



A STUDY ON RECURRING DEPOSIT HOLDERS IN INDIA POST: WITH SPECIAL REFERENCE TO KOTHAMANGALAM MUNICIPALITY

Jasmine V M

Asstt. Professor, Department of commerce St. Joseph's (autonomous) college, Devagiri Kozhikode, Kerala. Pin-673008

Prof. Dr. M. A. Joseph*

Professor Department of Commerce and Management Studies University of Calicut Kozhikode, Kerala. Pin- 673636 *Corresponding Author

ABSTRACT Recurring Deposit Scheme of India Post is an important investment opportunity for all income groups of people in both rural and urban. This study is aimed to explain the features of Recurring Deposit schemes and to analyse the satisfaction level of Recurring Deposit account holders of India Post in Kothamangalam Municipality. Fifty samples were conveniently selected and ANOVA and Independent 't' test were conducted using SPSS software. The findings showed that there is significant difference in the satisfaction level of account holders with regards to the mode of payment and the age group of 21-30 are less satisfied than other group.

KEYWORDS :

INTRODUCTION

People save their present income for future. They approach different investment avenues with the hope of getting good return keeping in mind about the safety of their investment, getting income tax rebate etc. Small savers prefer their deposits to be safe than getting the uncertain high return. In this context banks and Post offices play a good role in mobilising savings. Even though there are number of studies in bank savings, there is very few studies conducted in post office savings.

The Post Office Savings Bank (POSB) has been established in 1882 by the British government to mobilise savings. India Post operates as an agent for the Ministry of finance, Government of India, for which it receives commission. India Post has around 155,61 post office branches and its 90 percent are located in rural areas. When we compare this network with bank, it is twice the number of all bank branches put together in the country. In many rural areas of our country, Post Office Saving Bank functioning under Postal Department, play good role in rendering financial services. The growth of POSB's was rapid after independence particularly in rural areas. At the time of independence, India had 23,344 Post Offices, which were largely confined to urban centres.

In the case of regular income people, they would like to make fixed amount of saving in every month and they prefer recurring deposits among the saving schemes. These people are not in a position to deposit single huge sum. Recurring deposit scheme is one of the main attraction of post office saving scheme. This deposit including all the deposits made on every month matures on a specific date in the future. Thus, recurring deposit schemes allow customers an opportunity to build up their savings through regular monthly deposit of fixed sum over a fixed period of time. Through this study, the key areas that need improvement in order to increase customer satisfaction towards the recurring deposit schemes in post offices will be identified. This will help the post office to perform better and also to improve its share in the market of recurring deposits.

STATEMENT OF THE PROBLEM

Recurring Deposit scheme of India post is an important scheme for mobilising savings from fixed income as well as irregular income group. By depositing very small amount one can become part of it. But in Kerala, customer profile of depositors in this scheme and the level of satisfaction among them are not studied. This research article is an attempt to determine the satisfaction level of these depositors and it briefly explains the features of Recurring Deposit Accounts.

Objectives

1. To understand the features of Recurring Deposit of India Post.
2. To analyse the satisfaction level of depositors towards Recurring Deposit based on their socio economic profile.

Hypotheses

H₀: There is no significant difference among socio economic profile of depositors and their satisfaction towards Recurring Deposits.

METHODOLOGY

This descriptive and analytical research used both primary and secondary data. Primary data were collected using convenient sampling from 50 depositors of Kothamangalam municipality, having Recurring Deposit Account. Scheduled questionnaire containing 13 questions has been used to collect the data. Secondary data were collected from various books, journals and websites. Data were analysed using SPSS-25 and statistical tools like ANOVA, independent sample 't' test were applied.

Need and Significance

Among the various investment opportunities post office saving play a vital role in channelizing the small savings. Among the postal investors, they show much interest towards the Recurring Deposit schemes of India Post as their investment opportunities. Either due to the lack of promotional strategy or due to insufficient features, it is not getting much importance among people. By understanding the level of satisfaction of post office investors, necessary corrections can be adopted in the needed area.

Scope of the Study

The study covers only recurring deposit holder in India Post, especially in Kothamangalam Municipality in Ernakulam District. Effort is put to determine the satisfaction level of recurring deposit holders with a view to make suggestion for improving the features of the scheme.

Literature Review

Literature review is a summary of published research work, about a particular subject. This provides an idea about the current level of knowledge regarding the topic. The current study has been developed after going through various research works related to Postal Savings conducted in India. Therefore, the following are the literature India Post and Savings behaviour of investors in Post office savings.

P. Amalorpavamary, Dr.R.Santhurusankara Velsamy (2015)¹ The researchers took an effort to understand the investment awareness, preferences, experiences, satisfaction, objectives and purpose of the investors on post office saving schemes in Thanjavur Districts. The primary data was collected purely on random basis from 200 sample respondents. The study found that majority of the investors 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 a very few investors are dissatisfied with post office saving schemes. Correlation, Chi Square, and ANOVA used for analysis. It is concluding as high powered technical committee has to be constituted by Central Government or State Government or jointly in order to study the downward trend or usage of the post office and its products and it has come out with recommending various ways and means to get revived which should be more customer / investor friendly. A prime role should also be played by the private corporate in order to induce with fresh blood for its survival.

