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INVESTORS' PERCEPTIONS ABOUT KISAN VIKAS PATRA(KVP):EVIDENCE FROM AGARTALA

Rajat Deb*, Abhijit Paul**

Abstract *The objectives of the study is to report the motivating factors of respondents for investing in Kisan Vikas Patra (hereafter, KVP), a post office saving scheme and to assess the perceptions about the strategies to make it as an efficient investment instrument. An interview schedule comprising 41 questions with personal interview has been used to collect data from a sample size of 153 respondents chosen using different non-probability sampling techniques. A protocol interview with 10 respondents followed by a pilot survey with 20 respondents is carried out to check the validity of the questions, reliability and sample adequacy test is also performed. Through Factor analysis, five major factors are extracted. Based on such factors, student's t- test is carried out. The findings indicate that a number of factors ranging from safety, liquidity, investment and maturity in cash, satisficing return, non-disclosure of sources of income and Permanent Account Number (PAN) motivate for invest in KVP. It documents that a number of issues need to be amended like allowing tax benefits, reduction in maturity tenure, rationalising KYC norms, increase in the rate of return, provision for e-certificate and e-investment etc. The study also acknowledges its few limitations.*

Keyword: *Kisan Vikas Patra (KVP), Post Office, Survey, Factor Analysis, Student's T-Test*

INTRODUCTION

The investment decisions are taken by investors depending upon the options available and the expected level of risk and return they can bear (Bishnoi, 2013). In the beginning of the 19thcentury, there were only a few banks and that too in big towns and cities. It was very difficult for the common man who wanted to save his small amount of money in the bank as he had to incur expenditure for the journey to go to the bank. Further, savings habit amongst the people was almost nil, and most of the people had their small savings in the form of gold and silver. On the other hand, the Government wanted to encourage savings because they were in dire need of money for various developmental activities, for strengthening military establishments, and for carrying out administrative reforms. These factors compelled the Government to start Savings bank through the Post Office. Government Savings Bank was started in the three Presidency towns of Calcutta, Madras and Bombay in 1833, 1834 and 1835, respectively. In 1860, the Secretary of State for India initiated steps for empowering the post offices to undertake savings bank operations in India, similar to that of the U.K. But the Government was under-organised and not mature enough to take upon such banking business. Some changes took place subsequently in the management of Savings Bank. Between 1863 and 1865, the management of the savings bank was transferred from Government Treasuries to the Presidency Bank, and each Presidency Bank framed its management. The deposit allowed was INR 500 in a year up to a maximum of INR 3000 and the interest rate was fixed at 3.75 percent per annum. India Post is committed to provide basic postal facilities throughout the country at an affordable price. A network of 0.155 million post offices in the country, the largest in the world, of which more than 0.139 million are in the rural areas, is indicative of this commitment. Post- independence, the Indian Government broadened the vision of the postal system to reach the entire population of the country. Today Indian postal system has a reach that ranges from arid deserts of Rajasthan and Kutch to the icy heights of Laddakh. India has the highest post office in the world in Sikkim at a height of 15,500 feet (postal code - 172114). Indian postal service provide many facilities like - general or registered mail, parcel post, speed post, express post, e-post and special courier service known as EMS-speed post. They also offer a number of post office savings schemes like National Savings Certificate (NSC), KVP, recurring deposits, and term deposits. Rapid introduction of information technology has not only changed the way post offices do business the world over, but also the business that post offices do. In this era of fast developing information and communications technology, large scale induction and assimilation has become vital for the sustenance and growth of India Post. Perception of investors about saving schemes will have a significant impact on the saving behaviour of people. A favourable attitude towards saving implies a

* Assistant Professor, Department of Commerce, Tripura Central University, Suryamaninagar, Tripura (West), Tripura, India. Email: debrajat3@gmail.com;rajatdeb@tripurauniv.in

** M. Com. Final Semester Student, Department of Commerce,Tripura Central University, Suryamaninagar, West Tripura, Tripura, India.

tendency for such individuals to behave as savers Lunt & Livingstone (1991). For example, people who have positive perception about the scheme in which they have invested will continue to invest in the same scheme. Very often, they will start investing on other schemes from the same institutions. People with positive perception might tell good things about the schemes to other people. In fact, they might act as unpaid publicity agents. Hence, it is necessary to study about the nature of perception that exists among investors about saving schemes and institutions offering such instruments. Jain, Pinson & Malhotra (1987) find that individuals who are loyal to their bank are middle aged, not particularly well educated less affluent and had blue collar occupations. The less loyal groups have been identified as young people (Lewis & Bingham, 1991; Meller, 1993) and those from the higher socio-economic groups. Consumers are more aware of the competition between financial service providers and have become less loyal to financial institutions (Burton, 1994). The present study attempts to report the motivating factors for investment in KVP and to assess the perceptions of the respondents to make KVP as an effective investment instrument.

