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## Investors' Awareness And Influencing Factors In Adoption Of Post Office Savings Schemes: A Study In Erode District Of Tamilnadu

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### ABSTRACT

The postal department has been the strong foundation for the country's communication and also offers various financial services. Gradually, rather than providing communication services, post office provides many schemes for investment purpose. This paper investigated the factors influencing and awareness level of the investors about post office savings schemes in Erode district of Tamilnadu. Factors influencing investors have been analysed with the help of Garrett's Ranking Technique and awareness level of the investors about post office savings schemes were analysed using chi-square test. Primary data were collected from 474 sample investors through well – structured Interview Schedule. Data collected have been analysed using SPSS. It is found that 54% of the investors are having low level of awareness and 46% of the investors are having high level of awareness about post office savings schemes.

**KEYWORDS:** Post office savings schemes, Interest rate, financial inclusion and National savings certificate.

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## INTRODUCTION

India as a rapidly developing economy provides various avenues of investment. Of which, the Government of India continuously promoting the traditional and reliable investment option, i.e., small savings scheme emerging as a notable option. Investment alternatives are broadly bifurcated into two types. They are direct investment alternative and indirect investment alternative. In this context, post office savings schemes are considered as most trusted form of indirect investment alternative, because of their reliability, accessibility and Government backing security.

Savings originates from surplus income i.e., remaining income after meeting our consumption needs. In order to increase savings, it is essential that both the ability and the desire to save must be present. In the wider economic framework, taxes serve as a means of collective savings for the Government, which are subsequently reinvested into the enhancement of infrastructure, welfare and public services.

Economists mentioned that the savings- to- income ratio in India has consistently raising, despite the challenges posed by a growing population and inflation. This pattern indicates a cultural tendency towards saving as well as increasing income levels, particularly within the middle class people.

The post office savings bank is one of the oldest and far largest banking system in India. It offers a variety of savings and deposit plans to meet the investment needs of both urban and rural communities. These services are provided as an agency function representing on behalf of Ministry of finance and Government of India, thereby ensuring the credibility and security of the invested funds.

## POST OFFICE SAVINGS SCHEMES

The Postal Department manages the saving schemes for the Ministry of finance and the Government of India. On 31.03.2024, 1,64,972 post offices were operating under India post across India, which makes the largest postal network in the world. It functions in both rural and urban areas, but a special attention is made to rural areas. As of November 2024, more than 36.8 crores accounts in the last seven years under post office savings bank account scheme with a cumulative deposit of Rs. 10.78 lakh crores . 2.68 crore accounts were opened in India post payment banks, of which 59% is owned by women of which 77% were opened in rural areas.

Following are the schemes offered by the Post Office.

- Post Office Savings Bank Deposits
- 5-Years Post Office Recurring Deposits (RD)
- Post Office Time Deposits (TD)
- Post Office Monthly Income Scheme (MIS)
- Senior Citizen Savings Scheme (SCSS)
- Public Provident Fund (PPF)
- National Savings Certificate (NSC)
- Kisan Vikas Patra (KVP)

- Sukanya Samriddhi Accounts
- Mahila Samman Savings Certificate

Everybody in the world aims to save money and make investments. Most of the people agrees that one of the key factor influencing economic growth is savings. Against this background, the present study is an attempt to find out the factors influencing the investors to prefer post office savings scheme and awareness level of the investors about post office savings schemes.

## REVIEW OF LITERATURE

Deepa and Babyrani (2023) made a study on “An analysis of factors influencing the investors to prefer post office savings schemes”. This study was conducted to identify the problems faced by the post office investors. For this study, the required primary data have been collected and such collected data have been analysed with the help of statistical tools like Garrett’s Ranking Technique and Kendall’s co-efficient of concordance. They found that inadequate loan facility is the major problem faced by the investors. They suggested that postal department should provide loans as like traditional banks and non - banking financial companies at minimum rate of interest.

Ramya and Harini (2023) made a study with the objectives of identify the level of awareness of various schemes of post office among the public. For this study, the required primary data have been collected from 120 sample respondents using convenience random sampling. Such collected data have been analysed with the help of various statistical tools like percentage analysis, Rank correlation and Likert’s scale. They found that 50.8% of the respondents are aware of post office savings schemes through family and friends. They suggested that postal department can join hands with the advertising industry and can release more advertisement campaigns that highlight the features and benefits of post office savings schemes.

