

REVIEW OF LITERATURE ON FACTORS AFFECTING ON INVESTMENT DECISION IN POST OFFICE SCHEMES IN INDIA

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ABSTRACT

There are multiple investment options around us. We need to select the best option for the investment for achieving overall objectives. The Indian Post offers multiple saving schemes with high returns and safety. Indian postal network is the largest network in the world. It develops savings habits among common people. The study is carried out to know the various factors which are considered by people for keeping their savings in the Post office schemes. The study is a humble attempt to understand what attracts people to keep their savings in post office schemes. For existing studies, various kinds of literature have been reviewed and found that investors invest in safe, secure, trustworthy, easy-to-understand schemes and the Post office offered all the schemes which are easy to understand, safe, and secured.

Keywords: Investment, savings, post office schemes,

Introduction

Post Office savings are an age-old way of saving in India. It was founded in India and dates back to 1880 A.D., when other formal savings practices were inaccessible in the country. It is the biggest in India savings bank, with 1,55,000 branches spread across the country. Most of the Post Offices are situated in remote areas where modern banking systems are not available to date. The Indian economy is developing significantly and has various investment options, but the Government of India has offered the ancient investment option. There are two kinds of investment alternatives, i.e., direct investment alternatives and indirect investment alternatives. The post office is an important one among various indirect investment alternatives. Because it has the highest trustworthiness among investors. The post office savings bank is the oldest and by far the largest banking system in India, providing the investment needs of both urban and rural investors. These facilities are provided as an agency service on behalf of the Ministry of Finance and Government of India. Saving comes from excess income. Savings will be increased only when the capability and desire to save are high. Taxes are cumulative savings made by the Government and make effective utilization for the development of a country. Economist says that the savings-income ratio is steadily rising against the rise in population and nation. In a developing country like India, small savings play a significant role. In India, small savings help both the Government and individuals to mobilize their income. With the increasing public expenditure, the Government has to discover various sources of income, to full the necessities of the people.

The word financial literacy refers to a wide range of important monetary skills and concepts. People who are financially savvy are less likely to commit financial fraud. A robust financial literacy foundation can help support a variety of life goals, such as saving for college or retirement, managing debt responsibly, and running a business. The Department of Posts, also known as India Post, has the world's largest postal network, reaching all the way to small villages, hilly regions, and tribal territories. This widespread network aids in the coverage and communication of all individuals in the country. The Indian Postal Service is currently working on meeting the developing problems and fulfilling its function as a facilitator of communication and development in the emerging socioeconomic environment. With the liberalization of the financial sector over the last decade, the post office aims to satisfy the increased expectations of its clients by offering dedicated offices that provide a basket of financial services, including small deposits, in keeping with the international post office trend.

Objectives

The existing study is carried out by keeping the following objectives in consideration.

1. To know various factors that are considered by people while investing in Post Office schemes.
2. To know the factors that highly affect the investment decisions in Post Office schemes.

Research methodology

The study explores the factors which are impacting their investment decisions in Post office schemes. The study followed a systematic literature review and qualitative research. The study has followed the Content Analysis method. Content Analysis is a systematic research technique that is a method for qualitative and quantitative analysis of a corpus of information, generally text. Content analysis is a process that determines the presence of words, themes, or concepts from qualitative data. The content analysis draws implications from both occurrence

of the themes and the frequency of occurrence. Content extraction has been made with the support of coding categorization and thematic development.

Review of Literature

Kabra (2010), discovered that an investor's ability to take risks was influenced by their age and gender. Singh (2018), study of investor attitudes toward saving plans in Himachal Pradesh, the majority of the salaried segment of society is leaning toward the post office plan. The safety and stability of the return, as guaranteed by the government and different tax incentives, is the cause of this. The primary investing mechanisms, according to the report, are recurring deposits, post office savings banks, and monthly-income plans. Family and friends are regarded as the primary sources of knowledge for investing. Krishnamoorti (2009), an investor's decision to invest is highly influenced by their educational background, employment, and reading habits regarding investments. Birajdar and Joshi (2016), Even though customers aren't overly happy with the current postal services, India Post still has a positive reputation and image in their eyes. India Post's large client base is a major asset. It has been effectively offering a range of services to Indian citizens for many years. People still have a lot of faith in the mail system. Due to factors including infrequent instances of fraud and other wrongdoing as well as government assistance, customers' impressions of India Post are clear despite the company's lack of a professional culture. In the case of the financial services provided by the Department of Post, small investors receive good returns. Due to lower risk, all income groups and categories of investors prefer to invest in bank and post office deposits, Kaushal and Kinjal (2012). While higher-income groups with more education prefer to invest in stock shares, mutual funds, insurance, commodities, and real estate.