GENESIS OF KISAN VIKAS PATRA

There were many schemes to deposit in Post Office. One of these is KVP. KVP is a saving certificate which was first launched in 1988. On 1st Aril, 1988a certificate savings scheme was launched by the Government of India. By way of purchase of certificates the scheme provided facility of unlimited investment from post offices in various denominations. When the scheme was launched, the maturity period of the scheme was 5.5 years at the time of the scheme was launched and on maturity the money invested double. Among the investors the scheme was very popular and the percentage share of gross collections secured in KVP was in the range of 9 percent to 29 percent against the total collections received under all National Savings Schemes in the country. In the year 2010-11 under the scheme the gross collection were INR 0.21631million which were during the year 9 percent of the total gross collection. The scheme secured gross collection in the year of INR0.7575million (April 2011 to November 2011), in the year of its closure. KVP was a very popular investment scheme amongst the investor which was discontinued w.e.f. 30.11.2011 on recommendation of Shayamla Gopinath Committee considering the misuse of the scheme vide Government Notification F.No. 1/10/2011-NS-II], dated 25-11-2011 and decision for the same was taken vide Office Memorandum no. No. 6-1/2011-NS.II (Pt.) dated 11.11.2011. Government has reintroduced the scheme on 23rd September, 2014 with some modifications vide Notification No. GSA- 705(E) by announcing KVP Rules, 2014.The new features of KVP include:

- Amount doubles in 100 months.
- Currently rate of interest on KVP is 8.70 percent.
- Purchase of a certificate may be made to a post office or bank in any of the following modes, viz. in cash, by locally executed cheque, pay order or demand draft drawn in favour of the post master, by presenting a duly signed withdrawal form or cheque together with the passbook for withdrawal from savings account standing in credit of the purchaser at the same post office or bank.
- In case of cash payment certificate will be issued immediately while in case of purchase by locally executed cheque, pay order or demand draft the same will be issued on realisation of such locally executed cheque, pay order or demand draft as the case may be.
- An adult in his own name, or on behalf of a minor - the certificates can be purchased by an adult for himself or on behalf of a minor or to a minor. KVP can be purchased in joint name. It can also be purchased jointly by two adults or a trust.
- KVP is not for business entities such as a company or institutions. NRIs or HUFs (Hindu Undivided Families) are also not eligible to invest in KVP.
- KVP certificate may be transferred from one person to any other person/ persons, multiple times with consent in writing to an officer of the post office or bank. Under the scheme the transferee has to be eligible to purchase the certificate in the first instance.
- The certificate may be prematurely enchased any time after two and half years from the date of purchase, in the event of death of holder or any holder in case of joint holder, on order of court of law and forfeiture by a pledge.
- There is no incentive for investment in KVP and interest on KVP is taxable on accrual basis and will be taxed as income from other sources. Deduction under Section 80C is not allowed on this investment. TDS is not deductible on interest on KVP.
- Investor will have to undergo Know Your Customer (KYC) modalities at the time of application.
- KVP is available to the investors in the denomination of INR1000, 5000, 10,000 and 50,000, with no upper ceiling on investment.

REVIEW OF LITERATURE

A large number of studies on the growth and financial performance of Post Office savings schemes have been carried out during the past, in the developed and developing countries. Brief reviews of the following research works reveal the wealth of contributions towards the performance

evaluation of Post Office savings schemes.Some of the relevant literature on such dimensions has been studied and the findings are incorporated in this review of literature section chronologically for the construction of questions of the interview schedule-the tool for data collection and to develop hypotheses of the present research problem.

Pre- 2000 Studies

The National Council of Applied Economic Research (NCAER) conducted a survey of households (1964). The survey covered a sample of 4650 households spread over India. It provides an insight into the attitude towards and motivations for savings of individuals. One of the important finding was that the investment in securities was preferred by the high income households. Fama (1972) suggests methods for measuring the efforts of foregone diversification when an investment manager decides to concentrate his holdings in which he thinks that there are only a few winners. Eventually he has been successful in presenting a multi period model that allowed evaluation both on period by period and on a cumulative basis.

Singh (1979) documents that, while investing, savings behaviour, risk tolerance, savings ratio and satisfaction with the level of savings and the change in reasons to save, the needs of household varies as the household heads progress in age and occupational status. The study concludes that the person who are residing in their own houses, have higher income, higher savings, more than two earners, and no dependent girl are found to be more satisfied with their savings. Tamilkodi (1983) states that small savings schemes have a psychological appeal and it provides an opportunity for ordinary men, women, and even children to park their savings. She also suggested that efforts should be taken to simplify the procedure of small savings schemes to suit the needs of illiterate and socially downtrodden people. Further, she suggests an increase in the rate of interest of small savings schemes to meet the challenges of commercial banks. Furnham (1985) analyses the effect of socio-economic variables, habits and attitudes on the decision to save. He shows that this decision is strongly conditioned by complex and necessary socio-psychological processes. Jayaraman (1987) suggests that instead of issuing special bonds for unearthing black money the Government of India can encourage investment of black money in various small savings schemes. He further stressed the need to draft the assistance of voluntary agencies at the school and college level for further mobilisation of savings. Murphy (1990) indicates there is little evidence that individuals are spreading their savings amongst a range of financial institutions. It would therefore appear that as far as savings are concerned customers are quite loyal to the organisation in which their savings are held. Alternatively, it may be the case that many consumers do not have a well-developed overview of the savings market and are basing their savings decisions on 'hunch, anecdote, established family savings habits, advice from work mates and so on. Pandit (1991) reports a relationship between savings and factors affecting savings households, private corporate sector and government sector. The findings have revealed that the main factors affecting savings rate in India are the growth in income, sectorial and functional distribution of income. Berthoud & Kempson (1992) suggest that perhaps consumers are not being as sensitive to interest rates as they might be, just as price insensitivity is a characteristic of personal finance. Arangasami (1992) has observed that more and more dependence on mobilisation of resources through small savings will ensure and promote self-reliance. He concludes that the Central Government should give proper assistance and encouragement to the small savings agencies, which will be useful not only in mobilisation of funds but also for the economic development. Nandal (1992) examines that the pattern of income, expenditure and savings of selected demonstration farms in Haryana and report that the negative savings, income ratio is low due to low income and high consumption expenditure. Meera (1995) formulates strategies for equity investment and portfolio selection and portfolio evaluation. Job (1995) identifies the relationship between income and savings schemes of employees. This study also analyses the reasons for preferring a particular investment scheme and utilisation of tax concessions by the employees. The findings of the study are, (i) the savings are made to get regular income in future, (ii) profitability, liquidity, safety, tax concession, and appreciation are the main reasons for investments. Srinivasan (1996) points out lapses in the various legal provisions which all meant for safeguarding the interest of investors in corporate segments and observes that the capital market has emerged as a major source of finance for Indian corporate sectors and also served as a gateway to the investors to employ their savings. Dash & Panda (1996) examine the need for investor's protection. They document that unincorporated bodies and *Nidhies* whose deposit acceptance activities did not come under the guidelines of the Reserve Bank of India shook the investors' confidence for the past several years decreased gradually. They strongly emphasize the importance of installing the confidence in the minds of the investors. A key factor in targeting women is determining who and how savings and investment decisions are made within households. For example, Stafford, Ganesh & Garland (1996) have challenged the simplistic dichotomy that service purchase decisions are made individually or jointly. Their refined view suggests that couples have different levels of input within the cycle of the decision-making process. For example, while one partner might have come up with the idea to purchase a particular type of service, the other might enquire about the cost or make the actual purchase. Psychological research has two major functions in the study of saving. First, it provides methods and techniques for collecting subjective and objective data that is otherwise difficult to obtain. Second, it supplies psychological concepts and theories for

