

PERCEPTION TOWARDS INVESTMENT OPTION IN DIFFERENT BANKING SECTOR SCHEMES

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Abstract

Investment represents savings in the most productive way. Apart from keeping the principal amount intact, it provides compensation to the investor for use of his money. It is quite natural that higher returns attract more investors but at the same time one needs to consider other factors like risk and buffer for unforeseen circumstances. The past few years have also witnessed the collapse of some private sector banks due to frauds which has tarnished the reputation of private banking to some extent. The COVID-19 pandemic has adversely affected investment decisions as people felt the need to hold more money in hand due to uncertain and highly unpredictable situations all around the world. The complete shutdown of industries and loss of millions of jobs aggravated the situation further. The safety or precautionary motive was thus preferred over the speculative or investment motive. The investment decisions in the present times are greatly affected by the disrupted market conditions and overall market sentiment. While it is true that people who had already invested in some form had at least some sort of relief margin to cover the expenses but the new investments were quite sluggish during the peak months of the pandemic.

Hence, the researchers felt a need to analyze the investment behavior and undertake research for this topic. The survey in this regard was conducted in Mumbai and Navi Mumbai. The sample size taken for the research was 40 respondents. The survey covered people from all age groups, i.e. teenagers, middle age groups and senior citizens. The questionnaire was used as a research tool.

Keywords: Banking Sectors, R.B.I (Reserve bank of India), Public Sector, Private Sector, Investment decision.

INTRODUCTION

Banking sector is one of the most important sectors in the Indian economy. Banking sector is a part of the financial sector. There are 12 public sector banks, 27 private sector banks and 31 cooperative banks which are running in India. All these banks follow the rules and regulations given by RBI (Reserve bank of India). RBI is the central bank or the mother of all banks in India. RBI issues and regulates currency. It keeps reserves with a view to securing monetary stability and is called banker to banks. It regulates and supervises banks and other financial institutions. The RBI plays an important role for the economic growth of the India and also it keeps the price stable.

Public sector banks-

This sector of banks has major shareholding is with the government which have more than 51% of the shares with the government. The central government came into the banking business with the nationalization of the imperial bank of India in 1955. The 60% of the share was with reserve bank of India. Because of the major share was with RBI, it named the bank as state bank of India. The seven

other state banks became subsidiaries of the new bank in 1959 when the state bank of India (subsidiary banks) act, 1959 was passed by the union government.

The next major government intervention in banking took place on 19 July 1969 when the Indira Gandhi government that was by Indian national congress party when Indira Gandhi became the 1st prime women prime minister nationalised an additional 14 major banks. The total deposits in the banks were nationalised in year 1969 which was amounted to rupees 50 crores. This move increased the presence of nationalised banks in India, with 84% of the total branches coming under government control. Some of the public sector banks are -

- Bank Of Baroda
- Bank Of India,
- Canara Bank,
- Bank Of Maharashtra,
- Central Bank Of India,
- Indian Bank,
- Indian Overseas Bank,
- Punjab National Bank,
- Punjab & Sind Bank,
- Union Bank Of India,
- UCO Bank.

Private sector bank- are those banks which shares are with private shareholders. In this sector the major shares are with the private shareholders and there is no holding of shares with government. These banks are controlled and managed by private shareholders. All the major banks were nationalized in year 1969. Private banks in India are:

- AXIS Bank
- HDFC Bank
- CSB Bank
- CITY Union Bank
- DCB Bank
- Federal Bank
- ICICI Bank
- IDFC First Bank
- Karnataka Bank
- Kotak Mahindra Bank
- YES Bank
- IDBI Bank

Co-operative bank- These banks are owned by their customer and they follow the principle one vote for one person who have regulation are done by both cooperative legislation and the Banking Act. Some of co-operative banks are:

- Abhyudaya Co-op
- Bank Ltd, Bassein
- Catholic Co-op Bank Ltd
- Bombay Mercantile Co-op. Bank
- GP Parsik Sahakari Bank Ltd
- Janakalyan Sahakari Bank Ltd
- Janata Sahakari Bank Ltd
- Punjab & Maharashtra Co-op Bank Ltd

Investment decision- people needs to decide where to invest and how much to invest. People should also know about the best return on our investments. The investment should such that during the bad situation it will come to help.

