

# A Study On The Investor Postal Saving Scheme In Sub Post Office Special Reference To Uthangarai Taluk

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**Abstract:** *Indian post office is traditional saving method for all section of society particularly to rural people. It is very safe and secured savings, risk free and provide regular return on investments made. This method is mostly used at present by rural and semirural households. The post office offers different types of postal saving schemes like Post Office Savings Account, National Savings Recurring Deposit Account, National Savings Time Deposit Account, National Savings Monthly Income Account, Senior Citizens Savings Scheme Account, Public Provident Fund Account, Sukanya Samriddhi Account, National Savings Certificates, Kisan Vikas Patra, etc., and provide non saving scheme services sped post, Post Card, Inland Letter, Envelope, Parcel Post, Book Post, delivery and dispatch of mail, booking of registered article, saving bank withdrawals payment of money order etc.,*

*Recurring Deposits, Post Office Saving Bank A/C and Post Office Monthly Income Schemes are the main instruments for investment. Financial institutions like banks, insurance companies, mutual funds, post office savings banks, companies etc provides different types of post office financial instruments to an individual's savings as per his requirements. Friends and relatives are the main source of information for investment. This paper mainly report on the investor preference, awareness, perception of various investment schemes available in sub post office.*

**Keywords:** *Post Office, sub post office, Recurring Deposits, Post office savings schemes, Savings pattern, rural working women*

## 1. INTRODUCTION

In India post office saving scheme provide safe, no risk, good looking investment option and offer the saving instruments across its many post office. India Post, which controls the postal chain of the country, also provides several deposit avenues for investors, commonly known as post office saving schemes. These schemes were introduced to provide investment avenues and inculcate savings discipline among Indians from across economic classes. Every post office provides these savings schemes to enable individuals from across India to apply and enroll easily.

### 1.1 Postal dept launches drive to mobilize small savings

The department of posts has launched a campaign “Ungaludan Nangal” to encourage people to open saving accounts without hassles and to popularize its services. The last two months nearly 8.13 lacks saving account under different schemes were opened across the state Tamil Nadu circle added one of the highest number of accounts in the country. The campaign covers saving bank, recurring deposit, selva magal samippu thittam, public provident fund, and senior citizen saving scheme. At present 2.9 crore saving accounts across the country.

Increase the minimum balance from Rs. 50 to Rs. 500 led to closure of postal saving accounts especially in rural areas. So the minimum balance is revised as post offices largely catered to lesser privileged people. The minimum balance in postal saving accounts is Rs. 250. Investment of post office different types of deposit schemes and their current interest rates. The post office offers different types of post office deposit schemes for this to encourage investment, the investment also known as small saving scheme, these have sovereign guarantee, NSC, SCSS etc. also offer tax saving benefits vis-à-vis of the Income Tax Act 1961.

Interest rates on these small saving schemes are reviewed and fixed every quarter by the Government.

### *1.2 Types of Savings Schemes*

Presently, the government provides following postal saving schemes for investment by the general masses. They are enumerated below.

#### *1) Public Provident Fund (PPF)*

PPF is one of the preferable schemes and is available with a lock-in period of 15 years. Nonetheless, investors can avail partial withdrawal after 5 years. A minimum deposit of Rs. 500 per year is required to keep the account active.

#### *2) National Savings Certificate (NSC)*

Invest in NSC with a small deposit amount of Rs. 100 as a single individual, jointly or as a guardian of a minor. The lock-in period for this scheme is 5 years. Also, the annual interest on NSCs is re-invested and paid out as an accumulated amount at the time of maturity.

#### *3) Post Office Monthly Income Scheme*

This post office monthly savings scheme is another reliable savings instrument that allows you to invest a maximum of Rs. 4.5 Lakh individually and Rs. 9 Lakh jointly. As an MIS plan, it allows investors to generate a steady monthly income.

#### *4) Sukanya Samridhi Account*

SSY Scheme Under this Indian post office saving scheme, parents or legal guardians of any girl child up to 10 years of age are eligible to open this account in the child's name. A maximum of 2 accounts is allowed for a household for two daughters individually. Once the child reaches 21 years of age, she is eligible to claim the maturity amount.