use in describing, explaining and predicting saving. One of the approaches to the study of saving behaviour is by means of survey research on saving habits, attitudes and motives. The collection of data is intended to test hypotheses that are close to observations and to look for tendencies in the data. In fact, saving is a matter of complex behaviour and the links between the perception of uncertainty and the actualsaving act are not very clear. Somasundaram (1998) finds that bank deposits and chit funds are the best known modes of savings among investors and the least known modes are Unit Trust of India (UTI) schemes and plantation schemes. Attitudes of investors are highly positive and showed their intention to save for better future. Nearly two-thirds of the investors are satisfied with their savings. Both income and expenses of a family influenced the level of satisfaction over savings. A large proportion of investors are concerned about their children's well-being. Among the dis-satisfied investors, majority are in the opinion that cost of living is too high. The most common mode of investment is bank deposits. However, a shift is noticed from bank deposits to other forms of investment. Almost all the investors have invested in gold and silver. Among several parameters in investing, safety of money has considered to be the most important element, next being the expected regular return from their investments.

Post- 2000 Studies

Karthikeyan (2001) conducts a research on small investors' perception on Post Office savings schemes and finds that there is significant difference among the four age groups, in the level of awareness for KVP, National Savings Schemes (NSS), and the overall score confirmed that the level of awareness among investors in the old age group are higher than in those of the young age group. No difference has been observed between male and female investors except for the NSS and KVP. The importance of the precautionary saving motive is evaluated by Kennickell & Lusardi (2005), while Lusardi & Mitchell (2006) emphasise the importance of financial literacy and planning on both savings and portfolio choice. Jayabal & Kasilingam (2009) find that the expected return has impact on risk taking attitude and portfolio choice and it is affected by level of awareness, investment experience, level of saving motives and timing of investment, family size, family income, perception, age, source of information, behavioural traits of investors. The extent of influence of these factors on the expected return is also analysed using a discriminate analysis. The step wise discriminate analysis reveals that family size is the predominant variable in determining expected return on investors. Mathivannan & Selvakumar (2011) have found that nearly half of the respondents saved their money in banks. The main factor influencing the investment decision was the safety followed by tax concession. Among the various types of investment alternatives, high preference was given to the investment in government securities.

Das (2011) finds that respondents with education below tenth standard invested mostly in insurance followed by banks and property. Respondents with education up to under graduate level mostly invested in insurance products followed by share market, banks and mutual fund. Respondents with graduation or above education level invested mostly in insurance products followed by share market, banks, and mutual funds. His study reveals that the association between the education and preferred investment avenue is not significant. Yadav & Tiwari (2012) conclude that there is a no significant association between occupation and customer insurance investment decision. Further, they indicate that majority of the respondents invest in life insurance for tax benefit, followed by the risk coverage and saving, premium charges, security with high return and insurance services. Iyengar, Iyengar, & Tripathi (2012) find that salaried people and businessmen are inclined to invest more in risky assets and students invest in stock markets to make money with the aim of earning more.

HYPOTHESES

The null hypotheses of the study include:

H_{01}: There is no significant difference between men and women respondents in their perception that KVP has unique features.

H_{02}: There is no significant difference between men and women respondents in their perception about ease to investment in KVP.

H_{03}: There is no significant difference between men and women respondents in their perception about investment decision factor.

H_{04}: There is no significant difference between men and women respondents in their perception about principal expectations from KVP.

H_{05}: There is no significant difference between men and women respondents in their perception about secondary expectations from KVP.

Variables & Statistical Tests

Name of Variables	Hypotheses	Statistical Test used	
		Name of Test	Objectives
Independent Variables: Gender	H_{01}, H_{02}, H_{03}, H_{04}, H_{05},	T-test (α=5%)	To test whether two variables are associated
Dependent Variable: Savings Perceptions	H_{01}, H_{02}, H_{03}, H_{04}, H_{05},	T-test (α=5%)	To test whether two variables are associated

RESEARCH METHOD

Rationality and Scope of the Study

The present study is focused on analysing the perception of the respondents about the motivating factors for investment in KVP and the strategies to make KVP as an efficient investment instrument. The scope of the study has been confined to Agartala city only due to parsimony and time constraint. The participants of the present study are adults and invest money more or less regularly in the post offices or banks. The findings of earlier studies indicate that there are significant differences among the four age groups, in the level of awareness for KVP customers are not aware about different schemes of post office (Karthikeyan, 2001), service quality perceptions in e-banking to be significantly depending on customer income levels (Kumbhar, 2011) and education level as more educated customers demand not only more sophisticated products and services, but also expects relatively higher levels of service quality. Social considerations, tax benefits, and provision for old age are the reasons cited for saving in Post Office savings scheme like as KVP and Post Office Recurring Deposit Account (PORD) are the most popular, in both urban and rural areas (Gavini & Athma, 1999).