Aarthi et al. (2023) examined the impact of post office savings schemes for the education of girl child with special reference to kalliakulam in Thirunelveli district. This study was conducted with the objective of analyse the awareness level of the girl child schemes available in the post office. For this study, the required primary data have been collected from 50 sample respondents. Such collected data have been analysed with various statistical tools. They found that majority of the respondents are aware about post office savings schemes by the agent. They suggested that post office can organize exhibition and poster execution in order to attract the attention of common people, and make them to invest in their appropriate savings scheme for their girl child’s higher education according to their ability.

Sree keerthana and Brindha (2024) made a study on “A study on customers’ perception towards Post Office Savings Schemes”. This study was conducted to examine the factors that influencing the investment behavior of the people. For this study, the required primary data have been collected from 100 sample customers. Such collected data have been analysed with the help of Percentage Analysis and Garrett’s Ranking Technique. They found that most of the respondents invest in post office because of higher rate of interest and it is been a Government’s institution. They suggested that postal department

should open postal ATMs to deposit and withdraw the money which could be a major advantage for the postal investors.

Christy chanchu and Christy cresida examined (2025) investors' awareness towards Post Office Savings Schemes. This study was conducted to evaluate the factors influencing investors to invest in Post Office Savings Schemes. For this study, required primary data have been collected from 122 sample investors by using random sampling method. Such collected data have been analysed with the help of various statistical tools like Percentage analysis, Garrett's Ranking Technique, Likert's scaling technique and Chi-square test. They found that majority of the investors invest in post office savings schemes to save for their children education. They suggest that post office should implement loan facilities at minimum rate of interest, which will be helpful to the weaker section of the society.

## OBJECTIVES OF THE STUDY

The objectives of the present study are:

1. To analyse the level of awareness of the investors about Post Office Savings Schemes.
2. To highlight the factors influencing the investors to prefer Post Office Savings Schemes.

## HYPOTHESIS OF THE STUDY

**H<sub>0</sub>:** There is no significant relationship between the Age, Gender, Marital status, Educational qualification, Occupational status, Area of residence, Nature of the family, Number of family members in family, Number of earning members, Annual income, Annual expenditure of the investors and their level of awareness about post office savings schemes.

## METHODOLOGY

This study is an empirical research based on survey method. In Erode district, there are 10 taluks. They are Erode, Modakkurichi, Kodumudi, Perundurai, Bhavani, Anthiyur, Gobichettipalayam, Sathyamangalam, Thalavadi and Nambiyur. Initially, it was decided to have a sample size of 500 i.e., 50 sample investors from each taluk were selected by using Non – random purposive sampling. For collecting the primary data, Interview schedule has been distributed to 500 sample investors and received. After scrutinizing the interview schedule collected, 26 interview schedules were found with incomplete and contradictory information. Hence, that 26 interview schedules were not used in the final study and it is possible to have only 474 sample investors as final sample size.

## COLLECTION OF DATA

For the purpose of present study, required primary data have been collected from the investors with the help of pre-tested and well-structured interview schedule.

## FRAME WORK OF ANALYSIS

The data collected from the primary sources are analysed with the help of various statistical tools like Mean, Sum, Chi-square test and Garrett's Ranking Technique.

## AWARENESS LEVEL OF THE INVESTORS ABOUT POST OFFICE SAVINGS SCHEMES

Usually the term awareness means having knowledge or understanding about a particular thing. An investor is a person who put their money in a financial asset with the objective of receiving return. Investors' awareness means to what extent the investor posses knowledge or understanding about various avenues of investment. The awareness level of investor is crucial role in influencing their investment behavior and its result. It determines whether an investor can effectively manage risk and attain their long term financial goals or not. Investors' awareness levels have a direct impact on their capacity to make wise financial decision.

To measure the awareness level of the post office investors, Likert's 3 point scale has been used. Accordingly, 30 statements have been given in the Interview Schedule and the same has been quantified. As per quantification, those who scored 60 and below are grouped as unaware and those who scored above 60 are grouped as aware. Accordingly, Table 1 has been prepared. The Table 1 shows the distribution of the sample investors on the basis of their awareness level towards postal savings schemes.

