



# Customers' Investment Behavior and Satisfaction towards Post Office Savings Schemes: A Study with reference to Singur Block

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## *Abstract*

There are a lot of investment opportunities around us. We need to choose the best option for investment for attaining overall objectives. The Indian postal department is offering various savings schemes with high return and safety. It is the largest postal network in the world. It promotes savings habit among the people, especially among the rural poor. This study has been conducted to find out the correlation between the overall satisfaction level of the customers with some demographic aspects and overall liquidity of post office savings schemes. In the study, the dependency of the overall satisfaction level of customers on the safety of investment in various post office savings schemes has also been analyzed. The survey result shows that there is a positive correlation between the said variables. It also shows the dependency of the satisfaction level of customers on the safety of investment in various post office savings schemes.

**Key Words:** Investment Opportunities, Savings Habits, Post Office Savings Schemes, Positive Correlation and Dependency.

## **1.Introduction:**

Culture of investment in the mind of people of a nation is a vital prerequisite for capital formation and faster growth of the economy of that nation. It means the customers' behavior, attitude, perception and willingness for investing their savings in various financial assets. India has various investment schemes and opportunities for individuals and institutions. They save and choose the appropriate investment schemes which suit their needs. There are various types of investment opportunities provided by many financial institutions like commercial banks, regional rural bank, co-operative bank, Indian postal service, LIC, public limited company. Among these

opportunities, post office savings schemes, play an important role. The Indian postal department started its journey in 1727 from Kolkata. It provides secure, risk free and attractive investment alternatives for small investors and offers various savings products across the India. Currently, there are 155531 post offices in India out of which 15649 are serving urban area and 139882 are serving rural areas. On an average a post office serves 8770 people in the country. In rural area 6455 people and in urban area 29458 people are served by a post office. It has provided employment to 418818 people across the nation. The Indian postal department is the largest postal network in the world<sup>†</sup>. The post office savings bank is also the oldest and the largest banking system of the nation. It serves the investment needs of both rural and urban people. In order to encourage the National savings Movement, Indian Government has been offering higher returns than offered by other scheduled banks. Indian post offices try to mobilize the small savings of people with relatively small income and circulating them in the economy. India post has been offering numerous well designed, attractive schemes for different class of investors. All most all the post office savings schemes provide tax benefits as a result the high income group of investors are attracted along with small income group investors in post office savings schemes.

## 2. Post Office Savings Schemes:

India post offers various investment or schemes for both the rural and urban citizens of India. These are mentioned in brief below:

- **Savings Bank Account:** It serves the regular need of deposits and withdrawals long with cheque facility.
- **Recurring Deposit Accounts:** It offers a monthly investment option with an attractive rate of return at the end of five years with an option to extend the accounting periods. Subject to certain conditions, the insurance coverage facility is also available with this account.
- **Monthly Income Scheme:** It offers a fixed investment option for five years with monthly interest payment facility. Under this system, interest is automatically credited to the savings bank account.
- **Public Provident Fund (PPF):** It offers discontinuous or irregular deposits subject to certain limits for a period of fifteen years, coupled with income tax exemptions subject to certain conditions, on investment. Loan and withdrawal facilities are also available under that said scheme.
- **Time Deposit:** Time deposit option for periods ranging from one, two, three or five years with facility to draw yearly interest offered at compound rates. Interest will automatically be credited to the savings bank account.
- **Deposit Schemes for Senior Citizen:** It offers fixed investment options for senior citizens for a period of five years that can be extended at a higher rate of return of interest.
- **National Savings Certificates:** It is a fixed investment of Five years. Minimum investment of Rs. 100 and investments could be made in multiples of Rs. 100. Here pledging facility is available for availing loan from banks. Fixed investment period is 10 years. Post Office also offers insurance products through

<sup>†</sup> Annual Report 2018-19, Department of Posts, India.

Postal Life Insurance and Rural Postal Life Insurance schemes with low premium and high bonus of the nation. Presently, VIII and IX issue of the NSC are available in the market.

- **Kisan Vikas Patra:** Here, the amount invested becomes double in 100 months. It is one of the safest investment schemes.
- **Sukanya Samridhi Account:** This account was officially launched by honorable Prime Minister Narendra Modi on January 22, 2015 as a part of “Beti Bachao- Beti Padhao (BBB)” Initiative. Sukanya Samridhi Account is a special one.