Research Objectives

The overall objectives of the study include:

- To assess the motivating factors of the respondents for investment in KVP.
- To formulate the strategies to make KVP as an efficient investment instrument**.**

Research Design

Firstly, to have access the list of investors in KVP, we approach the officials of Agartala Head Post office with prior approval from the Department and collected the list of 375 investors from them. Since the study area is confined to Agartala municipal jurisdiction, investors beyond this area are excluded from the study population. We assume that the respondents with a good perception of the importance of savings are expected to have a favourable attitude with regard to savings (Barsky, Juster, Kimball & Shapiro, 1998).We also expect that older individuals present more favourable attitude towards savings and adopt a saving behaviour more readily (Danzinger, Vandergaag, Smolensky & Taussig, 1982; Hurd, 1987, 1990; Guariglia & Rossi, 2002). Based on such assumptions we proceed to conduct the survey. From the list, 284 investors having residence in Agartala are identified but we have been able to establish contact with 198 investors who are assumed as the population of the present study and are requested to participate in the study. Out of these, only 153 of them agreed. Eventually the sample size of the study is reduced to 153 investors in KVP of Agartala. As per Roscoe's (1975) rule of thumb, which states that taking any sample between 30 and 500 is adequate; which is also recommended by Tabachnick & Fidell (2013); MacCallum, et. al., 1999. The sample is selected with a mix of different non-probability sampling techniques like Judgmental, Convenience and Snowball as suggested by Green, Tull & Gerald (1999). The non-probability methods like Judgemental and Convenience are used since the investors are scattered in the entire city of Agartala and it is quite difficult to use systematic random sampling or even Quota sampling. In our survey we have noticed that majority of the investors have residence in six to seven localities covering only eleven Agartala Municipal Corporation (AMC) wards out of thirty eight. The Snowball sampling technique is used as investors generally do not want to disclose their investment details and since quoting of PAN is not a pre-requisite for investment in KVP.

Secondly, in the light of the stated objectives of the present study a schedule is developed with 50 questions and a protocol interview has been conducted with 10 potential respondents to carefully assess their understanding of the questions and doubts are clarified as per their query as suggested by Diamantopoulos, Reynolds & Schlegelmilch (1994); followed by a pilot survey with 20 respondents to assess the reliability of the questions of the schedules; as suggested by Zikmund & Babin (2012) to check for clarity of questions, relevance and completeness. Further, a little modification to the questions content, format and wording has been made and 9 questions has been dropped based on the outcomes of the pre-test.

Thirdly, a survey on 153 respondents is conducted; since survey approach is suitable when a researcher is trying to obtain a broad and representative overview of a situation (Fisher, 2007). The survey is conducted between January-April 2015.The schedule comprising of 41questions and statements including socio-economic background of the respondents is used to collect the primary data. By using Convenience, Judgement and Snowball sampling techniques 153 respondents are chosen. The number of men and women respondents are taken as 127 and 26 based on the data provided by Post Office, Agartala branch, Tripura (West), India. The list of investors indicate that lion's share of the investors are men, hence it is in the line of study of Jain & Joy (1997) which emphasises the need for understanding the socio-cultural context in which consumption, savings and investment takes place. Min & Khoon (2013) report that men and women customers' perceptions are different about the tangibility dimension of service quality. There are gender differences in risk perception in financial decision making with respect to insurance and investments (Powell & Ansic, 1997) and accordingly men and women respondents are

chosen as sample of the study. Secondary data has collected from journals, monographs, research reports, conference proceedings, magazines, newspapers, and websites.

Procedure

For the purpose of data collection, the interview schedule is used and a rapport has been established with the selected respondents and the purpose of the study is briefly explained to them, so as to get reliable response from them. The respondents are requested to fill up the questions and statements of the schedule carefully and doubts are clarified whenever requested and they have also been assured to maintain anonymity as suggested by Jobber (1985); and Oppenheim (1992). After successful completion of the process they are thanked for their cooperation. The data collected then further processed using IBM Statistical Package for Social Sciences (SPSS) -20.

Statistical Tools for Data Analysis

The purpose of the study is to access the perception of the investors in KVP of Agartala city. The data collected through schedule and personal interviews have been further processed by using IBM SPSS-20. The statistical tools used for the purpose of data analysis are Factor analysis, descriptive statistics, and student's t-test.

Measures

The study has revealed that majority of the respondents aremen (83 percent), married (56.2 percent), age group 46-65 years (27.5 percent), having education up to graduation (44.4 percent), Hindus (90.8 percent), general (75.2 percent), occupation in service (43.1 percent), monthly incomeless than INR 5,000 (35.9 percent), monthly investment less than INR 500 (45.8 percent), investment avenues in KVP (47.1 percent), and tenure of investment 5-10 years (70.6 percent).

Descriptive mean of motivating factors of KVP include: safe and secure investment (4.6928), investment in liquid cash (4.6275), small denomination (4.6078), easy transferability of ownership (4.5686), non-capping of investment amount (4.5556), easy accessibility and liquidity (4.4248), ease to invest (4.3595), maturity proceeds in cash mode (4.2484), maturity period of 100 months (4.0719), non-requirement of PAN quoting (4.0654), lock in period of 2.5 years (4.0654), protection from inflation (3.7721), collateral to avail loans (3.8889), non-disclosure of sources of income (3.7320), satisfying return (2.5163).

