

Role of Post Office in Channelising Small Savings in Rural Areas

Dr. Bhagyashree Teli^{#1}, Prof. P.K. Singh^{*2}

Visiting faculty, Department of Banking and Business Economics, University College of Commerce & Management Studies, MLSU, Udaipur^{#1}

Professor, Department of Banking and Business Economics, University College of Commerce & Management Studies, MLSU, Udaipur^{*2}

Abstract

The study of the analysis is to determine the channel of small savings of rural areas. Therefore, one has to get into an investor's mind and experience the upheavals going on there Postal organization, since its formation, providing a variety of services to its customers. Now a Days, it has a great focus on its investors too. Investor had the option of investing in Post Office saving schemes like NSC, Indira Vikas Patra, Kisan Vikas Patra and Monthly Income Schemes. Investor's perception will provide a way to accurately measure how the investors think about the services offered. The study covers Rajsamand district of Rajasthan and Convenience sampling method is used. The study is completely based on primary data i.e. collected from 50 respondents through questionnaire. For analyzing data Simple percentage, Z- Test and standard deviation method are used for the present study. Result of the study shows that rural investors have a very few knowledge regarding these savings schemes but those who have invested are highly satisfied with their savings. Many of them get to know regarding these savings schemes through their relatives and friends, there is no other source of information in these areas.

Keywords: Post Office Saving Schemes.

I. INTRODUCTION

The Department of Posts functioning under the brand name India Post is a government operated postal system in India. The Indian Postal Service, with 155,335 post offices approximately, is the most widely distributed post office system in the world. The large numbers are a result of a long tradition of many disparate postal systems which were unified in the Indian Union post-Independence. Owing to this far-flung reach and its presence in remote areas, the Indian postal service is also involved in other services such as small savings banking and financial services.

India post is the largest postal network in the world with 155, 335 post offices spread all over the country, of which 89 per cent are in the rural sector. Post offices in India play a vital role in the rural areas. They provide banking facilities in the absence of banks in the rural areas. Post Offices offer various types of accounts.

For more than 150 years, the Department of Posts has been the backbone of the Indian communication system and it played vital 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. These are:-

S.No.	Name of service	Interest rate	Minimum balance	Maximum balance
1	Post office saving Account	4%	50/-	500/-
2	Recurring deposit account (5 year)	7.1%	10/- per month	No limit
3	Time deposit account	6.8%, 6.9%, 7.1%, 7.6%	200/-	No limit
4	Public provident fund	7.8%	500/-	1,50000 /-
5	Monthly income schemes	7.5%	1500/-	4.5 Lakh (single)
6	National saving certificate	7.8%	100/-	No limit
7	Kisan vikas patra	7.5%	1000/-	No limit
8	Senior citizens saving schemes	8.3%	1000/-	15 lac
9	Sukanya samriddhi account	8.3%	1000/-	1,50000 /-

Main Reviews related to the Study are as follows:

S. No	Title of the paper	Author	Year	Findings
1	Small saving schemes in Tamilnadu: A trend study	Tamilkodi	1983	Has stated that small savings schemes have a psychological appeal and it provides an opportunity for ordinary men, women, and even children to park their savings. It reaches a large number of people and covers a wide range of areas. She also suggested that efforts should be taken to simplify the procedure of small savings schemes to suit the needs of illiterate and socially downtrodden people. Further, she suggested an increase in the rate of interest of small savings schemes to meet the challenges of commercial banks.
2	NSCs: A saving grace	Mukhi	1989	Has revealed that National Savings Certificate (NSC) has been one of the most popular tax savings instruments in this country. He has stated that contractor and others who have to provide security while bidding for contracts finds it extremely convenient to buy NSC and pledge these to the appropriate authorities while earning 8 per cent per annum on the pledged securities. He also stated that the major attraction of NSC is its simplicity. Even the average