Maturity of the account also differs as per the girl child's age on the date of enrolment. Thus, with a limit of up to 10 years of age, the maturity term will be accordingly extended from 21 years of age. Like, if the child was 5 years old on the date of enrolment, the year of maturity will be 21 years + 5 years, i.e., 26 years.

#### *5) Senior Citizen Savings Scheme*

Investors who are 60 years old, or 55 years old in case of voluntary retirement, can deposit up to Rs. 15 lakh over their lifetime in a Senior Citizen Savings Scheme to earn regular interest income. The plan also comes with a lock-in period of 5 years.

#### *6) Post Office Savings Account*

Also open a savings account with the post office, which is similar to savings accounts opened with banks, by depositing a minimum of Rs. 20. Also, you must maintain the account with a

minimum of Rs.50. India Post also allows you to transfer money in your post office savings account online.

7) *5-Year Post Office Recurring Deposit Account*

With small monthly investments, you can opt for as many RD accounts as you want with a post office. These investment options allow you to make periodic deposits while enabling substantial corpus creation over the tenure of investment.

8) *Post Office Time Deposit Account*

Also open time deposits as a post office saving scheme for 1, 2, 3 and 5 years of tenure. Even minors over 10 years of age can invest in time deposits along with a guardian. The savings option is similar to fixed deposits offered by banks.

9) *Kisan Vikas Patra (KVP)*

KVP certificates allow you to earn double the deposit amount in 9 years and 10 months. Also, the deposit can be encashed only after 2.5 years against the payment of a nominal penalty.

### *1.3 Benefits of Post Office Savings Schemes*

The saving schemes offered by India Post share some common features and benefits. Here are some generic features you should know.

- *Risk-free and reliable*

Regardless of any related parameters, all post office savings schemes are government-backed. Thus, they are considered risk-free investment options to park your funds.

- *Attractive return generation*

The Ministry of Finance updates the intrst rates of the post office saving scheme in every 3 months. Presently, the next intrst review is due in March 2020. Nonetheless, the intrst rate updates range between 4-9%, thus allowing investors to receive substantial returns.

- *Simple investment process*

Minimal documentation and simple application procedures offered by the post office provide you with easy enrolment to any of the saving schemes.

- *Long term investments*

Most of the post office saving schemes is long term investments which can run up to 15 years. A long tenure, such as with PPF, allows an investor to accumulate sizeable fund over time. Thus, they can be considered as effective plans for financial security as well as retirement benefits.

- *Availability to investors across the economic strata*

Postal investments are designed to cover investors from every corner of the country and across different economic strata. With 1.55 lakh post office branches, from rural to urban, every Indian citizen can avail these schemes.

- *Tax benefits*

Tax efficiency is another highly acknowledged feature of post office saving scheme. Some of the schemes such as National Saving Certificates come with tax exemptions on deposit amount under Section 80C. Also, some schemes like Kisan Vikas Patra offer tax deductions on the earned intrst.

### *1.4 Various types of product*

Indian post saving scheme options are spread across different types of savings and investment products to cater to various investors. The financial products are – savings deposit, recurring deposit, fixed deposit, monthly scheme, saving certificates, etc. Investors can choose from these options as per their financial goals.

Investors who prefer a no-risk investment portfolio along with substantial return generation can opt for these postal schemes. Saving parkways like National Savings Certificates, Sukanya Samridhhi Accounts, and PPF come with attractive intrst rate and zero financial risks. Also, the minimum investment amount is low and affordable; so investors from lower economic classes can also look forward to investing in these schemes.

Recently, the government launched internet banking facility for the customers also revised the rate of intrst for the following postal saving scheme

Postal saving Scheme	Existing rate of intrst	New Rate of Intrst
PPV	7.6	8.0
Senior Citizen account	8.3	8.7
Monthly Income Scheme	7.3	7.7
One year time deposit	6.6	6.9

### 1.5 Type of post office

Post office are basically classified into three types namely Head post office , sub post office , including E.D sub office and branch post office . o for as the public is concerned these is basicaaaly no difference in the character of the service rendered by sub post office and had post office except in regards few post office saving transactions certain sub post office do not. Data collected from the following sub post office for this study.