Research Methodology

Type of Research Method: Descriptive Research: We used questionnaire and took survey and collected information among group of respondents. The survey in this regard was conducted in Mumbai and Navi Mumbai.

Data Collection & Sources of Data: Primary Data: Our focus was on primary data from the Perception of consumers towards investment option in different banking sector schemes.

Sample The sample size taken for the research was 40+ respondents.

Objectives of the Study

- To study about various schemes in the post office savings.
- To study about various banking schemes presently available
- To study about the people's preference in making investment decision
- To analyze the risk appetite of the investors

Literature review:

Navdeep Aggarwal and Mohit Gupta (2003) - in their study they found out the primary portions and said the sub portions of the service qualities. In this they told about the Informal structures of interviews which were conducted with the help branch managers and academicians. To know the framing about banking service prototype. The study also found that personal interactions and service time is important with the ambience service which is provided by banks.

Arora S (2005) – this study tells about the various factors which are persuading customer satisfaction in different sectors of banks which are foreign sector bank, public sector and private sector banks in the northern part of India. There were 300 respondents to whom the survey questions were given which gave the significant changes that are there about the different customer's level of satisfaction for the different group of customers of different banks related to their day to day operation and the interactive factors and the situations. The analysis on foreign banks help them to find that they are best in automation and mechanism in the banking sector.

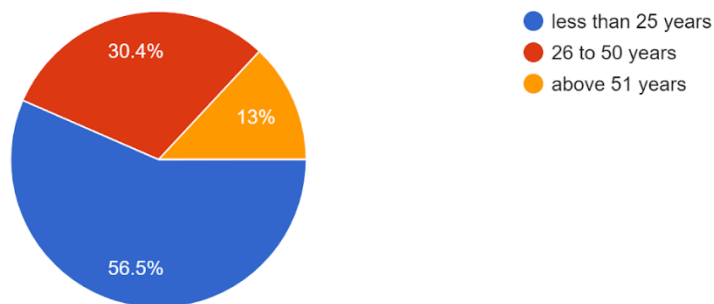
Alka Sharma, Varsha Mehta (2005)-The study basically gives importance to the quality of services provided by leading four banks and the writers found out the comparison done with the that four leading banks.

P K Gupta (2008) - the aim of the study was to analyse and to know about the customer's behaviour related to internet banking with regards to the conventional banking. This study also founded that internet banking is very easy and is very fast than traditional/conventional banking and with relation to the trust, confidentiality and accuracy which is the most important element.

Data Analysis and Interpretation:

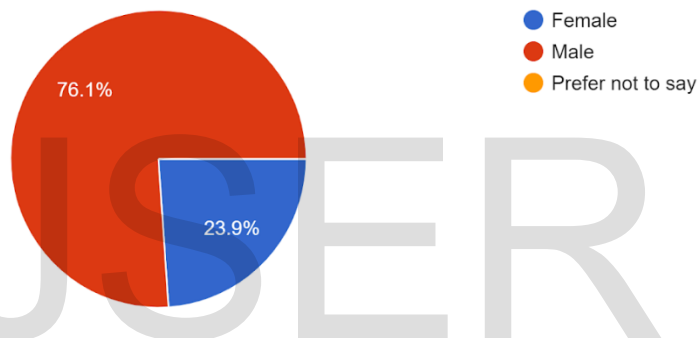
The data was collected from 46 responses. This data was put into pie-charts and bar graphs.

