification		
Higher Secondary	20	27
Under Graduate	33	44
Post Graduate	12	16
Professional Degree	10	13
Type of Family		
Joint	19	25
Nuclear	56	75
Occupation		
Employed	47	62
Agriculturalist	05	07
Professional	05	07
Others	18	24
Marital Status		
Married	60	80
Unmarried	15	20
Monthly Income		
Below Rs 15,000	44	58
15,001 to 25,000	12	16
25,001 to 35,000	11	15
Above Rs 35,000	08	11
Household Surplus		
Below Rs 2500	36	48
2501 to 5000	20	27
5001 to 7500	13	17
Above Rs 7501	06	08

Table1 reveals that out of the 75 investors , 61 % of sample investors are female, 36% of investors belong to the age group of 31-40 years , 44% of investors completed their under graduation. 75% of the investors belong to nuclear type of family and 29 respondents are belonging to joint type of

family. 62% of the respondents are employees 80% of the investors marital status is married, 58% of the investors monthly income is below 15,000, 48% of investors household surplus is below Rs.2500.

Table 2: Factor That Influence the Investor Behaviour on Post Office Savings Schemes

Factors	No of Respondents	Percentage
Safety	52	69
Capital Growth	05	07
Tax Benefits	10	13
Interest Rate	08	11
Total	75	100

Above Table shows that most (69%) of the investors consider safety as main factor that Influence the Investor to

invest in Post Office Savings Schemes followed by tax benefits.

Table 3: Investors Preferences in Post Office Saving Schemes

Post Office Saving Schemes	No of Investors	Percentage
Post Office Savings Account	10	13
Post Office Time Deposits	07	09
Post Office Recurring Deposit	17	23
Post Office Monthly Income Scheme	11	15
Kisan Vikas Patra	03	04
National Savings Certificate	04	05
Deposit Scheme For Senior Citizen	05	07
Public Provident Fund	06	08
Sukunya Samriddhi Scheme	12	16
Total	75	100

Above table shows that out of the 75 investors, 23% of sample investors are preferring Recurring Deposit, 16% of the investors are preferring Sukunya Samriddhi Scheme, 15% of the investors are preferring Post Office Monthly Income Scheme, 13% of the investors are preferring Savings bank account and so on.

7. Conclusion

Investment is a pledge of individual's present funds to derive future income in the form of interest, dividends, rent, premium, pension benefits or appreciation of the value of their

principle capital. Most of the investments are considered to transfers of financial assets from one person to another but 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. The study concludes the respondents consider safety as main factor that influence the Investor Behaviour on Post Office Savings Schemes followed by tax benefits, interest rate and capital growth.

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