

## **DECLINE IN THE INTEREST OF THE INVESTORS IN POST OFFICE SAVINGS SCHEME**

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### **ABSTRACT**

The India post is one of the biggest financial institutions which playing a crucial task in providing financial support and services to the public. The government of India provides such a trustworthy financial bank through post office. It is available to everyone especially in rural area. This paper helps in examining the reason for decline in investors interest in savings scheme.

### **INTRODUCTION**

Savings and investments are important and integral activities of human beings. Saving money gives you a way out of the uncertainties of life and provides you with an opportunity to enjoy a quality life. India has been traditionally a nation of savers. We have managed to spend less than our income and save the maximum possible amount out of regular income for securing our future. This has also meant postponement of current consumption for a better future.

Putting aside a sum of money in a systematic manner can help you steer out of many hurdles and obstacles in life. It can support you in your hour of need and ensure that your family has something to fall back on in case of an unfortunate event. Hence the present study makes an effort to examine the reason for declining investors interest in savings scheme.

### **STATEMENT OF THE PROBLEM**

Savings have become an important tool in poverty alleviation. People need savings to run their day to day life. Savings depends on the life style of a person. Domestic savings play an important role in bringing about economic development of backward countries. In order to promote the economy of our country, various post office saving schemes have been introduced by the post office. India is a country of villages, hence the people are unable to be

aware of Post Office Saving Schemes. The depositors face a lot of difficulties while depositing money and getting back their deposits. Even today main problems are uneducated peoples are not aware of the facilities extended by the government. This research is proposed to examine the reason for decline in investor interest in savings scheme

## OBJECTIVES OF THE STUDY

Following objectives are framed to find solution to the above mentioned research questions and to correlate with the actual situations:

1. To examine a brief understanding of the demographic and socio-economic status of rural investors of post-office in Tuticorin District.
2. To identify the reason for decline in investors' interest in savings scheme in the study area.
3. To offer suitable suggestion to improve the quality and services of post office.

## METHODOLOGY

Due care has been given while choosing investors who have account in post office situated in rural area in Tuticorin District. There are 96 Sub post office functioning in rural and semi urban area, out of which 20 sub post office functioning only in rural area are selected randomly

Out of that 10 sub post office are selected by adopting Systematic sampling. There are 42 branch Post office functioning under the control of these 10 sub post office are taken into consideration. From each 42 post office, 15 sample investors had selected for the study. Thus the sample size stood 630. Interview Schedule was used to collect the primary data from the respondents.

After the data collection, the researcher had thoroughly verified the data with the help of SPSS package.

## DATA ANALYSIS

**Table 1**  
**Gender of the Respondents**

Sl. No	Gender group	No. of Respondents	Percentage
1.	Male	375	59.5

2.	Female	255	40.5
	<b>Total</b>	<b>630</b>	<b>100</b>

From table 1, it is seen that 375 sample respondents were male which constitutes about 59.5 percent. 255 female respondents constitute 40.5 percent of the total number of respondents. More than half of the sample respondents are male.

**Table 2**  
**Occupation of the Respondents**

Sl. No	Occupation	No. of Respondents	Percentage
1.	Government employee	84	13.3
2.	Private employee	236	37.5
3.	Business	139	22.1
4.	Farmer	74	11.7
5.	House wife	81	12.9
6.	Student	16	2.5
	<b>Total</b>	<b>630</b>	<b>100</b>

Source: Primary data

Regarding occupation of the sample respondents, 84 sample respondents are government employees which constitute 13.3 per cent, 236 sample respondents are privately employed forming 37.5 per cent, 22.1 percent of them are doing business, 11.7 percent of them are farmers in the nature of their employment status, 12.9 per cent of them are house wife and the remaining 5 per cent are students. From the collected data it can be understood that private employees form the cream of the layer.

### **REASONS FOR DECLINE IN INVESTORS' INTEREST IN SAVINGS SCHEME**

In the process of the analysis of the reasons for decline in investors' interest in savings scheme, Factor Analysis is attempted to reduce the variables into limited number of factors .