- **Profile of post office savings schemes:**

Table-1 Profile of post office savings schemes over the years from 2013-14 to 2017-18

Year	Post Office Savings Schemes (Rs. in Crore)								
	Savings Bank Accounts	Recurring Deposit	Time Deposit	Monthly income scheme	National Savings Certificate	PPF	Senior Citizen Savings Scheme	Kisan Vikas Patra	Sukanya Samridhi Scheme
2013-14	42959.01	74150.81	40712.21	202083.60	75075.89	46607.65	22491.36	106757.58	-
2014-15	46847.59	74515.26	51755.12	200555.35	85597.59	52747.56	17974.64	84844.47	521.69
2015-16	55082.35	76181.88	70632.28	193805.89	88128.35	57603.50	22876.07	64861.05	6425.94
2016-17	85168.93	84455.58	79655.46	180063.61	87228.37	63361.91	29453.39	53574.82	13824.29
2017-18	86304.98	92322.97	99289.07	181688.06	87365.57	69985.60	41717.69	37983.29	22904.84

Source: Compiled from the annual reports of various years, Department of Posts, Government of India.

**Observation:** The above table shows the complete profile of post office savings schemes over the last five years from 2013-14 to 2017-18. Apparently, there is an increasing trend in all most all the schemes except Monthly Income Scheme and Kisan Vikas Patra. In Monthly Income Scheme, a zigzag trend can be seen, whereas, a decreasing trend could be found in Kisan Vikas Patra over the years.

### 3. Literature Review:

Several studies have been conducted by the researchers on different aspects of post office savings schemes in India. Some of them are highlighted below.

**Vembu et.al. (2018)** said that the post office was a traditional nerve centre of India for rural people. It would be converted into ‘one stop shop’ for the rural India to avail all the facilities relating to post office savings investment.

**Patil and Chaudhri (2017)** attempted to understand and analyze the impact of individuals’ income on perception towards various postal services. They proved that services provided by Indian post play an important role in financial, retail and premium services among all type individual income groups.

**Sasikala and Selvaraj (2017)** analyzed the various post office savings schemes and identified the problems faced by any investor in the mobilization of savings. They also said that in a country like India, Post office strategy is appreciable.

**Rajeswari (2017)** aimed to understand the recurring deposit scheme of the post office and allied services along with the customer satisfaction level towards recurring deposits. They also paved the way to identify the areas which require improvement and critical success factors.

**Mohamed and Shajahan (2016)** made a study on investor's attitude towards post office savings schemes in Tiruchirappalli district. They found that the policy makers and regulatory authorities have to understand the investors' perceptions and their preferences.

**Saranya and Karthikeyan (2015)** analyzed the satisfaction and preference level of post office savings schemes. They also identified the SWOT of the post office schemes.

**Senthilkumar and Kannaiah (2014)** said that the postal investments undertook the responsibility of savings of India postal investors, and it would help the nation to generate the necessary funds resulting in the society's getting overall benefits.

#### 4. Objectives of the Study:

The major objectives of the study are:

To highlight the various post office savings schemes.

To identify the motivational factors for investment in post office savings schemes.

To analyze the correlation between overall satisfaction level and some demographic aspects of the customers & liquidity of post office savings schemes.

To examine the dependency of the overall satisfaction level of customers on safety of investment in post office savings schemes.

#### 5. Research Methodology:

The study is based on both primary data and secondary data. Primary data have been collected through structured questionnaire and secondary data have been collected from various articles, journals, research publications, annual reports of the postal department and web based resources. The study has been conducted in Singur block. A sample size of 150 has been selected through the convenient sampling technique and the questionnaires are distributed to them personally. Out of which 106 persons have responded to the questionnaire finally. The survey has been conducted during the month of August to October 2019. For reliability and consistency of the scale in the questionnaire Cronbach's Alpha has been conducted. The test result is 0.695 which is highly satisfactory. The frequency table, simple percentage, correlation test (bivariate) and chi-square test have been used to analyze the data collected through questionnaire to draw logical conclusion with the help of SPSS version 20.

## 6. Hypothesis:

Two sets of hypotheses have been formulated to analyze the correlation between the overall satisfaction level of customers and some demographic aspects of the customers. One set of hypothesis has been formed to examine the correlation between the overall satisfaction level of customers and overall liquidity of various post office savings schemes. Another one set of hypothesis has been made to examine how the overall satisfaction level of customers is independent to the safety of investment in post office savings schemes.