1. Age



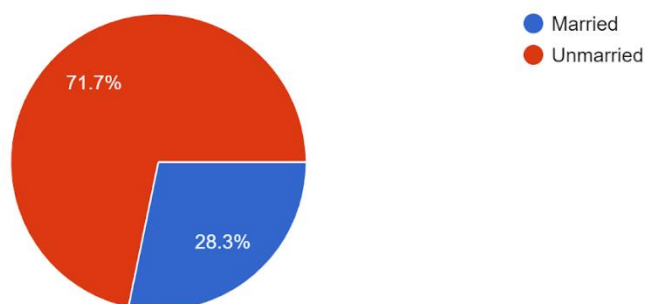
Interpretation: 57.8% respondents are below 25 years, 29% are from age group of 26 to 50 years. Rest of 13.3% are from age group above 51 years.

2. Gender



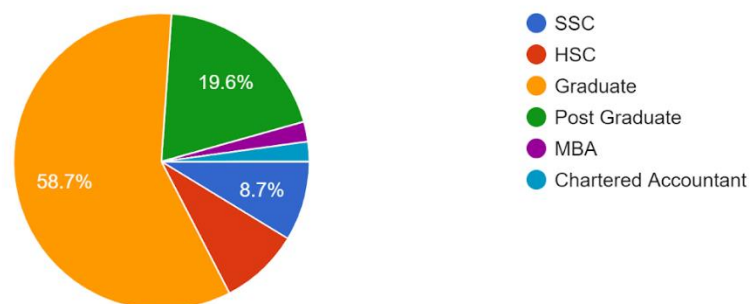
Interpretation: 76.1% respondents are males and 24% are Females.

3. Marital status



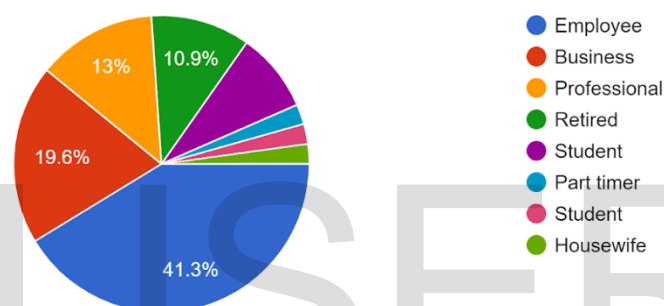
Interpretation: 71.7% are married and 28.3% respondents are unmarried.

4. Educational Qualification



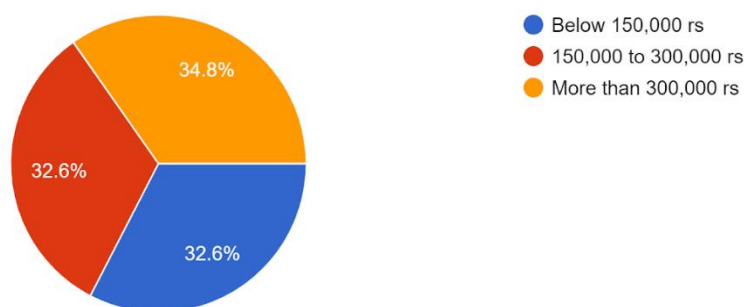
Interpretation: 58.7% respondents are Graduate, 20% are Post Graduate, 8.7% are HSC passed, 8.7% are SSC and 2.2% for MBA and Chartered Accountant.

5. Occupations



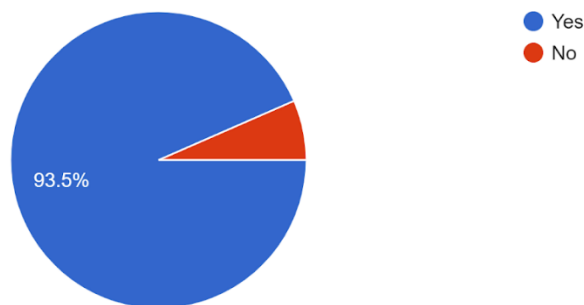
Interpretation: 41.3% respondents are employed, 19.6% are in the business, 13% are Professionals, 2.2% are Housewife and part timers, 10.9% are Students and retired.