Descriptive mean of strategiesto make KVP as an effective investment instrument include: lock-in period should be reduced (4.6601), KVP should not be used as an instrument of money laundering (4.5556), reduction in maturity period (4.5359), increase in interest rate (4.5033), demand for compound interest (4.4575), required tax benefits (4.3203), provision for e-certificate (4.3137), awareness program (4.3072), investment through net-banking (4.3007), NRIs and HUFs should be allowed to invest in (3.6405), investment through private banks (3.1961), rationalising KY Cnorms (2.8235).

To measure the effectiveness of the questions of the schedule are tested for its reliability. The value of Cronbach's alpha is found to be 0.683.The value is found to be more than 0.6; hence, the questionsare valid to be used for the purpose of analysis, as the research is an exploratory one (Hair, Black, Anderson & Tatham, 2005). Cronbach's alpha is used in this study to assess the degree of consistency between multiple measurements of a variable. It is also referred to as the coefficient of reliability describes how closely related the items are as a group in defining the construct. A close-ended schedule with a 5 point Likert scale ranging from strongly disagree (1) to strongly agree (5) is used. According to Cooper (2000), this type of scale is considered to be an interval scale. To consolidate the data, Factor analysis is carried out. On the factors obtained through factor analysis student's t-test (on the basis of gender) is applied to see if there is any difference in the opinion of respondents on the factors so obtained. The other statistical tool applied is Descriptive Statistics.

RESULTS

Factor analysis is used to uncover the latent structure of a set of variables. It is used to determine the smallest number of factors that can best represent the inter-relationships among different perception of the single and married respondents. Factor analysis is being chosen as a method for data reduction, since it is suitable for identifying correlations among variables in complex sets of data (Mitchel & Rowley, 2013). Prior to performing the PCA, the suitability of data for Factor analysis has assessed. The Kaiser-Mayer-Olkin (KMO) measure of sampling adequacy (MSA) is a statistic that indicates proportion of variance in variables that might be caused by underlying factors value is .788, exceeding the recommended value of 0.6 which indicates that the data is adequate for Factor analysis (Kaiser & Rice, 1974). The Bartlett's test of Sphericity tests the hypothesis that the correlation matrix is an identity matrix, and indicates that the variables are unrelated and, therefore, are unsuitable for structure decision (Pallant, 2005). A small value less than 0.05 of significance level has been recommended suitable for the study (Kline, 1994). On the basis of the results it is implied that the dataset is fit for conducting Factor analysis. Communality shows the total amount of variance, the original variable shares with all the other variables included in this analysis. It is the squared multiple correlation of the

variable as predicted from the factors (Tabachnick & Fidell, 2013).

Table 1:Unique Features of KVP Factor

Items	Factor Loading	Communalities
The small denomination for investment	.822	.739
Collateral to avail loans	.804	.762
Non-capping of investment amount	.781	.766
Easy transferability	.741	.842
Maturity proceeds in cash	.649	.782
Investment in liquid cash	.520	.563

Factor 1-Unique Features of KVP Factor

Factor 1 is assigned the name of 'Unique Features of KVP Factors' which explains19.068 percent of the variables and includes six items with statistically significant factor loadings ranging from 0.822 to 0.520 and Cronbach's alpha is 0.609.

Table 2: Ease to Investment Factor

Items	Factor Loading	Communalities
Investment in KVP can easily be made	.789	.743
Non-requirement of PAN quoting	.711	.765
Non-discloser of sources of income	.389	.646

Factor 2-Ease to Investment Factor

Factor 2 is assigned the name of 'Ease to Investment Factor' which explains 18.331 percent of the variables and includes three items with statistically significant factor loadings ranging from 0.789 to 0.389 and Cronbach's alpha is 0.647.

Table 3:Investment Decision Factor

Items	Factor Loading	Communalities
Doubling at maturity	.867	.798
Reasonable lock-in period	.765	.674
Safe and secure investment	.441	.707
Satisfying return	.336	.709
Protection from inflation	.327	.669
Accessibility & Reliability	.319	.592

Factor 3-Investment Decision Factor

Factor 3 is assigned the name of 'Investment Decision Factor' which explains 16.609 percent of the variables and includes six items with statistically significant factor loadings ranging from 0.867 to 0.319 and Cronbach's alpha is 0.614.

Table 4: Principal Expectations Factor

Items	Factor Loading	Communalities
Not to be used as money laundering instrument	.804	.727
Interest should be raised to at least 9 percent	.740	.759
Lock-in period should be reduced to one year	.727	.726
Tax benefits in investment	.723	.748
Awareness program, work-shop	.692	.759
Compound interest	.669	.672
Reduction of doubling period	.652	.693

Factor 4-Principal Expectations Factor

Factor 4 is assigned the name of 'Principal Expectations Factor'which explains 15.174 percent of the variables and includes seven items with statistically significant factor loadings ranging from 0.804 to 0.652 and Cronbach's alpha is 0.750.

Table 5: Secondary Expectations Factor

Items	Factor Loading	Communalities
NRIs & HUFs should be permitted to invest.	.848	.750
Provision for e-certificate	.842	.765
Rationalised KYC norms	.775	.772
Private banks should be allowed	.565	.580
Provision for e-investment	.359	.719

Factor 5-Secondary Expectations Factor

Factor 5 is assigned the name of 'Secondary Expectations Factor'which explains 14.947 percent of the variables and includes five items with statistically significant factor loadings ranging from 0.848 to 0.359 and Cronbach's alpha is 0.633.