Teli (2017), a survey of 50 people in the Rajsamand district revealed that the majority of the participants knew about post office deposit programs through their friends and family. There is very little knowledge of the numerous post office programs, including post office savings accounts and regular deposits. The post office's small savings programs for rural areas are enough, he added, but if officials wish to boost deposits, they must raise public awareness through advertising and agents. A post office savings plan offers small investors a safe, risk-free, and expanded range of investment options Mathumitha (2015). She recommended integrating the most recent technology into the post office to better serve the public by speeding up transaction times and raising the rate of interest on loans that the post office offers. A post office savings plan offers small investors a safe, risk-free, and expanded range of investment options Mathumitha (2015). She recommended integrating the most recent technology into the post office to better serve the public by speeding up transaction times and raising the rate of interest on loans that the post office offers. Mehta (2015) looks at the difficulties that financial organizations like banks and insurance firms pose to post office savings banks. It must contend with growing competition as well as ongoing improvements in information and communication technology, particularly in mobile technology and cutting-edge internet connections. Ravindran (2016), the post office is not the only way for the general population to send letters. It offers the general public a variety of financial services such as money transfers abroad, postal life insurance, mutual fund investments, and small savings plans. Additionally, he recommended using advertising to properly teach and educate women investors about post office savings plans in order to attract them as investors. Holosagi (2018), investors' primary motivations for investing in the postal system are to meet domestic needs and ensure their security in old age. They also value regularity, safety, ease of management, and local accessibility. He suggests that since the postal investment schemes have not effectively reached the populace, the government should raise awareness of them among rural residents in order for them to benefit from them. Embu (2018), more rural women are interested in investing their money at the post office due to the placement of the post office close to where they live. Additionally, he claimed that when officials encourage rural residents to invest in post offices, the postal sector grows. Most investors simply invest in post office savings plans for tax benefits. Jain and Kothari (2012), researched the advantages of post offices' savings plans. The Department of Post has served the public for 150 years and is regarded as a pillar of rural economic development and a communication facilitator. Due to the minimum savings requirement, account creation requirements (Rs. 500), and tax benefits, it considerably influenced the practice of saving in India's rural areas. Because it has affected rural investors' saving habits for the past ten years, this study examines how investors perceive various instruments. Kumar (2014), may completely aid in the growth of the country. The post office savings programs help rural residents develop better-saving practices gradually but consistently. The key instruments for economic growth and increased national revenue have been investments ever since civilization began. Investment is regarded as the key factor in determining whether production will meet target levels, and capital formation must be supported by a sufficient level of saving. Teli and Kore, examined customer perceptions of the post office saving scheme in 2015. Many postal investments are exempt from income tax and interest payments. This has made it easier for investors to compete successfully with other investment opportunities like public sector firms, commercial and cooperative banks, and non-banking financial institutions. Because it has influenced investors' saving behavior for the past ten years, institutions that offer investment instruments must research the opinions and perceptions of clients towards various investment

instruments. The purpose of this study was to determine how postal consumers felt about POSB programs in the Kolhapur district of Maharashtra state. Aggarwal (2012), In order to stand out from the competition, the Post Office Savings Bank in India emphasizes security, safety, and a risk-free component. It must make stronger marketing efforts in order to properly convey and communicate this positioning approach to its target audience. The IT revolution offers the bank both a challenge and a chance to adopt automation technology and improve its operations. In the literature review point, put this.

Vembu et al. (2018), argue that due to a lack of knowledge and other connected issues, illiterate people show a higher amount of interest in depositing their money in post offices. Due to the low-interest rate, higher-income groups are seldom interested in investing their money in the post office. The largest benefit of investing in a post office savings plan is tax relief. People's financial investments in post offices must be made aware of by the authorities in order to support the expansion of the postal sector. Kumar (2018), when compared to other investment plans, it is one of the best for rural working women. Because there is no cumbersome application process, it is simple to access, investments are safe and secure, and there is no risk of premature closure, rural working women investors have a strong belief in and good attitude towards post office savings plans.

Mohamad and Shajahan (2016), the post office has historically provided millions of individuals in rural areas with access to financial services. In rural places, it is crucial. In addition to providing a connection between these remote areas and the rest of the nation, it also offers banking services because there are no banks in the rural areas. Karunakaran et al. (2020), "Post Office Savings and Attitude of Rural Investors in Kerala: A Study from Kasaragod District," the postal department has introduced a number of post office schemes to the public in order to develop rural areas, but they need to re-orient their services in order to draw in new customers. Naveen et al. study from 2021, "A Study on Customer Satisfaction in Post Office Savings Schemes with Special Reference in Coimbatore City, the postal department should take measures to promote savings schemes and improve their public services. Richa (2004), the Post Office is still a top draw for savers, as seen by the 32.45% rise in collections during the first quarter of the current fiscal year compared to that generated during the same period of 2003–2004. According to representatives of the Finance Ministry, the Post Office deposit programs' appeal is due to the greater interest rate they offer in comparison to what banks provide. Gross savings deposit receipts increased dramatically between 1999-2000 and 2003-2004, rising from Rs. 34,650 crore to Rs. 91,3000 crore. The understanding, preferences, issues, and attitudes of investors regarding the different deposit plans provided by the post office were highlighted by Jain & Kothari (2012). They found that other than monthly income and educational background, demographic characteristics had no impact on perceptions of post office deposit schemes.