Dr. S. GULAM MOHAMED M. SHAJAHAN (2016)², The authors of

this research article investigated the attitude of post office investors towards post office savings schemes using the samples from Tiruchirappalli district. The researchers tried to determine awareness, motivational factors which encouraged the investors in selecting post office savings schemes and problems faced by them. This study utilised both primary and secondary sources and 120 investors were approached for primary data collection. Analysis was done using percentage analysis. The responds to the structured questionnaire revealed that female respondents are the major customers and mainly illiterate approaches post office for saving. Information were obtained from Post Office Employees and investors save around 10 to 15% of their income in this. The results show that most preferred saving scheme of India Post is Recurring deposit.

Shri kalpesh J. Purohit (2012)⁷ This empirical research has been done with a view to understand customers' satisfaction/dissatisfaction in the City of Baroda, which also known as Vadodara city of the Gujarat State. Both primary and secondary data were used and primary data were collected from 100 customers residing in Baroda city. With regards to overall services respondents were found as satisfied. For awareness and usage of services, there were significant relation with customer satisfaction. In compliant handling, functioning of service counters and flexibility on the part of service providing customers showed different opinions. Finally, they tried to provide suggestion that Post office should provide customer driven services and thus it can complete more efficiently.

Dr. Charusheela Birajdar, (2016)⁴ This research is conducted by considering the increased competition all over the country due to globalisation. Through the study it aims to find out level of customer satisfaction for postal services, issues of the customers with different postal services and attempt is also made to suggest the measures to improve the postal services. SERVIQUAL scale with eight dimensions, reliability, responsiveness, competency of staff, ease of using services, safety in transactions, complaint handling, post office layout and service efficiency, were analysed tested. Tables and graphs were used for presentation. The results of the study show that shortage of the staff members creates pressure on the service. Because of the availability of better services from competitors, customers may become ready to spend more to enjoy such benefits. So it is very urgently they should conduct more studies on this area and support for the success of the most trusted and highly networked post office.

Edwin Walter Kemmerer, (1907)⁵ This study on Philippine Postal Savings Bank, established to develop saving habits among Philippines in May 24 1906, which discusses about conditions leading to the bank's establishment, features and how far it succeeded in achieving its objectives. The paper focuses on the non-saving habit of Philippines due to Maly stock, tropical climate, insecurity of property, and absence of safe keeping of money. Researcher notices that low fore sight, inability to deny the pleasure of present lack of self-control also lead to non-saving habit. It indicates about the full banking faction of receiving deposit and withdrawing performed by this postal bank. The findings of the study show that even after the establishment no much change happened to the people, but actually benefited Americans and Europeans. The study suggests that through the officers of the bank and through the teachers and superintendents of the public schools, a vigorous educational campaign can develop saving habit among Filipinos.

M. Rajeswari (2017) Reseacher aimed to understand the recurring deposit scheme of post office & the allied services along with the customer satisfaction level towards recurring deposits. Multiple choice questions have been chosen to collect the responses from 100 recurring deposit holders. Convenience sampling method is employed in the research work. The data collected is analyzed through various statistical tools like Karl Pearson's Correlation and One-way ANOVA test. Based upon the findings out of the research, few valuable suggestions have been given to the postal department to improve the overall Recurring Deposit services to retain and expand its Recurring Deposit accounts holder's base.

From these studies it is very clear that Post Offices have influential role in mobilizing savings from regular investors. The Post Office Savings Bank (POSB) is the oldest banking system in the country established in 1882 by the British government to mobilize saving. However, a study on the Recurring Deposit holders of India Post has not been carried out in Kerala.

Data Analysis

1. Features of Recurring Deposit of India Post

- a. This account can be opened with cash or with a cheque. In the case of using cheque to open the account the date of deposit will be treated as the date of presentation of the cheque.
- b. Any amount, minimum Rs.10/- per month or in multiplies of Rs. 5/- can be deposited in it. This account allows nomination either at the time of opening or after it.
- c. Now the account can be transferred from one post office to another where post offices have Core Banking Solution.
- d. Any number of Recurring Deposit account can be opened in any post office.
- e. In the name of minor can also be opened the account, if he/she has 10 years, and they are even allowed to operate it. Minor after becoming major can apply for conversion of the account in his name.
- f. Two adults, if they wish, can also jointly open Recurring Deposit Conversation to single in to joint and vis-a-versa is allowed.
- g. If account has been opened between 1- to 15, deposit can be made up to 15th of every month and if account was opened between 16- to the end of the month, deposits are to be done up to last working day of next month.
- h. If deposits are not made up to the prescribed day, a default fee is charged for each default, default fee @ 5 paisa for every 5 rupees shall be charged. After 4 regular defaults, the account becomes discontinued and can be revived in two months but if the same is not revived within this period, no further deposit can be made.
- i. If in any Recurring Deposit account, there is monthly default(s) the depositor has to first pay the defaulted monthly deposit with default fee and then pay the current month deposit. This will be applicable for both Core Banking Solution and non-Core Banking Solution Post offices.
- j. There is rebate on advance deposit of at least 6 instalments.
- k. One withdrawal up to 50% of the balance allowed after one year.
- l. Full maturity value allowed on Recurring Deposit Accounts restricted to that of INR. 50/- denomination in case of death of depositor subject to fulfilment of certain conditions.
- m. In case of deposits made in Recurring Deposit accounts by Cheque, date of credit of Cheque into Government accounts shall be treated as date of deposit.