Table 6: Total Variance Explained

Components	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.138	19.068	19.068	6.219	19.068	19.068	5.288	25.802	25.802
2	5.946	18.331	37.399	5.122	18.331	37.399	3.182	15.392	41.194
3	4.238	16.609	54.008	3.124	16.609	54.008	2.117	13.141	54.335
4	3.125	15.174	69.182	2.230	15.174	69.182	1.945	9.481	63.816
5	1.806	14.947	84.129	1.016	14.947	84.129	1.902	8.316	72.132

Extraction Method: Principal Component Analysis.

From Table 6, we get the eigenvalues which are the variances of the factors that have been extracted by using PCA method. Five factors have been extracted for this study whose eigenvalue is greater than 1, as they explain nearly 84.129 percent about the total variables taken into account. This percentage of the variance is regarded as sufficient to represent the data (Pett, Lackey & Sullivan, 2003). The rotation sums of squared loadings shown in the table represent the distribution of the variance after the varimax rotation. Varimax rotation is an orthogonal rotation which is commonly used, as it tries to maximize the variance of each of the factors in such a way that the total amount of variance accounted for is distributed over the five extracted factors.

A statistical analysis (student's t-test) has been applied to understand the perception of respondents on the basis of gender towards factors affecting their experience of investments in KVP. On the basis of the above five components the five null hypotheses for the study has been tested using SPSS.

Table 7: Unique Features of KVP Factor

Gender	n	Mean	T	d. f.	P
Men	127	.78623	.846	114	.0227
Women	26				

Where, n= Sample size, T= t-test value, d. f. =degrees of freedom, P= probability value. The Mean perception score of men and women respondents is .78623. The impact of gender towards the perception that unique features of KVP factor is statistically significant as (P=.0227<.05). Therefore, the null hypothesis H01 is rejected, i.e. there is significant difference between men and women respondents in their perception that KVP has unique features.

Table 8: Ease to Investments in KVP Factor

Gender	n	Mean	T	d. f.	P
Men	127	.72351	.846	114	.0156
Women	26				

Where, n = Sample size, T = t-test value, d. f. = degrees of freedom, P = probability value. The mean perception score of men and women respondents is .72351. The impact of gender towards the perception ease to investment in KVP factor is statistically significant as (P= 0.0156<0.05). Therefore, the null hypothesis H_{02} is rejected, i.e. there is significant difference between men and womenrespondents in their perception ease to investment in KVP.

Table 9: Investment Decision Factor

Gender	n	Mean	T	d. f.	P
Men	127	.54678	.846	114	.0192
Women	26				

Where, n= Sample size, T = t-test value, d. f. = degrees of freedom, P = probability value. The Mean perception score is .54678. The impact of gender towards the perception that investment decision factor is statistically significant as (P= 0.0192<0.05). Therefore, the null hypothesis H03 is rejected, i.e. there is significant difference between men and women respondents in their perception about investment decision factor.

Table 10: Principal expectations from KVP Factor

Gender	n	Mean	T	d. f.	P
Men	127	.23476	.846	114	.0181
Women	26				

Where, n= Sample size, T = t-test value, d. f. = degrees of freedom, P = probability value. The Mean perception score is .23476. The impact of gender towards the perception about principal expectations from KVP factor is statistically significant as (P=.0181<.05). Therefore, the null hypothesis

H04 is rejected, i.e. there is significant difference between men and women respondents in their perception about principal expectations from KVP factor.

Table 11: Secondary Expectations from KVP Factor

Gender	n	Mean	T	d. f.	P
Men	127	.13423	.846	114	.0189
Women	26				

Where, n= Sample size, T = t-test value, d. f. = degrees of freedom, P = probability value. The Mean perception score is .13423. The impact of gender towards the perception about secondary expectations from KVP factor is statistically significant as (P=.0189>.05). Therefore, the null hypothesis H05 is rejected, i.e. there is significant difference between men and women respondents in their perception about secondary expectations from KVP factor.

DISCUSSION

Factor analysis has identified five factors which explain the motivating factors of investing in KVP and the perception about the strategies to make KVP as an efficient investment instrument. High values for the factor loadings and the communalities indicate that the items extracted are statistically significant. Extraction of these internally consistent measures facilitates the calculating of composite variables that can be used in further analysis as suggested by Hair *et al*. (2010). PCA also facilitated data reduction for the study. Table 12 presents the summary of the Factor analysis.

Table12: Summary Results of Factor Analysis

No.	Factors	No. of items	Cronbach's Alpha
1	Unique Features of KVPFactor	6	.609
2	Ease to InvestmentFactor	3	.647
3	Investment Decision Factor	6	.614
4	Principal Expectations Factor	7	.750
5	Secondary Expectations Factor	5	.633

The five factors generated from the Factor analysis further tested on the basis of gender (student's t-test). The five hypotheses are formed based on such extracted factors and their null forms are tested. The results indicate that there is no significant association has established from the test and we accept all the five null hypotheses. In other words, the perception of respondents is akin in all the five factors when tested on the basis of independent variable gender (t-test).