**TABLE 1**

Awareness Level	No. of Investors	Percentage
Low Level	256	54%
High Level	218	46%
<b>Total</b>	<b>474</b>	<b>100%</b>

Table 1 reveals that majority (54%) of the investors are unaware about post office savings schemes. Consequence of these findings, a null hypothesis has been framed. This null hypothesis has been tested using Chi-square test at 5% level of significance. Details of the findings are presented in Table 2.

TABLE 2

**ASSOCIATION BETWEEN THE SOCIO- ECONOMIC CHARACTERISTICS OF THE INVESTORS AND THEIR AWARENESS LEVEL.**

<b>Personal – Economic Factors</b>	<b>DF</b>	<b>Calculated Value (<math>\chi^2</math>)</b>	<b>Table Value</b>	<b>Result @5%Level</b>
Age	2	1.521	5.991	Insignificant
Gender	1	0.085	3.841	Insignificant
Marital Status	1	2.209	3.841	Insignificant
Educational Qualification	2	0.829	5.991	Insignificant
Occupational Status	4	2.193	9.488	Insignificant
Nature of the Family	1	0.034	3.841	Insignificant
Number of Family Members	2	1.514	5.991	Insignificant
Residential Area	2	3.371	5.991	Insignificant
Annual Income	1	0.135	3.841	Insignificant
Annual Expenditure	1	0.849	3.841	Insignificant

From the Table 2, it is found that the calculated value of Chi-square is less than the table value for all personal-economic factors. Hence, the test is statistically insignificant and the null hypothesis is accepted for all personal-economic factors at 5% level of significance. Finally, it is concluded that there is no significant relationship between personal economic factors and awareness level of investors about post office savings schemes.

### **FACTORS INFLUENCING THE INVESTORS TO PREFER POST OFFICE SAVINGS SCHEMES**

In the existing situation, there are various factors which influencing the investors to prefer post office savings schemes. It is impracticable to identify a specific factor which influences the investor. Taking these elements into consideration, an attempt has been made to highlight the factors influencing the investors to prefer post office savings schemes. To identify the most important factor influencing the investors to invest in post office savings schemes, Garrett's Ranking Technique has been used. Table 3 presents the results obtained using Garrett's Ranking Technique.



TABLE 3

## FACTORS INFLUENCING THE INVESTORS– GARRETT’S RANKING TECHNIQUE

Factors	Rank	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV	Total	TS	MS	Rank
	Rate (x)	86	76	69	64	60	57	53	50	46	43	39	36	31	24	14				
Proximity	F	8	62	7	24	82	9	31	52	12	55	18	19	45	39	11	474	2375 4	50.11	VII
	fx	688	4712	483	153 6	4920	513	1643	260 0	552	236 5	702	684	139 5	936	25				
Prompt Service	F	62	9	12	82	16	26	19	5	24	40	45	8	71	8	47	474	2370 9	50.01	VIII
	fx	533 2	684	828	524 8	960	1482	1007	250	1104	172 0	1755	288	220 1	192	658				
Courteous at the Counter	F	24	39	31	32	38	8	9	82	55	19	11	12	45	7	62	474	2316 7	48.87	XI
	fx	206 4	2964	2139	204 8	2280	456	477	410 0	2530	817	429	432	139 5	168	868				
Agents’ Recommendation	F	19	55	45	9	62	8	7	24	18	12	82	39	11	31	52	474	2300 1	48.52	XII
	fx	163 4	4180	3105	576	3720	456	317	120 0	828	516	3198	140 4	341	744	728				
Services Offered by Agents	F	11	52	18	31	8	55	24	19	62	7	12	45	39	9	82	474	2177 5	45.93	XIV
	fx	946	3952	1242	198 4	480	3135	1272	950	2852	301	468	162 0	120 9	216	114 8				
Voluntarily	F	82	8	9	45	19	52	11	12	39	18	31	7	55	62	24	474	2400 6	50.64	V
	fx	705 2	608	621	288 0	1140	2964	583	600	1794	774	1209	252	170 5	148 8	336				
Safety	F	39	18	24	55	52	45	12	31	19	82	62	9	7	11	8	474	2550 4	53.8	I
	fx	335 4	1368	1656	352 0	3120	2565	636	155 0	874	352 6	2418	324	217	264	112				
Availability of various Schemes	F	52	7	11	39	24	19	82	45	8	62	9	31	12	55	18	474	2382 2	50.25	VI
	fx	447 2	532	759	249 5	1440	1083	4346	225 0	368	266 6	351	111 6	372	132 0	252				
Loan	F	7	31	52	5	14	83	45	20	30	33	29	34	6	56	29	474	2291	48.33	XIII

