



CUSTOMER PERCEPTION TOWARDS SAVING SCHEMES IN HIMACHAL PRADESH

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Abstract

A saving scheme is structured financial plan or product designed to help individuals accumulate saving over time. These schemes are offered by various financial institutions, including banks, Government bodies and private financial organizations. Saving schemes typically provides a way to deposit money regularly either in lump sums or period contribution with the goal of growing the funds through interest dividend, or investment returns. They vary widely in term of risk, return, liquidity, tax, benefits and tenure. Saving schemes plays critical role in financial planning and stability for individuals and families. In Himachal Pradesh there are various govt. and private sector saving schemes available, each with its unique features and benefits. Understanding how consumers perceive these schemes is essential for policymakers, financial institutions and marketers to improve these products and enhance financial inclusion. This project aims to explore the perception of consumers in Himachal Pradesh towards saving schemes.

Key Words: structured, investment, unique, institutions, inclusion.

Introduction:

Himachal Pradesh, a northern Indian state nestled in western Himalayas is renowned for its scenic landscapes, Rich Culture heritage, and diverse economy. The state has population of approximately 7 million people, with significant portion residing in rural areas. The economy of Himachal Pradesh based on agriculture, horticulture, hydropower tourism with a growing emphasis on service and Industrial sectors.

Key Components of saving Schemes:

1. Interest or Returns:

- **Fixed interest:** Some schemes offer a guaranteed interest rate over the investment period
- **Market -linked Interest:** Return that depend on the performance of underlying asset like stocks, bonds, or real estate.

2. Tenure

- **Short term:** Less than one year.
- **Medium term:** One to five year
- **Long term:** More than five year.

3. Liquidity

- **Highly liquid:** Funds Can be accessed easily without significant penalties (E.g. saving account)
- **Less liquid:** Early withdrawal might renew penalties or loss of interest (E.g. fixed deposits, PPF).

4. Risk Level:

- **Low risk:** Typically offer lower but more stable returns (government bonds, fixed deposit)
- **High Risk:** Potential for higher returns.

5. Tax Benefits:

- **Tax Exempt:** Some Schemes provide tax benefits under sections of minimum tax laws (E.R.P., EPF).
- **Taxable:** Interest of returns may be taxable.

6. Contribution flexibility:

- **Lump sum:** one-time investment
- **Regular Contribution:** Monthly, quarterly or annual contribution.

Research methodology:

Research methodology is a systematic framework of procedures and techniques used to investigate and answer research questions. It provides a blueprint for conducting research that ensures accuracy, reliability, and validity of the findings. The choice of methodology depends on the nature of the research problem and the objectives of the study.

Key Components of Research Methodology:

1. **Research Design:** This outlines the overall strategy or plan of action for the research, such as experimental, correlational, or qualitative designs.
2. **Data Collection Methods:** These are the specific techniques used to gather data, which can include surveys, interviews, experiments, observations, or archival research.
3. **Sampling Procedure:** This describes how participants or subjects are selected from the population being studied to ensure the sample is representative and generalizable.
4. **Data Analysis Techniques:** These are the methods used to interpret and make sense of the data collected, such as statistical analysis, content analysis, or thematic analysis.
5. **Ethical Considerations:** Research methodology also addresses ethical issues, ensuring that studies are conducted responsibly, with respect for participants' rights and welfare.

Need of the Study:

The study on customer perception towards saving schemes in Himachal Pradesh is crucial for several reasons:

1. **Understanding Customer Preferences:** It helps in understanding what customers in Himachal Pradesh look for in saving schemes, their expectations, and how they perceive different offerings.
2. **Improving Financial Inclusion:** By identifying gaps in awareness or satisfaction with existing saving schemes, the study can contribute to enhancing financial inclusion initiatives in the region.
3. **Policy Formulation:** Insights from the study can guide policymakers in designing effective saving schemes tailored to the needs and preferences of customers in Himachal Pradesh.
4. **Competitive Advantage for Financial Institutions:** Banks and financial institutions can use the findings to tailor their products and services to better meet customer expectations, thereby gaining a competitive edge.
5. **Economic Development:** Effective saving schemes can contribute to the economic development of Himachal Pradesh by encouraging savings, which in turn can be channelled into productive investments.

Objectives of the Study:

1. **To Assess Awareness Levels:** Determine the awareness levels among customers in Himachal Pradesh regarding different saving schemes offered by banks and financial institutions.
2. **To Evaluate Customer Satisfaction:** Measure customer satisfaction with existing saving schemes in terms of accessibility, returns, customer service, and overall experience.
3. **To Identify Factors Influencing Perception:** Identify the factors influencing customer perception towards saving schemes, such as trust in financial institutions, perceived risk, ease of use, and benefits.
4. **To Recommend Improvements:** Based on the findings, provide recommendations to banks and policymakers on how to improve existing saving schemes or introduce new schemes that better align with customer needs and expectations.
5. **To Contribute to Financial Literacy:** Enhance financial literacy among customers by disseminating information about various saving schemes and their benefits.

By addressing these objectives, the study aims to provide actionable insights that can contribute to the development of more effective saving schemes and improved financial outcomes for customers in Himachal Pradesh.

Data analysis and interpretation:

Data analysis and interpretation are fundamental processes in research and everyday decision-making across various fields, from business and economics to healthcare and social sciences. These processes involve examining data through various methods to extract meaningful insights, identify patterns, and draw conclusions.