CONCLUSION

The objective of the study is to report the motivating forces of the respondents for investing in KVP and to assess their perceptions about the strategies to make it as an efficient investment instrument. Using schedule and personal interviews 153 respondentsare chosen by different non-probability sampling techniques. The interview schedule has tested for validity by protocol interview and pre-test. The reliability test (Cronbach's Alpha) and sample adequacy test (KMO and Bartlett's Test of Sphericity) is also carried out. The data collected through survey are processed by IBM SPSS-20. The data dimension test (Factor analysis) extracts five factors viz. *Unique Features of KVP, Ease to Investment, Investment Decision, Principal Expectations, and Secondary Expectations* factor. The null hypotheses of the study are tested on the basis of gender (independent variable). The output from this test indicates that there is significant difference exists in the perception of respondents and hence we reject all the null hypotheses. The results document that a number of factors ranging from safety, liquidity, ease to investment, satisficing return, non-disclosure of sources of income and PAN quoting to using KVP certificate as collateral for loan and disbursement of maturity proceeds in cash motivate the respondents to perk their funds in KVP. Further, it indicates a number of issues need to be amended like allowing tax benefits, reduction in maturity tenure, rationalising KYC norms, increase the rate of return, provision for e-certificate and e-investment and so on to make KVP as an effective investment instrument especially for small investors.

The study acknowledge its limitations, as it has only been focused towards the motivating factors of respondents from Agartala for invest in KVP and to report their perceptions about the strategies to make KVP as an efficient investment instrument. The study area is confined to Agartala city only. The study is not addressed with issues related to other areas of Tripura. The sample size is considerably low on the ground of parsimony and time constraint as well as sample has been selected using different non-probability sampling techniques which themselves are not flawless. Again, the accuracy of the results depends up on the accuracy of the responses provided by the participants.

MANAGERIAL IMPLICATIONS

The results obtained from the study have practical implications for existing and potential investors in KVP in their portfolio designing strategy. The small investors may take a note from the outcome of the study to restore a balance between the two extreme points-earning high returns by investing in KVP or to investment in tax saving schemes. The Ministry of Finance, Government of India may evidence

the results in their small investment schemes' periodical review process by incorporating the suggestions especially the tax benefit feature and reducing the maturity duration to attract more investors and to discourage black money generation. The Government should attempt to increase the awareness of school children in relation to the need to save, in order to nurture a positive attitude towards savings at the earliest age. Furthermore, tax-supported savings plans will increase the saving behaviour of older people. Educational programmes targeted specifically to particular groups of individuals should be adopted (Lusardi, 2003; Lusardi & Mitchell, 2006). On the other hand, saving behaviour is highly determined by income and by the perception as a saver. Hence, policy measures should take these factors into account.

FUTURE RESEARCH DIRECTIONS

In future, researches may be conducted on a larger scale by considering a greater sample size by using both probability and non-probability sampling techniques from all over Tripura. Further, intra-city and inter-city comparative studies may also be attempted between KVP and other small saving investment schemes, between KVP and other tax saving schemes, comparative perception analysis between investors and speculators, between men and women investors.

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APPENDIX1

SCHEDULE

Note: The schedule has three sections, namely A, B and C. For each section the response style is mentioned at the beginning. You are requested to follow the response style and mark your response category accordingly.

SECTION – A

GENERAL PROFILE OF THE RESPONDENTS

(Please put tick mark in the applicable box, as applicable)

1.	Name of the Respondent	:								
2.	Date of Birth (DD/MM/YYYY)	:								
3.	Contact No.	:								
4.	E-Mail ID (If any)	:								
5.	Gender	:	Male	☐	Female	☐				
6.	Marital Status	:	Single	☐	Married	☐	Divorcee	☐		
7.	Age Group	:	18 – 25 years	☐						
			26 – 35 years	☐						
			36 – 45 years	☐						
			46 – 65 years	☐						
			66 and above	☐						
8.	Educational Qualification	:	Under Matriculation	☐						
			Higher Secondary	☐						
			Graduate	☐						
			Post-Graduate	☐						
9.	Religion	:	Hinduism	☐						
			Muslim	☐						
			Christian							
			Buddhism							
			Other							
10.	Caste	:	General	☐	SC	☐	ST	☐	OBC	☐
11.	Occupation	:	Student	☐						
			Business	☐						
			Service	☐						
			Other	☐						
12.	Monthly Income	:	Less than INR 5,000	☐						

			INR 5,001 - 10,000	☐
			INR 10,001 – 20,000	☐
			INR 20,001 and above	☐
13.	Monthly Investment	:	Less than INR 500	☐
			INR 501 – 1,000	☐
			INR 1,001 – 2,000	☐
			INR 2,001 – 5,000	☐
			INR 5,001 and above	☐
14.	Investment made in	:	Bank SB A/c	☐
			Bank CC A/c	☐
			Bank RD A/c	☐
			PO RD A/c	☐
			NSC	☐
			KVP	☐
			LIC	☐
			Any Other	☐
15.	Tenure of Investment	:	Less than 1 year	☐
			1 – 3 years	☐
			3 – 5 years	☐
			5 – 10 years	☐
			10 years and above	☐

SECTION – B

MOTIVATING FACTORS FOR INVESTMENT IN KISANVIKASPATRA(KVP)

Please read each of the statements carefully and indicate your level of agreement or disagreement that you think is the best describing your perception about the motivating factors for investment in KVP. Indicate your response into 5 Likert scales as: **1= Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree** in the given box.

	Statements	Score
1.	The investment in KVP is safe and secured.	
2.	The invested amount can be easily accessed and liquidated.	
3.	Satisficing return attracted you to invest in KVP.	
4.	Investment in KVP can easily be made.	
5.	KVP can be used as collateral to avail loans.	
6.	Non-requirement of PAN quoting attracts you to invest in KVP.	
7.	Non-capping of investment amount is a motivating factor for investment in KVP.	
8.	Investment in liquid cash is a unique feature of KVP.	
9.	Redemption of maturity proceeds in cash mode attracts you to perk your funds in KVP.	

10.	The small denomination is a motivating factor for your investment.	
11.	Maturity period of 100 months is factor for investment in KVP.	
12.	The lock in period of yrs (30 months) is a motivating factor for investment.	
13.	Non-disclosure of sources of income for investment attracts you to invest in KVP.	
14.	Easy transferability is a unique feature for investment in KVP.	