				investor does not have to scratch his head to understand the scheme.
3	Small investors perception on post office small saving schemes	Karthikeyan	2001	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. No difference was observed between male and female investors except for the NSS and KVP.
4	Investors attitude towards post office deposit schemes	R Ganapathi	2010	The study concluded that proper advertisement must be made for Post Office Savings Schemes, so that even a layman could know about these Schemes and deposits can be increased. They stated that investing their amount in Post Office deposits provides safety and security for the amount invested.
5	An empirical survey on investors behaviour in national capital region	Sunita bishnoi	2013	The survey found that insurance is the most preferred source of saving and investment, followed by bank deposits and PPF, NSC, post office savings, property, bonds followed by equity investment and debentures are the least preferred source of

				investment. Occupational group and gender of respondents does not seem to have any impact on investment objective.
6	A study on investment pattern and awareness of salaried class investors in Coimbatore district	S. Amamaheshwari M. Ashok kumar	2013	The study has been found that saving rate for household is affected not only by their ability to save but also their willingness to save. The middle class Indians have paid attention only to their work for the entire duration. But it is tragical that only at the time of retirement they consult friends and relatives for investment for their future.
7	Post office savings and its relevance in rural areas	K. parimala kanthi & M. ashok kumar	2013	The study found that majority investor are aware of all the post office saving schemes preferred post office saving account, the main objectives of the investors are regular return, children education and marriage are the main purpose, and only very few investors are dissatisfied with post office saving schemes.
8	Post Office Savings and its Relevance in Rural Areas with Reference to Thanjavur District	P. Amalorpavary & R.S. Velsamy	2015	The study found that majority of the investors are aware of all the post office saving schemes, preferred post office saving account the main objective of the investors are regular return, children education and marriage are the main purpose, and only a very few investors are dissatisfied with post office saving schemes.

9	Investors Socio Economic Profile and Their Investment Pattern	S.S. Bhola, P. Zanvar	2016	The result highlight that certain factors like education level, awareness about the financial system, age of investors etc. Make significant impact while deciding on the investment patterns for investment.
---	---------------------------------------------------------------	-----------------------	------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

The Underlying Statement Considers Following Research Objectives:

- To identify awareness of post office saving schemes.
- To identify the factors affecting the small savings in rural areas.
- To identify the relationship between income and post office savings.

Research Hypotheses:

H₁ There is positive relationship between income and post office savings.

H₀ There is no awareness of post office saving schemes in rural areas.

Methodology Adopted for the Study:

1. **Study Area** - The study covers Rajsamand district of Rajasthan.

2. **Sampling Method Used** – Convenience Sampling method is used.

3. **Data Sources** - The study is completely based on primary data i.e. collected from 300 respondents through questionnaire but the valid respondents are 284 only.

4. **Statistical Tool Used**- Simple percentage, Z- Test and standard deviation method are used for the present study.

Analysis and Interpretation of Data:

In order to achieve objective of the present research an empirical study was designed. A large sample on convenient basis of user of post-office services of Rajsamand city was selected. A questionnaire was circulated among the respondents and total 284 valid responses were collected. Questionnaire was classified into four sections. Section first describes about demographic profile of respondents. Section second relates with respondents knowledge of product and schemes provided by post

office. It has based on three point scale (1 is know completely, 2 is Know partially and 3 is Don't Know). Section third related with respondents availed or availing the product and schemes provide by post office.

It has based on three point scale (1 is Always, 2 is occasionally and 3 is Don't Use). Section fourth described reason of availing post office product and schemes. It has based on 2 point scale (1 is yes and 2 is no).

For analysis of demographic data percentage was calculate of each section and for test another sections percentage and Z test was applied. Average response scores along with standard deviation for all questions were first calculated. For testing hypotheses percentage and Z-test was applied.