1. Data Analysis: Data analysis is the process of inspecting, cleaning, transforming, and modelling data with the goal of discovering useful information, informing conclusions, and supporting decision-making. It can involve both quantitative and qualitative data, depending on the nature of the research or problem.

2. Data Interpretation: Data interpretation is the process of making sense of data analysis results and translating them into actionable insights or meaningful conclusions. It involves:

- **Contextualization:** Understanding the background, context, and conditions under which the data was collected.
- **Pattern Recognition:** Identifying trends, relationships, and anomalies within the data.
- **Comparison:** Comparing findings against benchmarks, historical data, or theoretical expectations.
- **Visualization:** Presenting data visually through charts, graphs, or maps to facilitate understanding and communication of findings.

3. Importance of Data Analysis and Interpretation:

- **Informed Decision-Making:** Data analysis and interpretation provide evidence-based insights that guide decisions in business strategies, policy-making, healthcare interventions, and more.
- **Problem-Solving:** By analysing data, researchers and professionals can identify root causes of problems, explore solutions, and evaluate their effectiveness.
- **Prediction and Forecasting:** Statistical analysis helps in forecasting future trends and outcomes based on historical data patterns.
- **Validation of Hypotheses:** Data analysis tests hypotheses and theories, providing empirical support or refutation.

CONCLUSION

The research on customer perception of savings schemes has revealed several key insights into how customers view and engage with these financial products. It was found that trust in the financial institution, the perceived benefits of the savings scheme, and the level of customer service play crucial roles in shaping customer perception. Additionally, demographic factors such as age, income level, and financial literacy significantly influence customer preferences and satisfaction with savings schemes. Customers generally prefer savings schemes that offer flexibility, higher returns, and security. The study also highlighted a growing trend towards digital and mobile-based savings options, reflecting the changing preferences of a tech-savvy customer base. However, despite the positive perception of many savings schemes, there is still a segment of the population that remains sceptical or underinformed about the benefits. This underscores the need for financial institutions to focus on improving communication and education around savings products to enhance customer

understanding and trust. In conclusion, understanding customer perception is vital for financial institutions to design and promote savings schemes that meet customer needs and expectations. Future research could explore the impact of emerging financial technologies on customer perception and the long-term effects of customer education programs on savings behaviour.

FINDINGS

1. Trust and Security as Primary Drivers:

A significant majority of respondents indicated that trust in the financial institution is the most important factor influencing their perception of savings schemes. Security of funds was consistently rated as a top concern, with customers favouring well-established banks and financial institutions.

2. Importance of Returns and Interest Rates:

Customers were highly sensitive to the interest rates offered by savings schemes. Higher returns were a major determinant of positive perception, with many customers willing to switch schemes or institutions in search of better rates.

3. Preference for Flexibility:

Flexibility in withdrawal options and the absence of penalties for early withdrawals were highly valued by customers. Savings schemes that allowed easy access to funds without significant penalties were perceived more favourably.

4. Impact of Demographics:

Age, income level, and financial literacy emerged as significant factors influencing customer perception. Younger customers and those with higher incomes tended to favour more aggressive savings options with higher returns, while older customers preferred more stable, low-risk options.

5. Role of Customer Service:

The quality of customer service was found to be a critical factor in shaping customer perception. Customers who reported positive experiences with customer service had a more favourable view of the savings schemes offered by the institution.

6. Rising Popularity of Digital and Mobile Savings Solutions:

There was a clear trend towards the adoption of digital and mobile savings platforms, particularly among younger customers. These platforms were valued for their convenience, ease of use, and real-time access to account information.

7. Challenges in Awareness and Understanding:

Despite the overall positive perception of savings schemes, the study identified a gap in awareness and understanding among certain customer segments. Many customers were unaware of the full range of available savings products or did not fully understand their features, leading to underutilization of certain schemes.

8. Concerns Over Hidden Fees and Conditions:

A common concern among customers was the perception of hidden fees and unclear conditions associated with some savings schemes. This negatively impacted the trust and overall perception of these products.

SUGGESTIONS

- Financial institutions should focus on clear and transparent communication regarding the terms and conditions of savings schemes. Detailed explanations about interest rates, fees, and withdrawal policies can help build trust and reduce scepticism.
- Implement educational programs and resources to help customers better understand savings schemes. This could include workshops, online tutorials, and personalized financial advice to increase financial literacy and awareness.
- Invest in training and development for customer service teams to ensure high-quality support. Positive customer service experiences can significantly enhance customer satisfaction and loyalty.

- Design savings schemes that offer flexibility in terms of withdrawals and contributions. Additionally, ensure that interest rates and returns are competitive to attract and retain customers.
- Expand and enhance digital and mobile banking options to cater to the growing preference for convenience and accessibility. Ensure these platforms are user-friendly and secure.
- Review and simplify fee structures and conditions associated with savings schemes. Make all costs and terms explicit to prevent misunderstandings and build customer confidence.
- Tailor savings schemes to different customer segments based on age, income, and financial literacy. Personalized products can better meet the diverse needs and preferences of various customer groups.
- Regularly collect and analyse customer feedback to identify areas for improvement. Implement changes based on customer insights to enhance the overall experience and satisfaction.
- Position savings schemes as part of a broader financial wellness strategy. Encourage customers to view savings as an integral part of their long-term financial planning and security.

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