*Sub post office:* Kallavi

*Branch office*

1. Anandhdur,
2. Periyakotakulam
3. Salamarathu patti
4. Sulakarai
5. Thiruvanapatti
6. Daddampatti R.S,
7. M. Vellampatti

## 2. SCOPE

An investor behavior is an important aspect of investment research. A small savings constitute an important source of investment. The result of he study help the investors o know the types of saving scheme which gives maximum return. This study focuses location of uthangarai taluk in sub post office.

## 3. OBJECTIVE

1. To study the role of sub post office in mobilizing savings of the people in uthangarai taluk .
2. To know the various postal saving scheme available to customers.
3. To offer suggestion for improvement based on study.

## 4. REVIEW OF LITERATURE

Dr. Dhiraj Jain, Ms.Ruhika Kothari (2012) studied the benefits of post offices saving scheme, Department of Post has completed 150 years of their services and be considered as a backbone of the rural economic development and facilitators of communication It

significantly contributed the habit of savings among the rural parts of India due to minimum savings available , Rs. 500 sufficient for account opening , tax benefit. This study views the perception of investors“ towards various instruments because it has influenced the saving behaviour of rural investors since a decade.

K. Senthil Kumar (2014) described investments made by the rural people may completely help the nation to grow. The post office savings schemes steadily but gradually facilitate the rural people towards their better saving habits. Since the beginning of development, the importance has been on investment as the main instruments for economic growth and increase in national income. In order to have production as per target, investment is considered the crucial determinant and capital formation is to be supported by appropriate volume of saving.

Anjum Sayyad, Akbar Sayyed (2015) investigate the preference of investor for the Postal savings is a convenient, reliable, formal institutions which offering savings products to the people of the nation. Its reach is tremendous and growth is also drastically increasing. The present paper examines the preference attitude of investors of Pune region towards different investment schemes of Post Office and factors which facilitate and motivate them to choose a particular investment scheme of post office.

Ms.S.Mathumitha(2015) studied Investment culture refers to the attitudes, perceptions and willingness of individuals, and institutions in placing their savings in various financial assets, more generally and popularly known as postal savings. A study in this regards in Cumbum town assumes greater significance in the formulation of policies for the development and regulations of savings in general and protection to the investors in particular.

Kore Shashikant D, Dr. R.B. Teli,(2015) examine the opinion of customer regarding post office saving schme . Most of the Postal Investment is exempted from Income Tax and intrst also exempted. This has facilitated the investors to compete successfully with other avenues of investment available to them like commercial and co-operative banks, non-banking financial institutions, public sector companies etc. It is necessary for institutions offering investment instruments to study the opinion and perception of customers towards various investment instruments because it has influenced the saving behaviour of investors since decade. This research paper has made an attempt to know the opinion of postal customers towards POSB schemes in Kolhapur district of Maharashtra state.

B.Saranya, G.B.Karthikeyan (2015), studied the attitude of savings is different from one another. In India there are multiple investment avenues are available to meet differing needs of the investors. Present study analyse the investors awareness, perceptions, and preferences, behaviour of various investment avenues available to them in the market.

Bhagyashree Teli (2017) , a study the awareness of the post office saving scheme respondents from Rajsamand district, the respondents were aware about post office deposit schemes through their friends and relatives are identified . Awareness level; of various post office schemes is very low be expecting recurring deposit and post office savings bank account also pointed out that post office in small savings schemes for rural area is good enough but if they want to increase deposit officials increase awareness through advertising and agents.

Holosagi (2018), understood that investors motivational factor for investment in postal is to meet domestic purpose to be secure at old age and their prefer regular and safety, local accessibility and easy manageability as well suggest that government can create more awareness among rural people about the postal investment schemes and its benefits availed through it as it has not reached the people properly.

Vembu (2018), shown that most of the rural women are interested in investing their savings in post office because of immediacy of post office located in their residing location also stated that the officials create attentiveness to rural people for investing their money in post office so that create a growth of postal sector. Most of the investors are invest in post office savings schemes only for tax relief.

## 5. STATEMENT OF THE PROBLEM

Savings are intension to meet possibility and increase the expectation of living of an individual saver. Domestic saving plays an important role in realizing economic development of backward countries and different type of post office saving scheme available for an Investors. Investor faces a lot of challenges why saving ash and getting back the cash from account.