Hypothesis-1  $H_0$  Overall satisfaction level of a customer does not have any correlation with his educational qualification

Hypothesis-2  $H_0$  Overall satisfaction level of a customer is not correlated to his income level

Hypothesis-3  $H_0$  Overall satisfaction level of customers has no correlation with overall liquidity level of post office savings schemes

Hypothesis-4  $H_0$  Overall satisfaction level of customers is independent to safety of investment in post office savings schemes.

## 7. Data Analysis and Discussion:

### 7.1 Gender of Respondents

**Table-2 Gender of Respondents**

Gender	Frequency	Percent
Male	58	54.7
Female	48	45.3
Total	106	100.0

Source: Filed survey by researcher

**Observation:** From the above table-2, it has been observed that 54.7% of the surveyed respondents are male whereas 45.3% of the respondents are female.

### 7.2 Age Group of Respondents

**Table- 3 Age Group of Respondents**

Age Group	Frequency	Percent
20 Yrs to 30 Yrs	26	24.5
31 Yrs to 40 Yrs	19	17.9
41 Yrs to 50 Yrs	22	20.8
51 Yrs to 60 Yrs	27	25.5
Above 60 Yrs	12	11.3
Total	106	100.0

Source: Filed survey by researcher

**Observation:** From the above table-3, it has been found that 25.5% of the surveyed respondents are of the age group between 51-60 years whereas 11.3% of the respondents are above 60 years of age.

### 7.3 Educational Qualification of Respondents

**Table- 4 Educational Qualification of Respondents**

Educational Qualification	Frequency	Percent
Primary	9	8.5
Madhyamik	9	8.5
H.S.	33	31.1
Graduation	39	36.8
Post Graduate	16	15.1
Total	106	100.0

Source: Filed survey by researcher

**Observation:** From the above table-4, it has been seen that 36.8% of the surveyed respondents are graduate whereas 8.5% of the respondents have primary and H.S. level qualification.

### 7.4 Monthly Income of Respondents

**Table- 5 Monthly Income of Respondents**

Monthly Income	Frequency	Percent
Below Rs.10000	36	33.96
Rs.10001-Rs.15000	25	23.58
Rs.15001-Rs.20000	10	9.43
Rs.20001-Rs.25000	15	14.15
Above Rs.25000	20	18.9
Total	106	100.0

Source: Filed survey by researcher

**Observation:** From the above table-5, it has been found that 33.96% of the surveyed respondents' monthly income level fall in between Rs.10000 whereas 9.43% of the respondents have a monthly income level falls in between Rs. 15001 to Rs. 20000.

### 7.5 Factors of Motivation in Savings

**Table- 6 Factors of Motivation in Savings**

Factors of Motivation in Savings	Frequency	Percent
Necessity of Life	85	80.2
Provisions & Contingencies	76	71.7
Status	25	23.6
Income	44	41.5
Tax Benefits	60	56.6
Social Consideration	10	9.4
Children's Education	80	75.5
Children's Marriage	55	51.9
Savings	38	35.8
Availability	20	18.9
Pension Schemes	60	56.6

Source: Filed survey by researcher

**Observation:** From the above table- 6, it has been observed that necessity of life is the most vital factor of motivation in savings. It has been chosen by 80.2% of the total surveyed respondents, whereas social consideration is chosen as the least factor of motivation in savings by 9.4% of the total respondents.

## 7.6 Post Office Savings Schemes Aailed

**Table- 7 Post Office Savings Schemes Aailed**

Post Office Savings Schemes Aailed	Frequency	Percent
Savings Bank Accounts	100	94.3
Recurring Deposit	56	52.8
Time Deposit	45	42.5
Monthly income scheme	80	75.5
National Savings Certificate	60	56.6
Public Provident Fund	90	84.9
Senior Citizen Savings Scheme	60	56.6
Kisan Vikas Patra	44	41.5
Sukanya Samridhhi Scheme	57	53.8

Source: Filed survey by researcher

**Observation:** From the above table-7, it has been seen 94.3% of the surveyed respondents have a savings bank account, whereas 41.5% of the surveyed respondents have Kisan Vikas Patra.