6. Annual Income



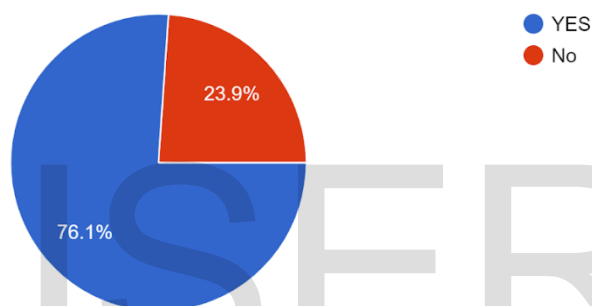
Interpretation: 34.8% respondents are earning more than Rs.3,00,000, 32.6% are between Rs.1,50,000 to 3,00,000 and 32.6% are below Rs.1,50,000.

7. Analysis on Responses having bank account.



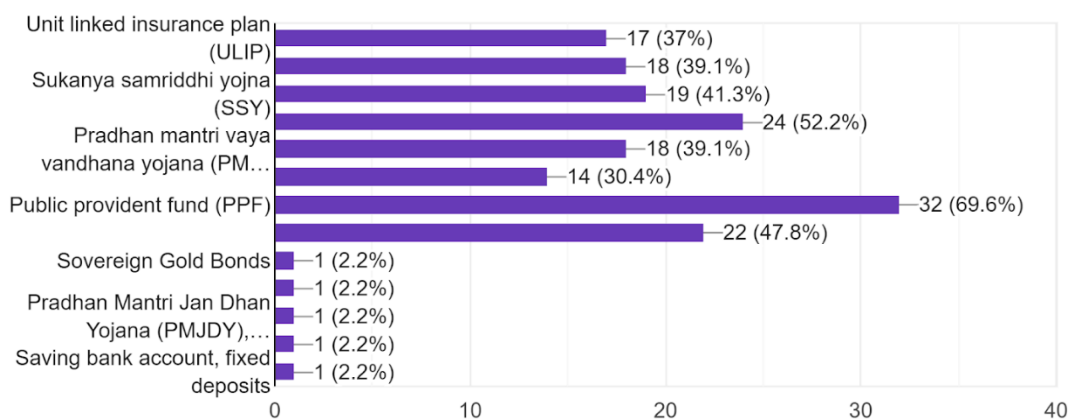
Interpretation: 93.5% respondents are operating bank account and 6.5% are not having bank account.

8. Analysis on various schemes provided by banks.



Interpretation: 76.1% respondents are aware about the various schemes provided by the bank and 23.9% are not aware about the schemes.

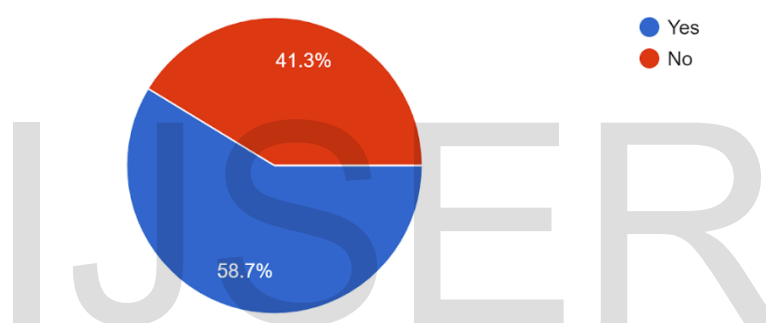
9. Various schemes offered by banks.