Table 1 Demographic Profile

(A) Gender			
Male	Female		
210 (74%)	74 (26%)		
(B) Income Level			
Below 10000	10000-30000	More than 30000	
80 (28%)	(59%)	36 (13%)	
(C) Occupation			
Farmer	Businessman	Serviceman	Daily Workers
63 (22%)	43 (15%)	68 (24%)	111 (39%)
(D) Education Level			
Below 10	12	Undergraduate	Post-graduate
99 (35%)	85 (30%)	63 (22%)	37 (13%)
(E) Saving Schemes Availed for			
Less than one year	1-5 year	More than five years	
74 (26%)	111 (39%)	99 (35%)	
(F) Sources of awareness			
Television	Print Media	Internet	family/friends
39 (14%)	78 (27%)	37 (13%)	130 (46%)

Table 1 describes demographic profile of respondents. It has further classified into 6 sections.

Section A describes gender of respondents. 74% respondents has male and 26% respondents has female.

Section B describes income level of respondents. It is further divided into 3 parts. 28% respondents income is below 10000/- per month, 59% respondents income has 10000/- to 30000/- per month, and 13% respondents income has more than 30000/- per month income.

Section C describes occupation of respondents. It is further divided into four parts. 22% respondents has farmer, 15% respondents has businessman, 24% respondents has serviceman and 39% respondents has daily workers.

Section D describes education level of respondents. It is further divided into 4 parts. 35% respondents are secondary pass, 30% respondents are senior secondary pass, 22% respondents were graduate and 13% respondents were post-graduate.

Section E describes saving schemes availing time of respondents. It is further divided into 3 groups. 26% respondents have avail Less than one year, 39% respondents have avail time was 1-5 year and 35% respondents have avail time is more than five years.

Section F describes about source of knowledge of saving schemes to respondents. It is further divided into 4 sections. 14% respondents said that television provide them knowledge, 27% respondents said that print media provide them knowledge, 13% respondents said that internet provide them knowledge and 46% respondents said that family/friends provide them knowledge

These are the saving schemes which you know, provided by the post office

Table 2 Schemes Provided by the Post Office

S. No.	Deposit Schemes	know completely	Know partially	Don't Know
1	Post office saving account	63%	17%	20%
2	Recurring deposit	54%	22%	24%
3	Sukanya samridhi scheme	72%	16%	12%
4	Time deposit	71%	12%	17%
5	Public provident fund	43%	13%	44%
6	Monthly income schemes	53%	29%	18%
7	National saving certificate	33%	8%	59%
8	Senior citizen schemes	16%	12%	72%
9	Kisan vikas patra	46%	32%	22%
10	Mutual Fund	0%	0%	100%

Table 2 explains knowledge of respondents regarding schemes provided by post office. In this table respondents opinion regarding knowledge about post office saving schemes was presented in percentage in below.

Respondents opinion shows that Post office saving account (63%), Recurring deposit (54%), Jansuraksha scheme (72%), Time deposit (71%), Public provident fund (43%), Monthly income schemes (53%), National saving certificate (33%), Senior citizen schemes (16%), Kisan vikas patra (46%) and Mutual Fund (0%) respondents know completely about saving schemes provided by post office.

Respondents' opinion shows that Post office saving account (17%), Recurring deposit (22%), Jansuraksha scheme (16%), Time deposit (12%), Public provident fund (13%), Monthly income schemes (29%), National saving certificate (8%), Senior citizen schemes (12%), Kisan vikas patra (32%) and Mutual Fund (0%) respondents partially know about saving schemes provided by post office.

Respondents opinion shows that Post office saving account (20%), Recurring deposit (24%), Jansuraksha scheme (12%), Time deposit (17%), Public provident fund (44%), Monthly income schemes (18%), National saving certificate (59%), Senior citizen schemes (72%), Kisan vikas patra (22%) and Mutual Fund (100%) respondents don't know about saving schemes of post office.