## 7.7 Problems with Post Office Savings Schemes

**Table- 8 Problems with Post Office Savings Schemes**

Problems With Post Office Savings Schemes	Frequency	Percent
Lack of employees	80	75.5
Poor response from employees	50	47.2
Delay in withdrawal	76	71.7
More formalities in withdrawal	66	62.3
Poor Liquidity	35	33.0
Low return	12	11.3
Low Infrastructure	30	28.3

Source: Filed survey by researcher

**Observation:** From the above table-8, it has been found that lack of employees is the most important problem with post office savings schemes to 75.5% of the surveyed respondents, whereas low return is the least problem with post office savings schemes to 11.3% of the surveyed respondents.

## 7.8 Satisfied With Overall Return of Post Office Savings Schemes

**Table- 9 Satisfied With Overall Return of Post Office Savings Schemes**

Satisfied With Overall Return of Post Office Savings Schemes	Frequency	Percent
Satisfied	61	57.5
Neutral	30	28.3
Dissatisfied	15	14.2
Total	106	100.0

Source: Filed survey by researcher

**Observation:** From the above table-9, it has been observed that 57.5% of the surveyed respondents are satisfied with an overall return of post office savings schemes whereas 14.2% of the respondents do not agree with the issue.

## 7.9 Satisfied With Overall Liquidity of Post Office Savings Schemes

**Table- 10 Satisfied With Overall Liquidity of Post Office Savings Schemes**

Satisfied With Overall Liquidity of Post Office Savings Schemes	Frequency	Percent
Satisfied	72	67.9
Neutral	21	19.8
Dissatisfied	13	12.3
Total	106	100.0

Source: Filed survey by researcher

**Observation:** From the above table-10, it has been seen that 67.9% of the surveyed respondents are satisfied with overall liquidity of post office savings schemes whereas 12.3% of the respondents are dissatisfied with such liquidity.

## 7.10 Overall Satisfaction Level with Post Office Savings Schemes

**Table-11 Overall Satisfaction Level with Post Office Savings Schemes**

Overall Satisfaction Level with Post Office Savings Schemes	Frequency	Percent
Satisfied	49	46.2
Neutral	44	41.5
Dissatisfied	13	12.3
Total	106	100.0

Source: Filed survey by researcher

**Observation:** From the above table-11, it has been found that 46.2% of the surveyed respondents are satisfied with the overall satisfaction level of customers whereas 12.3% of the respondents are dissatisfied with the matter.

## 7.11 Overall Safety of Post Office Savings

**Table-12 Overall Safety of Post Office Savings**

Overall Safety of Post Office Savings	Frequency	Percent
Satisfied	82	77.4
Neutral	14	13.2
Dissatisfied	10	9.4
Total	106	100.0

Source: Filed survey by researcher

**Observation:** From the above table-12, it has been found that 77.4% of the surveyed respondents are satisfied with the overall safety of post office savings, whereas 9.4% of the respondents are dissatisfied with overall safety of post office savings.



**Correlation Test-1****Hypothesis-1**

H<sub>0</sub> Overall satisfaction level of a customer does not have any correlation with his educational qualification

H<sub>1</sub> Overall satisfaction level of a customer has a correlation with his educational qualification

**Table- 13 Correlations**

		Overall Satisfaction Level with Post Office Savings Schemes	Educational Qualification
Overall Satisfaction Level with Post Office Savings Schemes	Pearson Correlation	1	0.236
	Sig. (2-tailed)		.015
	N	106	106
Educational Qualification	Pearson Correlation	0.236	1
	Sig. (2-tailed)	.015	
	N	106	106

Source: Compiled by researcher

**Interpretation:** Here, the bivariate correlation test has been applied to test the correlation between the overall satisfaction level of a customer with his educational qualification. In this correlation matrix, Pearson's correlation coefficient is 0.236 and P-value for two-tailed test is 0.015 which is less than 0.05 at the 5% level of significance. So, it can be concluded that there is a positive correlation between overall satisfaction levels of a customer with his educational qualification.