Schemes of Banks	In %
Unit Linked Insurance Plan (ULIP)	37%
Equity Linked Saving Schemes (ELISS)	39.1%
Sukanya Samriddhi Yojna (SSY)	41.3%
National Pension Schemes (NPS)	52.2%
Pradhan Mantri Vaya Vandhana Yojana (PMNVVY)	39.1%
Senior Citizen Saving Schemes (SCSS)	30.4%
Public Provident Fund (PPF)	69.6%
National Saving Certificate (NSC)	47.8%
Other	10.10%

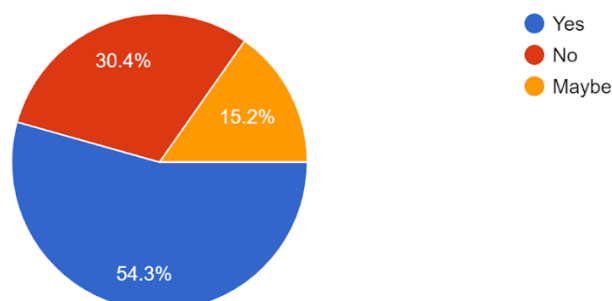
Interpretation: 69.9% respondents are familiar with Public Provident Fund (PPF), 52.2% are in Sukanya Samriddhi Yojna, 47.8% are in Sovereign Gold Bonds, 37% are in Unit linked insurance plan and rest others are in different plans.

10. Analysis on invested by customers in a schemes and services by different sector banks.



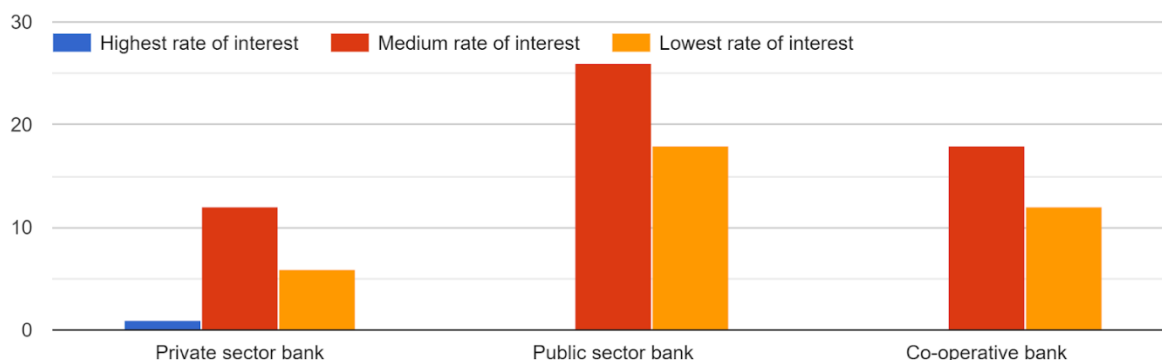
Interpretation: 58.7% respondents are invested in the above schemes with different sectors banks and 41.3% are not invested in the different sectors banks.

11. Analysis on rate of return on your investment.



Interpretation: 54.3% respondents are aware about rate of return, 30.4% are not aware about rate of return and 15.2% are not know the exact rate of return.

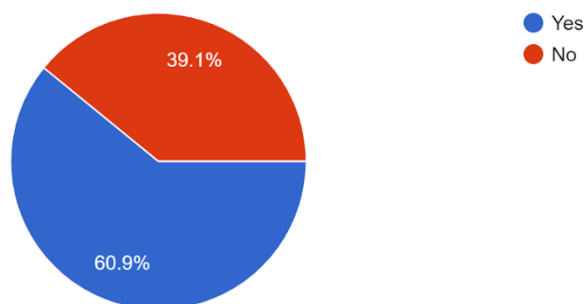
12. Analysis on which sector of the bank gives the highest rate of interest.



