



INVESTMENT BEHAVIOUR OF INDIVIDUAL INVESTORS IN VARIOUS POST OFFICE SAVING SCHEMES

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Abstract

Many investors view Post Office Saving Schemes as safe to invest avenue as well as higher income groups invest to save their taxes. Indian Post Office offers various types of saving schemes as per the investment needs of the individual investors. The present study aims to explore the preferred Post Office Saving Schemes and reasons why individual investors prefer to invest in these schemes. The study is conducted in Mumbai Suburban area i.e. Borivali to Andheri area. The sample size was 102 respondents who are investors of Post Office Saving Schemes. Findings of the study reveals that investors prefer to invest in most of the Saving Schemes offered by the Indian Post Office. Tax benefits is the major reason for investing in these schemes by the higher income group and safety and reliable investment is the reason for investing of the other investors. Individual investors are satisfied with services provided by the Post Office related to the Saving Schemes. They would like to continue investing into the Post office Investment Schemes in future as well as they would also recommend others to invest in it.

Key Words: Individual Investors, Post Office Saving Schemes, Investment Behaviour

1. INTRODUCTION

Indian Post Office provides various saving schemes such as PO saving account, PO recurring deposits, PO monthly income schemes, PO time deposit, Kisan Vikas Patra, Public Provident

Funds (PPF) and National Saving Certificate to cater the different needs of different investors and as per the financial objectives of the investors. These schemes offer safety and security as it is backed up by the Government of India. It also provides tax-exemption under Section 80C upto Rs.1,50,000/-. Most of the schemes provide interest rate above 7% p.a. Huge network of branches, backed up by Government and simple process of investment stimulates not only to the urban area investors but also rural area investors to invest in the Post Office Saving Schemes.

2. REVIEW OF LITERATURE

A paper titled “**A study on Post Office Savings of Middle-Class People of West Tripura District**” aims to examine the Post Office saving pattern of the individual households and their satisfaction from post office saving schemes in the study area. Study found out that middle class people are moderately satisfied with the rate of interest paid on post office schemes as well as satisfaction on the services of post office. Safety is the major purpose of investment in the post office. (Debnath & Debnath, 2018)

A study titled “**Performance of Indian Post Office Savings Schemes in recent trends**” aims to study the awareness among investors about post office saving schemes. The study concludes that investors are highly aware about post office schemes such as PO monthly income scheme, PO recurring deposit, PO time deposit and PO saving account. (Saranya & R. Hamsalakshmi, 2018)

The paper titled “**A study on factors influencing the investors and Investors’ awareness about post office saving schemes**” aims to study the factors influencing the investors to prefer Post Office Investment Schemes. Findings of the study reveals that most important factor influencing the investors to invest in post office saving schemes is promptness of services followed by safety of investment and services offered by agents. (S.Dhivyajothi, 2021)

The findings from Teli and Singh’s 2017 survey of 50 participants from Rajsamand district concludes that social circles of family and friends were the most important factor in influencing investment in Post office saving schemes.

Tax incentives, stable returns, government guarantee are the main reasons to invest in Post office savings schemes by employed individual investors, according to Singh’s survey (2018) in Himachal Pradesh.

3. OBJECTIVES OF THE STUDY

- 1) To explore preferred Post Office Saving Schemes and reason for preferring investment in the various post office schemes.
- 2) To find out source of awareness about post office schemes among the individual investors.

- 3) To know likelihood of investment in the post office scheme by individual investors in the future and recommendation to others to invest in the post office saving schemes.

4. HYPOTHESIS STATEMENTS

H₀ = There is no significant difference between monthly income of the individual investors and reason for preferring investment in the post office scheme.

H₀ = There is no significant difference between monthly income of the individual investors and likelihood to invest in the post office scheme in future.

5. RESEARCH METHODOLOGY

5.1 Type of Research: The study makes use of descriptive research design which describes characteristics of the individual investors about their investment pattern in the post office saving schemes.

5.2 Study Area: The research is conducted in Mumbai suburban from Borivali to Andheri area.

5.3 Sampling method: The sampling method followed in the study is a convenient sampling method.

5.4 Target Population and Sample size: The target population is individual investors. Sample size is 102 individual investors

5.5 Type and Source of Data: The present study is based on primary data and it is collected through Google form. Secondary data is collected through internet and research papers.