**Correlation Test-2****Hypothesis-2**

H<sub>0</sub> Overall satisfaction level of a customer is not correlated to his income level

H<sub>1</sub> Overall satisfaction level of a customer is correlated to his income level

**Table- 14 Correlations**

		Overall Satisfaction Level with Post Office Savings Schemes	Monthly Income
Overall Satisfaction Level with Post Office Savings Schemes	Pearson Correlation	1	0.263
	Sig. (2-tailed)		.007
	N	106	106
Monthly Income	Pearson Correlation	0.263	1
	Sig. (2-tailed)	.007	
	N	106	106

Source: Compiled by researcher

**Interpretation:** Here, the bivariate correlation test has been applied to test the correlation between the overall satisfaction level of a customer with his income level. In this correlation matrix, Pearson's correlation coefficient is 0.263 and P-value for two-tailed test is 0.007 which is less than 0.05 at the 5% level of significance. So, it can be concluded that there is a positive correlation between overall satisfaction levels of a customer with his income level.

**Correlation Test-3****Hypothesis-3**

H<sub>0</sub> Overall satisfaction level of customers has no correlation with overall liquidity level of post office savings schemes

H<sub>1</sub> Overall satisfaction level of customers has a correlation with overall liquidity level of post office savings schemes

**Table- 15 Correlations**

		Overall Satisfaction Level with Post Office Savings Schemes	Satisfied with Overall Liquidity of Post Office Savings Schemes
Overall Satisfaction Level with Post Office Savings Schemes	Pearson Correlation	1	0.274
	Sig. (2-tailed)		.004
	N	106	106
Satisfied with Overall Liquidity of Post Office Savings Schemes	Pearson Correlation	0.274	1
	Sig. (2-tailed)	.004	
	N	106	106

Source: Compiled by researcher

**Interpretation:** Here, the bivariate correlation test has been applied to test the correlation between the overall liquidity level of post office savings schemes with the overall satisfaction level of customers. In this correlation matrix, Pearson's correlation coefficient is 0.274 and P-value for two-tailed test is 0.004 which is less than 0.05 at the 5% level of significance. So, it can be concluded that there is a positive correlation between the overall satisfaction level of customers and an overall liquidity level of post office savings schemes.

**Chi-square Test- 1****Hypothesis-4**

H<sub>0</sub> Overall satisfaction level of customers is independent to safety of investment in post office savings schemes.

H<sub>1</sub> Overall satisfaction level of customers is dependent to safety of investment in post office savings schemes

**Table-16 Cross tabulation between overall Satisfaction Level with Post Office Savings Schemes and Overall Safety of Post Office Savings**

Overall Satisfaction Level with Post Office Savings Schemes		Overall Safety of Post Office Savings			Total
		Satisfied	Neutral	Dissatisfied	
Satisfied	Number	47	1	1	49
	% of Total	44.3%	.9%	.9%	46.2%
Neutral	Number	35	9	0	44
	% of Total	33.0%	8.5%	0.0%	41.5%
Dissatisfied	Number	0	4	9	13
	% of Total	0.0%	3.8%	8.5%	12.3%
Number		82	14	10	106
Total	% of Total	77.4%	13.2%	9.4%	100.0%

Source: Compiled by researcher

**Table-17 Chi-Square Test**

Chi-Square Test	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	77.940	4	.000
Likelihood Ratio	65.885	4	.000
Linear-by-Linear Association	45.679	1	.000
No of Valid Cases	106		

Source: Compiled by researcher

**Interpretation:** The Pearson Chi-Square or P-value of the test at the 5 % level of significance is 0.000 which is less than 0.05. So, the null hypothesis is rejected and the alternative hypothesis is accepted. Therefore, it can be concluded that there overall satisfaction level of customers is dependent on the safety of investment in post office savings schemes.

## 8. Conclusions

In this study, positive correlations have been found in respect of the overall satisfaction level of customers with some demographic variables like education, monthly income and overall liquidity of the post office savings schemes. Overall satisfaction level of customers is dependent on safety of investment in post office savings schemes. The post offices are serving millions of people, especially in rural India as a traditional financial with banking facilities. They help retail and rural investors to save and invest their money for specified purposes. They are performing effectively and efficiently to circulate the rural savings and investment in the formal financial system for the overall benefit of the nation.

## 9. Suggestions

These are some suggestions for the further betterment of the Indian postal services

- The Government should introduce more advertisement campaign for the promotion of the postal department of India.
- Government should promote more awareness programme for the people regarding newer postal schemes.
- More tax benefit schemes should be introduced over the years.
- Time to time up gradation of technologies must be done in the post offices compared with the parallel banking industry.

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