	Private sector bank	Public sector bank	Co-corporative sector bank
Highest rate of interest	1	0	0
Medium rate of interest	12	26	18
Lowest rate of interest	6	18	12

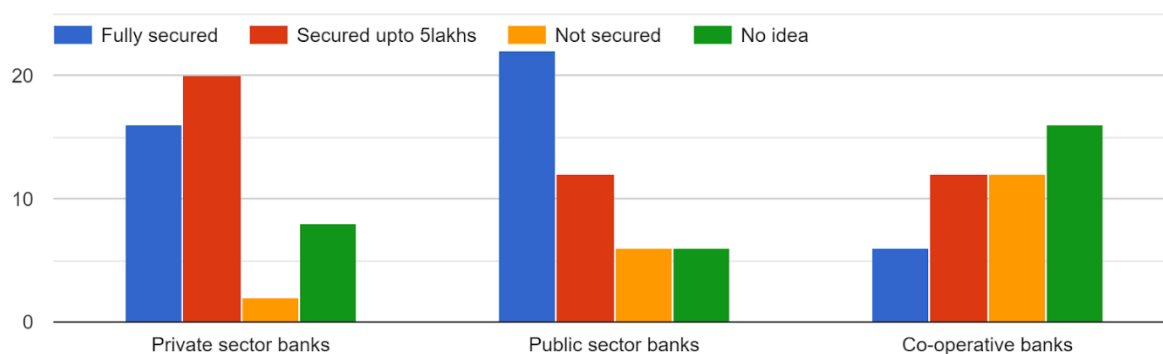
Interpretation: The highest rate of interest is given by private sector followed by Public sector and Co-operative banks are medium.

13. Analysis of the amount of money is secured with banking sectors.



Interpretation: According to data, 60.9% of people say yes, banking sector are secured and 39.1% people says no.

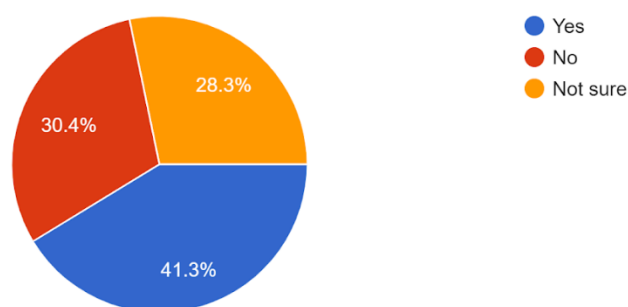
14. Analysis of amount secured with banks.



	Private sector bank	Public sector bank	Co-corporative sector bank
Fully secured	16	22	6
Secured up to 5 lakhs	20	12	12
Not secured	2	6	12
No idea	8	6	16

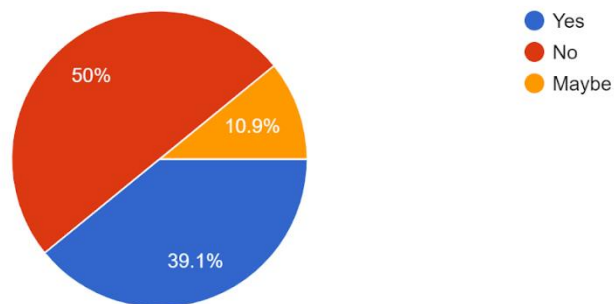
Interpretation: People think Public sector banks are fully secured than Co-operative banks. Private Banks are not secured but people do rely on secure up to 5 lakhs.

15. Analysis on banking sector providing tax benefits.



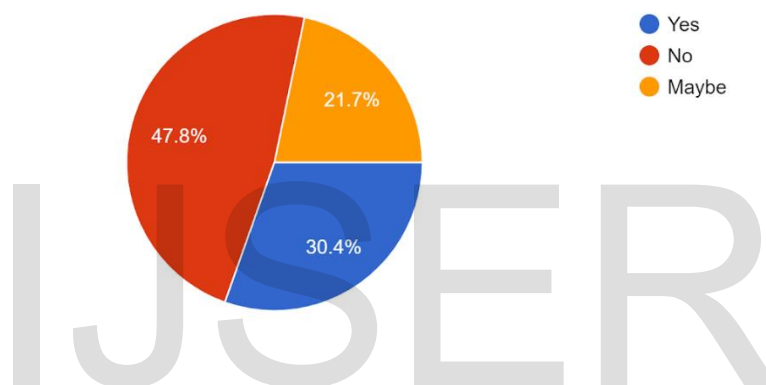
Interpretation: 41.3% respondent are taking tax benefits which are provided by banks, 30.4% are not taking tax benefits and 28.3% are not aware about the tax benefits.