Table 3 Availed or Availing Saving Schemes Provided by Post Office

S. No.	Deposit Schemes	Always	Occasionally	Don't Use
1	Post office saving account	44%	17%	39%
2	Recurring deposit	56%	23%	21%
3	Jansuraksha scheme	73%	0%	27%
4	Time deposit	48%	31%	21%
5	Public provident fund	32%	0%	68%
6	Monthly income scheme	30%	25%	45%
7	National saving certificate	22%	12%	66%
8	Senior citizen schemes	48%	32%	20%
9	Kisan vikas patra	57%	0%	43%
10	Mutual Fund	0%	0%	100%

Table 3 shows respondents' opinion regarding availed or availing saving schemes provided by post office that post office. Respondent's opinion shows that saving account (44%), Recurring deposit (56%), Jansuraksha scheme (73%), Time deposit (48%), Public provident fund (32%), monthly income scheme (30%), National saving certificate (22%), Senior citizen schemes (48%), Kisan vikas patra (57%) and Mutual Fund (0%) respondents always use these schemes of post office.

Respondents opinion shows that Post office saving account (17%), Recurring deposit (23%), Jansuraksha scheme (0%), Time deposit (31%), Public provident fund (0%), monthly income scheme (25%), National saving certificate (12%), Senior citizen schemes (32%), Kisan vikas patra (0%) and Mutual Fund (0%) respondents occasionally use these schemes of post office.

Respondents opinion shows that Post office saving account (39%), Recurring deposit (21%), Jansuraksha scheme (27%), Time deposit (21%), Public provident fund (68%), monthly income scheme (45%), National saving certificate (66%), Senior citizen schemes (20%), Kisan vikas patra (43%) and Mutual Fund (100%) respondents don't use these schemes of post office.

Table 4 Factors which Affecting Savings

S. No.	Factors which Affecting Saving	Yes	No
1	Family Size	72%	28%
2	Education Level	64%	36%
3	Awareness about Schemes	67%	33%
4	Saving Habits	82%	18%
5	Earning/Income	88%	12%
6	Availability of Saving Schemes	62%	38%
7	Distance From Post Office	32%	68%
8	Nature of Employee	69%	31%
9	Rate of Return	62%	38%
10	Risk	88%	12%
11	Tax Exemption	12%	88%

Table 4 shows the factors which affecting saving decision of respondents. 72% respondents opinion shows that family size affect saving decision of respondents, 64% respondents opinion shows that education level affect saving decision of respondents, 67% respondents opinion shows that awareness about schemes affect saving decision of respondents, 82% respondents opinion shows that saving habits affect saving decision of respondents, 88% respondents opinion shows that earning/income affect saving decision of respondents, 62% respondents opinion shows that availability of saving schemes affect saving decision of respondents, 32% respondents opinion shows that distance from post office affect saving decision of respondents, 69% respondents opinion shows that nature of employee affect saving

decision of respondents, 62% respondents opinion shows that rate of return affect saving decision of respondents, 88% respondents opinion shows that risk affect saving decision of respondents) and 12% respondents opinion shows that tax exemption affect saving decision of respondents.

Table 5 Availed or Availing Schemes Provided by Post Office

S No.	Saving Schemes	Z Value	Average	Std. dev.	C.V.
1	Post office saving account	-0.55	1.57	0.81	51.56%
2	Recurring deposit	-1.58	1.70	0.84	49.53%
3	Jansuraksha scheme	0.82	1.41	0.72	50.76%
4	Time deposit	-12.92*	2.70	0.63	23.29%
5	Public provident fund	-7.65*	2.37	0.77	32.52%
6	Monthly income scheme	-8.64*	2.84	0.70	24.64%
7	National saving certificate	-23.19*	2.87	0.40	13.96%
8	Senior citizen schemes	-9.63*	2.57	0.75	29.23%
9	Kisan vikas patra	-2.23*	1.76	0.79	45.09%

Table 5 describes overall opinion of respondents regarding services provided by the post office. For analysis significant difference between overall opinions of respondents Z-test has been applied. In above table out of 9 statements in the questionnaire, opinion in case of 6 statements has been found to be significantly different from equally divided opinion. The coefficients of variation for all the average opinions are falling in the range of 13.96% to 51.56%.

In above table it was found that in opinion regarding Post office saving account, Recurring deposit and Jansuraksha scheme has no significant difference between overall opinions of respondents but it shows that respondents always availed these schemes.