In his study "Investor's attitude towards post office saving schemes in Cumbum town," Gayathri (2014) found that the respondents were satisfied with the post office schemes, but he also recommended that awareness and the rate of interest be raised and that the most recent technology be used to speed up transactions. The attitudes of post office deposit systems were unaffected by ICS. Investors' Attitude towards saving at the Post Office, by Kumar & Kannaiah (2014), demonstrates that age, education, and income have no bearing on how investors feel about saving in the post office. The study discovered that post office plans were chosen to meet the needs of the spouse and children. The study also showed that the lack of stability in income earning has an impact on investors' decisions to make investments.

Beriwala et al. (2022), the expansion of postal authority in India has made it more challenging for investors to select a particular savings plan. To determine investor preferences and awareness of the Postal Savings Programme, research was performed. On the basis of the study's findings, suggestions have been made to help investors. Small postal savings banks provide a respectable return for investors' surplus funds in the face of declining interest rates and unreliable capital markets. The success of postal service programs depends on recruiting new investors and retaining current ones. Any savings program's effectiveness hinges on its ability to satisfy investors.

Benazir (2020), claimed ignorance about numerous post office programs and proposed holding fairs and campaigns to raise awareness. The majority of them regarded low-interest rates as a disadvantage, especially when saving for children's education and marriage. It was suggested that the interest rate be raised. It was also proposed to implement technical innovations to shorten transaction times and processing lags. The restricted accessibility of tax advantages was emphasized, calling for their expansion to additional programs. Poor staff answers were viewed as an issue, necessitating the deployment of special representatives to deal with client complaints. It was discovered that age has an impact on perception, with young parents giving importance to post office programs. The post office department suggested making an effort to draw in older parents. Anuradha and Hema (2023), study findings, women who are financially literate not only have the information but also

have the ability to make wiser financial judgements. It motivates people to support their families, take care of their own finances, etc. There are many measures being conducted by different organizations to increase financial literacy, but awareness campaigns through seminars, commercials, etc. are still needed. Ganapathi (2010), the main goals of various Small Savings Schemes were to assist both small investors and people who are paying high taxes. The study came to the conclusion that Post Office Savings Schemes needed to be well advertised in order for deposits to increase and for even the average person to be aware of these Schemes.

Research Gap

Post office investment is an indispensable part from people's portfolio. Post office schemes are safe as it is backed up by government. After reviewing literature, it is found that, specific factors are not identified which highly impact the investment decision in post office investment. It is a humble efforts to find out those factors which highly affects the investment decision of people in respect to post office schemes.

Findings

The existing research study was carried out to know the factors influencing investment in Post office schemes. Researchers have studied the following factors which greatly influence investment decisions. As per the study, Age, Generation, and Gender have greatly impacted investment decisions. Elder investors, Senior Citizens find Post office schemes suitable for them as it is easy to understand and invest in. Females are more inclined towards post office scheme investment. Researchers found that the salaried class investors of society are inclined towards post office schemes as these are safe investment options and secure returns guaranteed by the government and tax incentives. Educational qualification also influences investment in post office schemes. The study revealed that the perceptions of the customers regarding India Post are apparent even though there is a lack of professional culture. There are reasons for investment in Post office schemes such as rare cases of fraud and malpractices in the post office schemes. Good returns are also one major factor to invest money in Post office schemes. Investors find it safer compared to other alternatives for financial investment. Investors' motivational factor for investment in postal is to meet domestic purposes and to be secure in old age and they prefer regular and safety, local access ability, and easy manageability. Rural women are interested in investing their savings in the post office because of the proximity of the post office situated in their residing location. In addition, most investors invest in post office savings schemes only for tax relief. Parents are highly interested and satisfied with depositing their savings in the Post Office Savings scheme. The main reason for this is the risk-free investment and the tax benefits. Rural working women investors have a great faith and positive attitude towards post office savings schemes because there is no complicated procedure in making an investment, Easy accessibility, Secure and Safety investment, premature closure, etc. Higher-income groups prefer modern investment options rather than post office schemes.

Conclusion

The study was carried out with the aim of knowing the factors influencing investing in Post Offices Schemes. It is observed that investors want to invest their money in safe, easy-to-understand, risk-free, and tax benefits and easy accessibility. Women investors have great faith in Post Office Schemes. It can be also said that investors are highly satisfied with Post-office schemes. People invest in schemes that are easy to understand and want to keep money in safe investment options.

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