SECTION – C

Perception about the strategies to make KVP as an efficient investment instrument

Please read each of the statements carefully and indicate your level of agreement or disagreement that you think is the best describing your perception about the strategies to make KVP as an efficient investment instrument for investment in KVP. Indicate your response into 5 Likert scales as: **1= Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree** in the given box.

	Statements	Score
1.	There should be tax benefits in investment, accumulation as well as on the maturated amount.	
2.	The lock-in period should be reduced from 2.5 years to 1 year.	
3.	Investment should also be made through private banks.	
4.	The annual interest rate should be raised to at least 9 percent.	
5.	KYC norms should be more rationalised.	
6.	Awareness program, work-shop should be arranged to popularize the KVP.	
7.	Investment should be made through net-banking, debit card and credit card also.	
8.	The doubling period of 100 months should be reduced to 96 months (8 years) only.	
9.	In the era of internet there should be e-certificate of KVP.	
10.	The Non Resident Indians (NRIs) and Hindu Undivided Families (HUFs) should be permitted to invest in KVP.	
11.	KVP should not be allowed to use as an instrument for money laundering.	
12.	Compound interest should be given irrespective of investment tenure.	

Signature:

Date:

Place:

APPENDIX 2

Statistical Measurements

Table A1: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	No. of Items
0.683	0.683	26

Table A2: Sample Adequacy Statistics

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.788
Bartlett's Test of Sphericity	Approx. Chi-Square	1204.703
	d. f.	182
	Sig.	.000

Table A3: General Information of the Sample Respondents

Gender

	Male	Female	Total
No. of Respondents	127	26	153
Percentage	**83**	17	100

Marital Status

	Single	Married	Divorcee	Total
No. of Respondents	66	86	1	153
Percentage	43.1	**56.2**	0.7	100

Age

	18-25 years	26-35 years	36-45 years	46-65 years	66 & above	Total
No. of respondents	49	35	22	42	5	153
Percentage	32	22.9	14.4	27.5	3.3	100

Level of Education

	Madhyamik	H. S. (+2 stage)	Graduation	Post-Graduation	Total
No. of respondents	26	13	68	46	153
Percentage	17	8.5	44.4	30.1	100

Religion

	Hinduism	Muslim	Christian	Total
No. of Respondents	139	11	3	153
Percentage	90.8	7.2	2	100

Caste

	General	Scheduled Caste	Scheduled Tribe	Other Backward Caste	Total
No. of Respondents	115	11	6	21	153
Percentage	75.2	7.2	3.9	13.7	100

Occupation

	Student	Business	Service	Other	Total
No. of Respondents	26	29	66	32	153
Percentage	17	19	43.1	20.9	100

Monthly Income (in INR)

	Less than 5,000	5,001-10,000	10,001-20,000	20,001 & above	Total
No. of Respondents	55	49	9	40	153
Percentage	35.9	32	5.9	26.1	100

Monthly Investment (INR)

	Less than 500	501-1000	1001-2000	2001-5000	5001 & above	Total
No. of Respondents	70	35	32	11	5	153
Percentage	45.8	22.9	20.9	7.2	3.3	100

Investment Avenues

	Bank SB A/c	Bank CC A/c	KVP	LIP	Any Other	Total
No. of Respondents	38	9	72	22	12	153
Percentage	24.8	5.9	47.1	14.4	7.8	100

Tenure of Investment

	Less than 1 years	5-10 years	Total
No. of Respondents	45	108	153
Percentage	29.4	70.6	100

Table A4: Descriptive Statistics of Motivating Factors & Strategies

Statements	Mean	SD	N
The investment in KVP is safe and secured	4.69	.55	153
The invested amount can be easily accessed and liquidated	4.42	.81	153
Satisfying return attracted you to invest in KVP	2.51	1.34	153
Investment in KVP can easily be made	4.35	.68	153
KVP can be used as collateral to avail loans	3.88	1.31	153
Non-requirement of PAN quoting influence you to invest in KVP	4.06	1.20	153
Non-capping of investment amount is a motivating factor for investment in KVP	4.55	.65	153
Investment in liquid cash is a unique feature of KVP	4.62	.66	153
Release of maturity proceeds in cash mode attracts you to perk your funds	4.24	1.05	153
The small denomination is a motivating factor for your investment	4.60	.48	153
Maturity period of 100 months is factor for investment in KVP	4.07	1.11	153
The lock in period of 2.5 years (30 months) is a motivating factor for investment	4.06	.99	153
Non-discloser of sources of income for investment attracts you to invest in KVP	3.73	1.38	153
Easy transferability is a unique feature for investment in KVP	4.56	.49	153
There are should be tax benefits in investment, accumulated interest as well as on the maturity amount	4.32	1.11	153
The locking period should be reduced to 1 (one) year	4.66	.59	153
Investment should also be made through private banks	3.19	1.15	153
The annual interest should be raised to at least 9 percent	4.50	.57	153
KYC norms should be more rationalised	2.82	1.19	153
Awareness program, work-shop should be arranged to popularize the KVP	4.30	.91	153
Investment should be made through net-banking, debit card and credit card also	4.30	1.14	153
The doubling period of 100 months should be reduced to 96 months (8 years) only	4.53	.69	153
In the era of internet there should be e-certificate of KVP	4.31	.86	153
The Non Resident Indian (NRI) and Hindu Undivided Family (HUF) should be permitted to invest in KVP	3.64	1.55	153
KVP should not be used as an instrument of money laundering	4.55	.75	153
Compound interest should be given irrespective of investment tenure	4.45	.97	153