Further In table it was found that in opinion regarding Time deposit, Public provident fund, National saving certificate, Senior citizen schemes and Kisan vikas patra has significant difference between overall opinions of respondents. Further opinion of respondents regarding Time deposit, Public provident fund, National saving certificate and Senior citizen schemes shows that they do not availed these schemes but opinion of respondents regarding Kisan vikas

patra shows that they Occasionally availed these schemes.

Table 6 Future Investment Options

S No.	Product and Schemes	Preference
1	Gold	27%
2	Agricultural Land	33%
3	Bank	17%
4	Post office	19%
5	Other (i.e. V.C.)	4%

Table 6 shows that respondent’s opinion regarding further increase in their income level “if their income will increase than which type of investment they want to do”. Respondent’s opinion shows if their income will increase than 33% respondent has give first preference to Agricultural Land, 27% respondents has give second preference to gold, 19% respondents has give third preference to post office, 17% respondents has give fourth preference to bank and 4% respondents has give fifth preference other investment schemes.

CONCLUSION

- The level of awareness of the respondents about various Post office Deposits schemes is very low except Recurring Deposits and Post Office Saving Bank Account due to this majority of the respondents have invested only in Recurring Deposits, Post Office Saving Bank A/C, kisan vikas patra, sukanya yojna and Post Office Monthly Income Scheme. Very less no. of respondents have invested in other saving schemes. There is another scheme known as Mutual fund but people in rural area don’t know about it
- In rural areas awareness for post office deposit schemes are low but people who invested in post office deposit schemes according to their opinion it is good. It shows that people like to invest.
- Most of the respondents were aware about Post Office Deposits Schemes through Friends & relatives.
- Factors which affect post office deposit schemes are family size, income, saving habits and nature of employee.
- Income affects Post office schemes if person from rural area want to increase his income then they will invest in Gold, Agriculture Land but they like to invest in post office too.
- The role of post office in small saving schemes for rural area is good enough but if they want to increase deposits then they should increase awareness through advertising and Agents etc.
- Income of rural areas is low because almost 39% of respondents engaged as daily workers.
- As per the study most of the people prefer to invest in agriculture land and then Gold.

REFERENCES

- [1] Bholra, S.S., Zanvar, p. (2016). Investors Socio Economic Profile and Their Investment Pattern. ETHOS, Volume 9 No. 1 January- June 2016 Pages: 73-86
- [2] Amalorpavamary, P., Velsamy, R.S. (2015). Post Office Savings and Its Relevance in Rural Area With Reference To Thanjavur District. International Journal of Management and Social Science Research Review, Vol.1, Issue. 7, Jan – 2015. Page 141
- [3] Kanthi, K. P and Kumar, A. (2013). Post Office Savings and its Relevance in Rural Areas (with reference to madukkarai block, Coimbatore district). International Journal of Scientific Research, 2(1).
- [4] Maheshwari, U. & Kumar, A. (oct 2013). A study on Investment Pattern and Awareness of Salaried Class Investors in Coimbatore District. Global research analysis, 2(10).
- [5] Bishnoi, S. (march 2013). An Empirical Survey on Investors Behavior in National Capital Region. International journal on global business management and research, 1(2), pp. 14-26.
- [6] Dr.R.Ganapathi (2010) ,'Investors Attitude towards Post Office Deposits Schemes' in BVIMR Management Edge , vol. 3, no.2, pp 26-45
- [7] Karthikeyan, B., (2001), 'Small Investors' Perception on Post Office Small Savings Schemes', unpublished thesis, Madras University, Tamilnadu, India.
- [8] Mukhi, M.D., (1989), 'NSCs: A Saving Grace', Business World, 6-19 December, 1989, pp. 107- 120.
- [9] Tamilkodi, A.P.P., (1983), 'Small Savings Schemes in Tamil Nadu: A Trend Study (1970-80)', unpublished thesis, University of Madras, Tamilnadu.

Website:

www.indiapost.com