

DEPOSITORS' OPINION TOWARDS POST OFFICE SAVING SCHEMES

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Introduction

This paper presents the deposit schemes offered by the postal department of Government of India and the depositors' level of opinion towards the saving schemes. This paper covers the transactions made by the investors that are directly related with post offices such as cash deposits, receiving interests and bonus amount. This is an attempt to present the opinion (attitude) of depositors towards various deposit schemes based upon survey method.

Saving Schemes Offered by Post Offices

Post office schemes are generally like the commercial bank schemes, savings Deposit Account, Recurring Deposit and a 10 year Cumulative Time Deposit account are offered to the public who want to save money. In addition, National Saving Schemes (NSS), National Savings Certificate (NSC), Indra Vikas Patra (IVS) and Kisan Vikas Patra. In all the schemes, the depositors get finally high interest benefits than commercial banks.

Post office schemes have been prepared with the view that the small investors will take advantage of easy accessibility due to fact that post offices exist in every locality. Moreover these schemes encourage the savings habit of the uneducated class and small savers. These resources of the small savers help in mobilization of savings in the economy "Little drops of water makes the Ocean" is the maximum everyone knows.

Recommendations of Dr. Rakesh Mohan Committee

The Central Government on January 24, 2004 constituted an Advisory Committee to advise on the administered interest rate and rationalization of savings instruments under the chairmanship of Dr. Rakesh Mohan, the then Deputy Governor, Reserve Bank of India, with the following terms of reference.

- To suggest criteria for fixing the spreads on administered interest rates recommended by the expert committee chaired by Dr. Y.V.Reddy taking a view on the need to avoid excessive volatility in returns.
- To make recommendations on rationalization of existing savings instruments offered by the government.
- To review the implementation of recommendations or the Expert Committee (Reddy committee) on tax treatment of small savings schemes and to suggest a road-map. The recommendations of the committee, which are covered under broad head.

Profile of the Depositors

A sample of 120 depositors who remitted funds under various schemes in post offices located in Madurai city has been taken for collecting data. The primary data were

collected from samples selected that come to the post office during working hours. The following are primary data observations of the survey.

- Male depositors (64%) are more than the female depositors.
- Out the respondents, 72% are married and 28% are unmarried in the sample.
- 58% of the depositors have education up to secondary education.
- 22% of the depositors are businessmen, 18% depositors work in private concerns and 6% are farmers.
- Of the Respondents, 65% have family monthly income up to Rs. 10,000 and others (35%) have income more than 10,000.
- In 68% families, there are up to 4 members and in 32% have family size more than 4 members in a family.
- In 34% families there are more than one earning members in a family but in 66% families there is only one earning member.
- Based on Agents' information, 44% respondents deposited money into Post Office Saving Scheme.
- 82% of the sample respondents are regular depositors and the remaining 18% are occasional respondents.
- In total, 74% of the respondents have less than five years period of investment; others have more than five years period of investment.

Depositors' Level of Opinion

This paper makes an attempt to measure the opinion of depositors towards small saving schemes. Opinion (attitude) cannot be measured in quantitative terms. In order to measure the level of attitude of investors to small savings schemes, a five point scale, based on Likert's Model, was framed. On the basis of the scores awarded to the ten statements, an attitude scale was measured.

Components of the Depositors' Opinion

The opinion of depositors towards the small savings schemes was measured with the help of 10 statements given below.

- Small savings schemes inculcate the habit of thrift among depositors.
- Small savings schemes ensure easy liquidity to the depositors.
- Small savings schemes ensure more safety to the funds invested.
- Small savings schemes ensure more return on investment than the fixed deposit schemes of commercial banks.
- Small savings schemes enable the government to mobilize funds for Development activities.
- Small savings schemes ensure tax concessions.
- Small savings schemes ensure protection to the weaker sections or the Community.

- The agents help the investors in selecting a scheme which is the most suitable to them.
- The advertisements relating to the small savings schemes are highly informative.
- There is no difficulty in getting the money on the date of maturity.

The opinion of the depositors towards the small savings scheme has been measured by using Likert scale.

Score for Five Point Scale (Likert Scale)

Particulars	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
Statement	5	4	3	2	1

After giving scores for each statement, the total scores for each statement were calculated.

On the basis of the scores obtained, the respondents were classified into three categories as given in table.

Table 1 Level of Opinion of Respondents

Level of Opinion	Number of Respondents	Percentage
High	32	26.67
Medium	72	60.00
Low	16	13.33
Total	120	100.00

Source: Primary Data

From the above Table 1 shows that out of the 120 respondents. 26.67% respondents fall under the high level opinion category, 60% respondents come under the medium level opinion and 13.33 respondents fall under the low level of opinion towards small savings schemes.

The opinion of the respondents towards the small savings schemes was analysed with the help of the following variables.

- Age
- Literacy level
- Income
- Occupation
- Family size

Garret's ranking technique has been adopted to rank the reasons for preferring a particular Small Savings Scheme. The ranks assigned are given in the following table.

Table 2 Garrets' Ranking Results

Factors	Average Score	Rank
Safety	65.33	I
Bonus at the date of Maturity	58.69	II
Capital Appreciation	46.93	IV
Tax Benefit	37.23	V
Liquidity	55.50	III

From the above Table 2, it is clear the 'safety' is the first reason for selecting a particular Small Savings Scheme. 'Bonus at the date of maturity' is the second reason given by the respondents. 'Liquidity' is the third reason. 'Capital appreciation' is the fourth reason for selecting a particular scheme. 'Tax Benefit' is the last reason for selecting the postal savings scheme.

Thus, the factors influencing the opinion of the investors have been measured with the help of chi-square test. In total six factors have been tested to know the significant relationship or otherwise.

- Age of the depositors
- Income of the depositors
- Occupation of the depositors
- Size of family of the depositors
- Educational level of the depositors.

Of the above five factors, only educational level of the respondents significantly influences the level of opinion towards savings scheme. It is tested that age, income, occupation, and size of the family factors have no significant influence on the level of opinion of depositors to the post office saving schemes.

Conclusion

At present times interest rate of falling along with uncertainty in the capital market. But post office saving schemes is suitable to deposit to get a reasonable return with assured safety of funds invested. Service to the depositors is the cornerstone in post office saving schemes. It is a well known fact that a success of any saving scheme depends upon ability to meet the safety and profitability requirements of small depositors. This research paper may form a basis for further research attempts in the small savings area.