

Adoption of Government Saving Schemes by Rural and Urban People

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Abstract

India is currently undergoing rapid changes mainly because of the liberalization of the economy. Along with the economic changes, social values and social structures are also rapidly changing and affecting one another. In recent years the Indian Government and the Reserve Bank of India have been pushing the concept of financial inclusion. Central government announced some saving schemes and called it as the National Mission on Financial Inclusion (NMFI) for weaker section and low income groups. The present study was conducted in Hisar district of Haryana state with the objective to find out knowledge and adoption/use of government saving schemes. Two villages i.e. Dabra and Devan from two different blocks and two urban localities from two different wards were randomly selected. 50 rural respondents from the two blocks (25 from each village) and 50 urban respondents from the two wards (25 from each urban locality) were randomly selected. Thus, the total number of respondents was 100. An interview schedule was developed for the collection of data. The results show that maximum number of respondents (62%) belonged to middle age group, were educated upto 10+2 (42%), respondents' main occupation was service (41%), 71 per cent respondents were having accounts in banks and 29 per cent were having accounts in both banks and post office. Cent per cent of rural and 72 per cent of urban respondents adopted at least one government saving scheme while 28 per cent of urban respondents did not adopt any saving scheme. In total, 115 saving schemes were adopted by 50 (100%) rural respondents while only 60 saving schemes were adopted by 36 (72%) urban respondents. Amongst saving schemes, 94 per cent respondents were aware about *Pradhan Mantri Jan Dhan Yojana* but only 50 per cent of the respondents adopted it followed by *Kisan Vikas Patra*. Major source of information about government saving schemes was newspaper and television. Cent percent respondents were aware that government saving schemes was offered by State Bank of India. Thus it can be concluded that urban and rural people both were quite aware and were using government saving schemes but there was still need that knowledge about these saving schemes should be disseminated more to rural and urban masses so that more people should adopt them and be benefitted from these useful schemes.

Keywords: Economic Change, Financial Inclusion, Saving Scheme, Awareness, Adoption.

Introduction

India is currently undergoing rapid changes mainly because of the liberalization of the economy. Small savings were considered a priority concern of the Government. The primary objectives of the small savings programme have been to promote the habit of thrift and savings among citizens of the country. The Post Office Savings Bank has been the main vehicle for these plans across the length and breadth of India since its establishment 123 years ago (Anonymous). All deposits under small savings schemes are credited to the 'National Small Savings Fund' (NSSF), established in the Public Account of India with effect from 1.4.1999. The financial institutions play a dominant role in mobilizing savings and then channelizing those savings for investment into productive activity (Anonymous). In recent years the Indian Government and the Reserve Bank of India have been pushing the concept of financial inclusion, but no palpable effect could be seen in the plight of these financially vulnerable people. To mitigate these long drawn financial sufferings, central government announced some loan and saving schemes and called it as the National Mission on Financial Inclusion (NMFI) for weaker section and low income groups. This effort will certainly go a long

way in promoting economic growth and reducing poverty, while mitigating systematic risk and maintaining financial stability.

Jain and Kothari (2012) showed that demographic factors had no significant influence over the opinion towards Post Office Deposits Schemes except monthly income and educational qualification. The level of awareness of the respondents about various Deposits schemes was very low except Recurring Deposits and Post Office Saving Bank account.

Kunthia (2014) attempted to study the recent developments on Financial Inclusion in India with special reference to the recently launched "Pradhan Mantri Jan Dhan Yojana" (PMJDY). The author had presented an analysis of its different important areas, roadblocks in the process and had suggested strategies to attain universal coverage of the PMJDY for the underprivileged population and the large unbanked areas of the country.

Mathumitha (2015) concluded that 69 (57.5%) of the respondents were female, mostly the females were interested in investing their savings in post office. Out of 120 respondents, 49 (40.8%) of

the respondents saved 10 per cent to 15 per cent of the income as their savings; 23.3 per cent of the respondents mentioned the low return on investment.

In light of the above facts, the present study was conducted in Hisar district of Haryana state with the objective to find out the knowledge and adoption/use of government saving schemes by rural and urban people.

Aim of the Study

The present study was conducted with the objective to find out the knowledge and adoption/use of government saving schemes by rural and urban people.