<b>Facility</b>	fx	602	2356	3588	320	840	4731	2385	1000	1380	1419	1131	1224	186	1344	406		2		
<b>Reputation</b>	F	31	11	62	12	55	18	52	39	82	9	8	45	19	24	7	474	24934	52.6	II
	fx	2666	836	4278	768	3300	1026	2756	1950	3772	387	312	1620	589	576	98				
<b>Less Crowd</b>	F	9	82	8	52	12	31	39	62	11	19	7	18	24	45	55	474	23378	49.32	X
	fx	774	6232	552	3828	720	1767	2067	3100	506	817	273	648	744	1080	770				
<b>Assistance by post master for illiterates</b>	F	18	45	19	11	7	39	55	9	24	31	52	62	82	8	12	474	22590	47.65	XV
	fx	1548	3420	1311	704	420	2223	2915	450	1104	1333	2028	2232	2542	192	168				
<b>Tax free Interest</b>	F	45	12	55	8	31	7	62	11	52	24	39	82	9	18	19	474	24056	50.75	IV
	fx	3870	912	3795	512	1860	399	3286	550	2395	1032	1521	2952	729	432	266				
<b>Amount gets doubled</b>	F	12	24	82	7	9	62	8	55	31	52	45	11	18	19	39	474	23583	49.75	IX
	fx	1032	1824	5658	448	540	3534	424	2750	1426	2236	1755	396	558	456	546				
<b>Uniform Rate of Interest ll over India</b>	F	55	19	39	62	45	12	18	8	7	11	24	52	31	82	9	474	24229	51.11	III
	fx	4730	1444	2691	3968	2700	684	954	400	322	473	936	1872	961	1968	126				

Note: x: scale value; f: no. of investors; f<sub>x</sub>: score value.

From the Table 3, it is observed that the most important factor influencing the investors to invest in post office savings schemes is Safety (53.8) followed by Reputation (52.6), Uniform rate of interest all over India (51.11), Tax free interest (50.75), Voluntarily (50.64), Availability of various schemes (50.25), Proximity (50.11), Prompt service (50.01), Amount gets doubled (49.75), Less crowd (49.32), Courteous at the counter (48.87), Agents' recommendation (48.52), Loan facility (48.33), Service offered by the agents (47.65) and Assistance by post master for illiterates (45.93 ).



## FINDINGS AND SUGGESTIONS

In the present study, it is found that out of 474 sample investors, 256 sample investors are having low level of awareness about post office savings schemes. Hence, it is suggested that all posters and pamphlets should be available in local languages, pictorial representation should be used for better understanding, regular updates should be made in social media like facebook, youtube, whatsapp etc., notification should be sent frequently about new schemes and interest rate changes, conducting monthly camps in villages and small towns demonstration and question and answer session, introducing toll- free number in multi-lingual language to solve scheme related queries. By doing so, more awareness will bring among postal investors.

In the present study, the factors influencing the investors to prefer Post Office Savings Schemes have been examined and it is found that safety is an important factor felt by the investors. Hence, it is suggested that implementing two- factor authentication (2FA) for online transactions through India Post Payment Banks (IPPB), using bio- metric verification for high value withdrawals or account updates, encrypting all customer data and transaction logo to prevent cyber fraud will provide added safety measures to postal investors.

## CONCLUSION

Small savings contribute significantly to the growth and development of Indian economy by directing household savings into productive investment. Considering this, Government has increased the number of branches of post office in rural as well as semi- urban areas. Consequences of this, investors may find it difficult to choose a particular scheme among the various post office savings schemes. By realising this, the present study has been undertaken to find out the factors influencing the investors to prefer post office savings schemes and awareness level of investors about post office savings schemes. Based on the findings of the present study, several viable suggestions have been proposed to increase the investors' awareness and to improve the overall effectiveness of post office savings schemes. If these recommendations are seriously considered and implemented by the concerned authorities, post office investors will get benefited. By this implementation, the investors are not only get benefited, there is a positive contribution for both financial inclusion as well as economic development.

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