Variables	Response	Number	Mean	Standard Deviation	P-value	t-value	F-value
Gender	Male	10	3.60	1.50	.957	.361	.003
	Female	40	3.42	1.33			
Age	21-30	2	2.00	1.41	.028	-	3.038
	31-40	20	2.95	1.53			
	41-50	20	3.85	1.08			
	Above50	8	4.12	.83			
Qualification	H.sc	14	3.57	.402	.260	-	1.370
	Degree	16	2.87	.375			
	P.G	7	3.71	.473			
	Professional	1	3.00				
	Others	12	4.00	.246			
Marital Status	Male	48	3.43	1.38	5.874	-.570	.019
	Female	2	4.00	.00			
Family members	1	2	4.00	.00	.156	-	1.825
	2	12	3.91	1.16			
	3-5	35	3.34	1.39			
	Above5	1	1				
Occupation	Business	2	4.50	.707	.820	-	.382
	House wife	24	3.33	1.55			
	Govt. Employees	3	3.66	1.15			
	Retired	8	3.62	1.50			
	Temporary	13	3.38	1.04			
Income	Up to 50,000	9	3.22	1.78	.859	-	.326
	50001 - 100000	9	3.60	1.17			
	100001 - 150000	15	3.60	1.18			
	150001 - 200000	9	3.11	1.61			

	Above - 200000	7	3.71	1.25			
Mode of payment	Through Agent	33	3.54	1.14	.004	.616	9.319
	Through Branch	17	3.29	1.72			
Amount of Deposit	Up to 500	15	3.40	1.50	.946		.183
	501 - 1000	7	3.14	1.77			
	1001 - 2000	15	3.60	1.12			
	2001 - 5000	12	3.58	1.37			
	Above 5000	1	3.00				

Findings

In case of gender, marital status, number of family members, educational qualification, occupation, income and amount of deposit, 'p' value is above .05 therefore, we will not reject the null hypotheses. It indicates that there is no significant difference among the above said variables and satisfaction level towards Recurring Deposits. Whereas, in case of mode of payment and age group, the 'p' value is less than .05 which shows that, there is significant difference between these variables and satisfaction level. In order to show this difference in satisfaction level of respondents belonging to different age groups a 'Post Hoc' test is conducted. Its result is presented in below given table:

Result of DMRT showing age group wise difference in Depositor's satisfaction towards Recurring Deposit.

Age group of respondents	N	Subset for alpha = 0.05	
		1	2
21-30	2	2.0000	
31-40	20	2.9500	2.9500
41-50	20		3.8500
above 50	8		4.1250
Sig.		.221	.154

From the table it is clear that, the satisfaction level of depositors belonging to the age group of 21-30 differ significantly low from all other's satisfaction.

CONCLUSION

The research revealed that there is significant difference between age and mode of deposits with their satisfaction level. Among the age group 21-30 shows more difference than the other age group in their satisfaction. This indicates that the facilities and features of recurring deposit are not much attractive for young generation and the mode of payment through agents and direct depositors have different level of satisfaction. Further studies are needed to locate such differences. Through proper understanding of these matters this scheme can be made popular and used as an important way for gathering small savings for the national development.

REFERENCES

1. P. Amalorpavamary, Dr.R.Santhurusankara Velsamy, post office savings and its relevance in rural areas with reference to Thanjavur District, International Journal of Management and Social Science Research Review Jan –2015, Vol.1, Issue.7.
2. Dr. S. Gulam Mohamed M. Shajaha, a study on investment behaviour in post office savings schemes with reference to Tiruchirappalli District, Intercontinental Journal Of Finance Research Review November 2016, volume 4, issue 11.
3. Shri Kalpesh J. Purohit, Professor (Dr.) Parimal H. Vyas, Dr. Madhusudan N. Pandya, "customers' satisfaction/dissatisfaction measurement of postal services in Vadodara city of Gujarat state December 2012, summer internship society volume iii issue-2.
4. Dr. Charusheela Birajdar, Prof. Akshata Joshi, a review of customer satisfaction for Indian Postal Services, International Journal Of Marketing And Human Resource Management (IJMHRM) Sep–Dec (2016), volume 7, issue 3, pp. 49–59.
5. Edwin Walter Kemmerer, the Philippine postal savings bank. source: the annals of the American Academy of Political and Social Science, vol. 30, American colonial policy and administration (jul., 1907), pp. 45-51, published by: sage publications, inc. In association with the American Academy Of Political And Social Science.
6. M. Rajeswari, a study of customer preferences of recurring deposits in post offices over banks, Asian Social Science 2017; vol. 13, no. 7;