16. Analysis on problems faced during the Covid-19 pandemic with your banks.



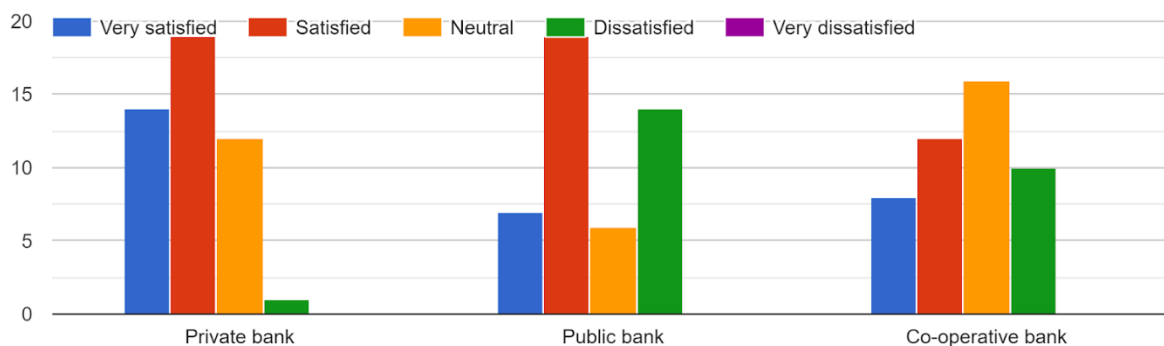
Interpretation: 50% respondents are not faced any problem in pandemic, 39.1% faced problems during COVID-19 and 10.9% are not sure about these.

17. Analysis on the rate of return during the pandemic.



Interpretation: 47.8% respondents not agreed that the rate of return is as expectation, 30.4% are agreed that the rate of return is as expectation and 21.7% are agreed with maybe option.

18. Analysis on satisfaction level with the different banking sectors.



	Private sector bank	Public sector bank	Co-corporative sector bank
Very satisfied	14	7	8
Satisfied	19	19	12
Neutral	12	6	16
Dissatisfied	1	14	10

Interpretation: The respondents are satisfied with Private Bank and Public Bank. And Neutral about the Co-operative banks.

Limitation of Study

Demographically, we were mainly limited on the people who were earning or working not the graduates or unemployed people. Geographically, we were restricted to Mumbai and Navi Mumbai.

Finding of the Study

From the above analysis we found that they maximum age group is less than 25 years which is 56.5% and least is above 51 years that is 13%. 76.1% male and 23.9% are female. Occupation wise employees are 43.3% and for business is 19.6%, professional is 13% and retired are 10.9%. 93.5% respondents have bank account and 6.5% are not having bank account. 58.7% have invested in various schemes and 41.3% have not invested.

54.3% of people are aware about the rate of return and 30.4% are not aware. 60.9% think that their amount is secured with banks. 41.3% of people say that their bank provides tax benefit. 39.1% faced problem during the corona virus in the banks.

Conclusion

This research paper deals with investment and priorities. The study on people preferences on investment behavior, the person dealing with the planning must know all the various investment choices and how these chosen for attaining the overall goals. This study estimates that most positive option in which people like to invest their savings and which factor do usually people measure while making investments in offered avenues. People prefer to invest in schemes which will give them risk free returns. Old age people want secured investment and for youngsters they need high interest investments.

People deposited major chunk in the banks to at least fulfill the basic needs for short to medium term. With major easing of the economy, the investments are likely to be stable in the upcoming time period. Thus, we can conclude that the perception towards investment in the banking sector was positive and futuristic

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