**Table 3**  
**Reasons for decline in investors' interest in savings scheme -Rotated Component Matrix**

Factors	F1	F2	F3	F4	F5
Lack of marketing and promotional efforts	<b>.904</b>	.041	.091	.203	-.038
Lack of Flexi account (interlink of savings and fixed deposit)	<b>.880</b>	.058	.050	.131	-.005
No loan facility	<b>.851</b>	-.038	.186	.351	-.014
Incompatible hospitality	<b>.748</b>	-.055	.109	.206	.007
Less number of staff	<b>.590</b>	.070	.260	.258	.057
Failure to incorporate changes in schemes	.042	<b>.874</b>	.064	.020	.323
Declining interest rate	.061	<b>.856</b>	-.017	.047	-.298
Rising inflation and inadequate return	-.102	<b>.838</b>	.054	.031	.082
Lack of infrastructure	.122	<b>.829</b>	.029	.002	.126
Lack of awareness in usage of Mobile banking and internet banking	.091	.036	<b>.863</b>	.119	.099
Slow in adopting modern technology	.198	.023	<b>.725</b>	.017	.066
Lowering tax benefits	.238	.029	<b>.714</b>	.183	-.029
Environment is not pleasant as bank	.235	.070	.158	<b>.785</b>	-.053
More competitors –commercial bank	.212	.131	.125	<b>.780</b>	.021
Announcement of bonus for monthly scheme but later scrapped	.203	.026	.023	<b>.877</b>	.051
Lack of social security schemes	.146	-.024	.040	.125	<b>.743</b>
Sanchaiyka discontinued	.357	-.019	.326	.137	<b>.703</b>
Inadequate information of new schemes	.233	-.040	.241	.273	<b>.669</b>

(Source: Computed data)

**Table 4**  
**Variables with the Highest Factor Loadings - Reasons for decline in investor's interest in savings scheme**

<i>Factor</i>	<i>Name of Newly Extracted Dimensions</i>	<i>Selected Statement (Variable)</i>	<i>Factor Loadings</i>
F <sub>1</sub>	Lack of marketing and no loan facility Factor	Lack of marketing and promotional efforts	.904
F <sub>2</sub>	Inadequate return and lack of infrastructure Factor	Failure to incorporate changes in schemes	.874
F <sub>3</sub>	Slow adaptation of modern technology Factor	Lack of awareness in usage of Mobile banking and internet banking	.863
F <sub>4</sub>	Environment Factor	Announcement of bonus for monthly scheme but later scrapped	.877
F <sub>5</sub>	Inadequate information and Lack of social security schemes Factor	Lack of social security schemes	.743

Source: Computed Primary Data.

It is inferred from the Table that the statement, Lack of marketing and promotional efforts (0.904), Failure to incorporate changes in schemes (0.874), Lack of awareness in usage of Mobile banking and internet banking (0.863), Announcement of bonus for monthly scheme but later scrapped (0.877) and Lack of social security schemes (0.743) are the statements with highest factor loading under the dimensions namely Lack of marketing and no loan facility Factor (F<sub>1</sub>), Inadequate return and lack of infrastructure Factor (F<sub>2</sub>), Slow adaptation of modern technology Factor (F<sub>3</sub>), Environment Factor (F<sub>4</sub>) and Inadequate information and Lack of social security schemes Factor (F<sub>5</sub>) respectively. Hence, these are the identified dimensions (factors), which influence the reasons for decline in investors' interest in savings scheme.

## SUGGESTIONS

1. Most of the respondents felt that the Department of Post has not incorporated any changes in the schemes as banks offered in attractive names such as 20:20, muthukuvial deposit, pearl deposit, 999 days etc .So the DOP must take steps to bring out new schemes in attractive names.
2. Encourage people to access banking services provided by the India Post with new technology.
3. Most of the respondents felt that the reason for decline in investors interest in savings scheme is Sanchayika had been withdrawn. So it must be implemented again in order to emphasize the importance of savings to students.

## CONCLUSION

There are various financial services launched by the government but focus is to be put on modernization of working style and infrastructure, professional approach, proper marketing of services, training to the employees and use of ICT etc. Awareness level of employees is needed to be improved. The Thoothukudi Postal Division has doing well to its postal customers. With its 90.17% post offices in rural area, it can successfully provide all the bank services to the rural people.

## REFERENCE

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