5.6 Statistical Tools Use: Tables and graphs are used for organizing the data for decision making. Chi-square test and Kruskal Wallis test are used for hypothesis testing.

6. LIMITATIONS

- 1) Sample size of 102 is a limitation; the findings may differ with higher sample size.
- 2) The study is limited to Mumbai suburban area i.e. Borivali to Andheri. Other area is not considered.

7. DATA ANALYSIS AND FINDINGS OF THE STUDY

7.1 Descriptive Statistics of Demographic Variables

		Count	Percentage
Gender	Female	55	53.92%
	Male	47	46.08%
Age	21-30 Years	69	67.65%
	31-40 Years	16	15.69%
	41-50 Years	11	10.78%
	51-60 Years	4	3.92%
	Above 60 Year	2	1.96%

Occupation	Business	21	20.59%
	Government employees	2	1.96%
	Housewife	17	16.67%
	Other	46	45.10%
	Professional	16	15.69%
Monthly Income	Below Rs. 10,000	18	17.65%
	Rs. 10,000 to Rs. 30,000	24	23.53%
	Rs. 30,001 to Rs. 50,000	6	5.88%
	Rs. 50,001 to Rs. 70,000	41	40.20%
	Rs. 70,001 to Rs.1,00,000	3	2.94%
	Above Rs.1,00,000	10	9.80%

Source: Primary Data

7.2 Which of the following post office saving schemes have you invested in?

Particulars	Yes	No
Post office Recurring Deposit	50	52
National saving certificate	51	51
Post office monthly income scheme	67	35
Post office Fixed Deposit	58	44
Public Provident Fund	65	37
Kisan Vikas Patra	48	54

Source: Primary Data

The above table shows that most of the individual investors have invested into all the post office investment saving schemes such as Post office Recurring Deposit, National saving certificate, Post office monthly income scheme, Post office Fixed Deposit, Public Provident Fund and Kisan Vikas Patra.

7.3 Source of awareness about Post Office Saving Schemes

Particulars	No	Yes
Advertisement	31	71
Friends and family	19	83
Social media	79	23
Agent/ financial advisor	90	12
Post office staff	25	77

Source: Primary Data

Above table shows that individual investors get information about post office saving schemes through advertisements, friends and family members and post office staff. It can be noted that

social media and agent/ financial advisors do not significantly contribute towards the awareness about post office saving schemes.

7.4 Reason for preferring investment in Post Office Saving Schemes

Particulars	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Tax benefit	54	24	17	3	4
Safety of investment	27	35	34	3	3
Less formalities	22	32	27	16	5
Reliable Investment	28	30	26	7	11
Better rate of Interest	22	11	62	3	4

Source: Primary Data

The above table shows following result about reason for preferring investing in post office saving schemes:

- Individual investors strongly agree with tax benefit
- They agree about safety of investment, less formalities and reliable investment
- They are neutral about better rate of interest

7.5 Service satisfaction of individual investors from post office saving schemes

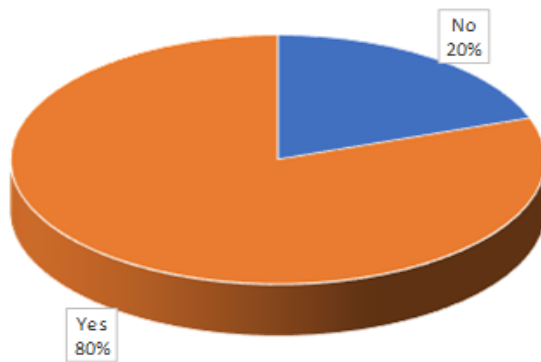
Particulars	Very satisfied	Somewhat satisfied	Not satisfied
Behaviour of staff	28	61	13
Information provided by the staff	34	52	16
Investment varieties	39	39	24
Paper work	34	36	32
Investment formalities	29	36	37

Source: Primary Data

The above table shows following result about service satisfaction of individual investors from post office saving schemes:

- Individual investors are somewhat satisfied with the behaviour of the post office staff and the information provided by them.
- They are satisfied with investment varieties of post office schemes.
- They are having mixed reaction about paper work and investment formalities while investing in the saving schemes of post office

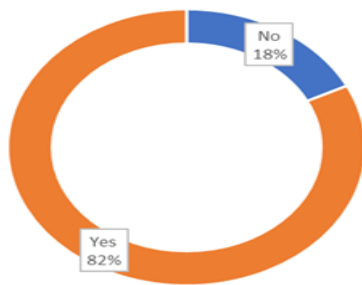
7.6 Would you continue investing into post office schemes in the future?



The graphs shows that most of the individual investors would continue investing into post office saving scheme in the future as well.

Source: Primary Data

7.7 Would you recommend others to invest into post office schemes?



The graphs shows that most of the individual investors would recommend others to invest in the post office saving schemes.

Source: Primary Data

8. HYPOTHESIS TESTING

H_0 = There is no significant difference between monthly income of individual investors and reason for investment in the post office saving scheme

8.1 Kruskal Wallis Test

Test Statistics ^{a,b}					
	Better rate of Interest	Tax benefit	Safety investment	of Less formalities	Reliable Investment
Chi-Square	2.511	16.434	9.474	5.332	9.248
df	5	5	5	5	5
Asymp. Sig.	.775	.006	.092	.377	.100
a. Kruskal Wallis Test					
b. Grouping Variable: Monthly Income					

Source: Primary Data

To test above hypothesis test, Kruskal Wallis test is used. Result shows that p-value is more than 0.05 for the reasons – better rate interest, safety of investment, less formalities and reliable investment. Thus, null hypothesis accepted i.e. There is no significant difference between

monthly income of retail investors and reason (better rate interest, safety of investment, less formalities and reliable investment) for preferring to invest in the post office saving scheme. **It can be concluded that different income groups have same reason to invest into post office saving scheme (except tax benefits).**

In case of tax benefit, the p-value is 0.006 which is less than 0.05. Thus, null hypothesis is rejected. **Therefore, it can be concluded that higher income group people prefer to invest into post office to get tax benefit as compared to lower income group.**

H₀ = There is no significant difference between monthly income of the individual investors and likelihood to invest in the post office scheme in future

8.2 Crosstabulation - Monthly Income * preference for investment in post office scheme in future

		Would you like to continue investing in post office saving scheme in future?		Total
		Yes	No	
Monthly Income	Below Rs. 10,000	12	6	18
	Rs. 10,000 to Rs. 30,000	18	6	24
	Rs. 30,001 to Rs. 50,000	5	1	6
	Rs. 50,001 to Rs. 70,000	37	4	41
	Rs. 70,001 to Rs.1,00,000	2	1	3
	Above Rs.1,00,000	8	2	10
Total		82	20	102

Source: Primary Data

8.3 Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5.511 ^a	5	.357
Likelihood Ratio	5.608	5	.346
Linear-by-Linear Association	2.317	1	.128
N of Valid Cases	102		

a. 7 cells (58.3%) have expected count less than 5. The minimum expected count is .59.

Source: Primary Data

To test above hypothesis, Chi-square test is used. Pearson Chi-square value is 5.511 and p-value is 0.357 which is more than 0.05. Thus, null hypothesis is accepted i.e. There is

significant difference between monthly income of the individual investors and likelihood to invest in the post office scheme in the future. **So, from cross tabulation table and chi-square test result it can be concluded that monthly income does not influence likelihood of individual investors to invest in the post office scheme in the future.**

9. CONCLUSION

The study concludes that individual investors have invested in most of the Post Office Saving Schemes. Their source of awareness about Post Office Saving Scheme is advertisements, friends and family and post office staff. Tax benefit is the major reason for investing into post office schemes by the higher income group. Whereas lower income group invest due to safety of investment, less formalities, reliable investment and better return on investment. Individual investors found satisfied with behaviour of the staff, information provided by the staff and investment variety at post office. They have mixed reaction about paper work and investment formalities. Finally, it is found that they would like to continue investing into post office schemes in future also as well as they would like to recommend others to invest into post office schemes.

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