Materials and Methods

The present study was conducted in Hisar district of Haryana state. Two villages i.e. Dabra and Devan, from two different blocks and two urban localities from two different wards were randomly selected. 50 rural respondents from the two blocks (25 from each village) and 50 urban respondents from the two wards (25 from each locality) were randomly selected. Thus, the total number of respondents was 100. An interview schedule was developed for the collection of data.

Results and Discussion

Table 1: Personal Profile of the Respondents

| Variables | Category | Rural (n=50) | Urban (n=50) | Total (n=100) |
|---|---------------|--------------|--------------|---------------|
| Personal and demographic variables | | | | |
| Age (in years) | 20-40 | 16(32) | 15(30) | 31(31) |
| | 41-60 | 30(60) | 32(64) | 62(62) |
| | 61-80 | 4(8) | 3(6) | 7(7) |
| Sex | Male | 37(74) | 38(76) | 75(75) |
| | Female | 13(26) | 12(24) | 25(25) |
| Education of respondents | Middle | 9(18) | 3(6) | 12(12) |
| | 10+2 | 21(42) | 24(48) | 45(45) |
| | Graduate | 17(34) | 19(38) | 36(36) |
| | Post Graduate | 3(6) | 4(8) | 7(7) |
| Socio-economic variables | | | | |
| Respondent's occupation | Service | 7(14) | 34(68) | 41(41) |
| | Business | 4(8) | 7(14) | 11(11) |
| | Farming | 31(62) | - | 31(31) |
| | Retired | - | 5(10) | 5(5) |
| | Housewife | 8(16) | 4(8) | 12(12) |
| Family occupation | Service | 9(18) | 40(80) | 49(49) |
| | Business | 5(10) | 10(20) | 15(15) |
| | Farming | 36(72) | - | 36(36) |
| Monthly family income (Rs.) | Up to 30,000 | 20(40) | 17(34) | 37(37) |
| | 30,001-60,000 | 24(48) | 26(52) | 50(50) |
| | 60,001-90,000 | 6(12) | 7(14) | 13(13) |
| Communication variable | | | | |
| Mass media exposure | Low | 20(40) | 13(26) | 32(32) |
| | Medium | 22(44) | 28(56) | 50(50) |
| | High | 8(16) | 9(18) | 17(17) |

Figures in parentheses indicate percentages

Table 1 shows that majority of respondents were 41-60 years of age (62%), majority of the respondents were male (75%), majority of the respondents main occupation and family main

occupation was service, half of the respondents' monthly family income was Rs. 30,001-60,000 and less than half of the respondents had education up to 10+2 (45%).

Table 2: Respondents having account in banks/post office and adoption of saving schemes

| Account in Bank/ Post office/Both | Rural Respondents (n=50) | Total Accounts | Urban Respondents (n=50) | Total accounts | Total Respondents (n=100) | Total Accounts |
|--------------------------------------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|---------------------------------|--|
| Bank | 38 (76) | 50 | 33 (66) | 50 | 71 (71) | 100 |
| Both (bank and post office) | 12 (24) | | 17 (34) | | 29 (29) | |
| Adoption of saving schemes | No. of rural respondents | No. of scheme s adopted | No. of urban respondents | No. of scheme s adopted | No. of total respondents | No. of total scheme s adopted |
| | 50 (100) | 115 | 36 (72) | 60 | 86 (86) | 175 |

Figures in parentheses indicate percentages

Table 2 reveals that more than half of the respondents were having account in bank (71%) and 29 percent were having account both in bank and post office (29%). No respondent was having account only in post office.

Table 2 further reveals that in case of saving schemes, all the rural respondents were having at

least one saving scheme and these 50 respondents adopted 115 saving schemes in total. Out of 50 urban respondents, 36 respondents were having at least one saving scheme and these 36 respondents adopted total 60 saving schemes.