## 6. STATISTICAL TOOLS

For the research data collected , edited and tabulated for the analysis of investor attitude towards post office savings scheme in nsubpost office is described with help of the simple percentage analysis..

## 7. DATA ANALYSIS AND INTERPRETATION

Table 1  
 Age group of the respondents

Age Group	No. of respondents	Percentage (%)
Below 25	13	14
25-30	42	47
30-35	9	10
35-40	16	17
Above 40	10	12
	90	100

Table 1 deal with age group of the respondents, 14% of the respondents are age group of below 5 years . 47% of the respondents are coming under the age group of 25-30, 10% of the respondents are coming made the age group of 30-35 of the age. 17% of the respondents are coming under age 35-40 yrs and 12% of the respondents coming under age grou of above 40 yrs.

Table 2  
 Income level of the respondents

Income	No. of respondents	Percentage (%)
Below Rs 10000	31	34
10000 – 15000	5	5
15000 – 20000	19	21
20000-25000	32	35
Above Rs 25000	3	4
	90	100

Table 2 deals with the income level of the respondents , 34% of the respondents are earning below Rs. 10000 , 5% of the respondents are earning between 10000-15000, 21% of he respondents income between 15000-20000, 35% of the respondents are earning Rs 2000 - 25000, 4% of the respondents are earning above Rs 25000. Majority 35% of the respondents are earning income Rs 2000 -25000.

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Table 4  
 Occupation of the respondents

Occupation	No. of respondents	Percentage (%)
Business	30	33
Govt employee	20	22
House wife	25	28
profession	10	11
Others	5	6
	90	100

Table 3 deals with the occupation of the respondents , 33% of the respondents are doing business , 22% of the respondents are working Govt organizations, 28% of he respondents are house wife,11% of the respondents are profession, 6% of the respondents are others. Majority 33% of the respondents are doing business.

Table 5  
 Saving schemes of respondents

Sex	No. of respondents	Percentage (%)
Saving deposit	47	53
Female	43	47
	90	100

Table 5 deals with the sex of the respondents, 53% of the respondents are male rest of 47% of the respondents are female. Majority 53% of the respondents are male.

Table 6  
 Saving schemes of respondents

Saving Scheme	No. of respondents	Percentage (%)
Savings deposit	20	22
Recurring Deposit	43	48
Current deposit	17	19
Fixed Deposit	06	07
Senior citizen saving Scheme	04	04
	90	100

Table 5 deals with the respondents of saving schemes, 22% of the respondents are deposited in postal saving deposit schemes, 48% of the respondents are giving preference of Recurring Deposit schemes, 19% of the respondents are deposit in current deposit scheme, 7% of the respondents are deposited in fixed deposit scheme and 4% of the respondents are deposit in senior citizen saving scheme. Majority 48% of the respondents are deposited in recurring deposit scheme.

## 7. FINDINGS

1. Majority 53% of the respondents are male category rest are female.
2. It is found that table 47% of the respondents are coming under age group of 25 to 30 years.
3. Majority 35% of the respondents are earning income above 20000 but below Rs 25000.
4. Majority 33% of the respondents are doing business.
5. 4% of the respondents are saving in Recurring deposit schemes.

## 8. SUGGESTIONS

1. Most of the people giving preference for recurring deposit scheme giving awareness to rural people regarding other postal saving schemes.
2. Banking service provided by postal department but these services not familiar in rural people explain about the schemes.
3. National saving scheme, Indra Vikas Patra this scheme like the customer but low rate of interest comparing banking sector, may be increasing rate of interest, attract more number of rural customers.
4. Restrictions of withdrawal may be removed in time deposit account.
5. Better to increase non postal saving scheme service for more number of customers.

## 9. CONCLUSIONS

Post office savings bank in in the biggest service found establishment in the nation country individual are contributing a very unsafe condition when they spare in the causal segment. Post office as a communication avenue is slowly and stability changing main objectives at the sample investor are regularly return and safety, securing and task benefits capital growth and liquidity, children education and medical expenses, tax planning, maintaining retirement life and buying property.



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