Table 3: Awareness and Adoption of Government Saving Schemes by Rural Respondents

| Name of the saving scheme | Offered by | Rural respondents (n=50) | | |
|---|------------|-----------------------------|----------|------------------|
| | | Awareness | Adoption | Rank of adoption |
| <i>Pradhan Mantri Jan Dhan Yojana (PMJDY)</i> | (B&PO) | 45(90) | 38(76) | II |
| <i>Kisan Vikas Patra (KVP)</i> | (PO) | 45(90) | 41(82) | I |
| Senior Citizen Saving Scheme (SCSS) | (B&PO) | 34(68) | 25(50) | III |
| Public Provident Fund (PPF) | (B&PO) | 26(52) | 2(4) | VI |
| <i>Sukanya Samridhi Yojana (SSY)</i> | (B&PO) | 29(58) | 5(10) | IV |
| National Saving Certificate (NSC) | (PO) | 15(30) | 1(2) | VII |
| Atal Pension Yojana (APY) | (B) | 30(60) | 3(6) | V |
| Monthly Income Scheme (MIS) | (PO) | 9(18) | - | - |
| National Pension Scheme (NPS) | (B) | 16(32) | - | - |
| Rajiv Gandhi Equity Saving Scheme (RGESS) | (B) | 10(20) | - | - |

Figures in parentheses indicate percentages, Multiple responses

B=Bank, PO=Post Office, B & PO= Bank & Post Office

Table 3 shows that majority of the rural respondents were aware about PMJDY and KVP (90%) and KVP were adopted by majority of the respondents followed by PMJDY, SCSS and SSY.

Table 4: Awareness and adoption of Government Saving Schemes by Urban Respondents

| Name of the saving scheme | Offered by | Urban respondents (n=50) | | |
|---|------------|--------------------------|----------|------------------|
| | | Awareness | Adoption | Rank of adoption |
| <i>Pradhan Mantri Jan Dhan Yojana (PMJDY)</i> | (B&PO) | 49(98) | 12(24) | II |
| <i>Kisan Vikas Patra (KVP)</i> | (PO) | 31(62) | - | - |
| Senior Citizen Saving Scheme (SCSS) | (B&PO) | 27(54) | 12(24) | II |
| Public Provident Fund (PPF) | (B&PO) | 37(74) | 21(42) | I |
| <i>Sukanya Samridhi Yojana (SSY)</i> | (B&PO) | 34(68) | 8(16) | III |
| National Saving Certificate (NSC) | (PO) | 25(50) | 4(8) | IV |
| Atal Pension Yojana (APY) | (B) | 34(68) | - | - |
| Monthly Income Scheme (MIS) | (PO) | 12(24) | 3(6) | V |
| National Pension Scheme (NPS) | (B) | 20(40) | - | - |
| Rajiv Gandhi Equity Saving Scheme (RGESS) | (B) | 13(26) | - | - |

Figures in parentheses indicate percentages, Multiple responses

B=Bank, PO=Post Office, B & PO= Bank & Post Office

Table 4 shows that almost all the urban respondents were aware about PMJDY (98%) followed by PPF (74%) and SSY (68%) and 42 percent of the respondents adopted PPF followed by SCSS and PMJDY (24%).

Table 5: Source of Information about Government Saving Schemes

| Source of Information | Rural (n=50) | Urban (n=50) | Total (n=100) |
|-----------------------|--------------|--------------|---------------|
| Newspaper | 42(84) | 48(96) | 90(90) |
| Television | 43(86) | 40(80) | 83(83) |
| Radio | 25(50) | 23(46) | 48(48) |
| Relatives | 20(40) | 26(52) | 46(46) |
| Friends | 28(56) | 18(36) | 46(46) |
| Bank | 18(36) | 22(44) | 40(40) |
| Internet | 13(26) | 15(30) | 28(28) |
| Magazine | 11(22) | 16(32) | 27(27) |

Figures in parentheses indicate percentages, Multiple responses

Table 5 depicts the source of information about saving schemes. Most of the respondents were having information about saving schemes through newspaper (90%) followed by television (83%) and radio (48%).

Conclusion

Government of India launched many saving schemes which are offered in nationalized and private banks and post office. Respondents were aware about many saving schemes and different schemes were adopted by them. Newspapers and television were major sources of information about these saving schemes. Though rural and urban people are making use of these government schemes, still government should disseminate more knowledge about these schemes in rural and urban areas so that more and more people should make use of these beneficial schemes.

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