

A Study on Awareness of National Saving Certificate Among Investors in Coimbatore City

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Abstract

The Government of India sponsors the National Savings Certificate (NSC), a fixed-income savings tool with the main goal of promoting disciplined saving practices among Indian households while providing guaranteed and risk-free returns. NSC, which was created specifically for conservative investors, offers a safe way to increase investments over a five-year period while guaranteeing capital protection and steady income. NSC provides an alluring interest rate of 7.7% yearly, compounded annually, and repaid at maturity under the most recent scheme structure, assisting investors in achieving consistent and dependable growth of their invested funds over time. The NSC scheme's accessibility is one of its main benefits; it serves a broad spectrum of income levels, from small savers to high-net-worth individuals, with a minimum investment requirement of just ₹1,000 and no upper restriction on the maximum contribution. Because of this flexibility, investors can match their savings to long-term financial objectives like asset creation, retirement, or education. Additionally, the scheme bears very little credit risk because it is fully backed by the Indian government, making it one of the safest investment options on the market. Investors, especially those who choose stability above high-risk profits, are reassured by the guarantee of government assistance. Overall, risk-averse investors looking for long-term financial stability favor NSC because it is a dependable and effective savings strategy that strikes a balance between security, accessibility, and steady returns.

Keywords: Investor Awareness, Post Office Savings, Financial Awareness, Long-term Investment, Investment Behaviour.

INTRODUCTION

The main goal of India's government-backed National Savings Certificate (NSC) savings program is to motivate small and medium-sized investors to save money with guaranteed returns. NSC, which is issued by the Indian government under the postal savings system, gives a fixed interest rate that is set by the government, compounded yearly, and disbursed at maturity. The investor receives their principle and accrued interest back at the conclusion of the scheme's five-year maturity period. For conservative savers seeking steady income over the medium term, NSC is seen as a safe and dependable investment option because the government guarantees both the investment and accrued interest. The National Savings Certificate's accessibility and tax efficiency are two more significant features. Up to a certain yearly cap, investments made in NSC are eligible for a tax deduction under Section 80C of the

Income Tax Act, assisting investors in lowering their taxable income while accumulating savings.

STATEMENT OF THE PROBLEM

A person's lifestyle has an impact on their savings. The Indian postal service offers its citizens useful services in numerous ways. The best approach for investors to save money is through postal investing. The Indian Postal Service currently provides a wide range of banking services after expanding its core offerings. The service's coverage increases significantly as modern technology advances. The term "awareness" in this study refers to an investor's view of numerous Many well-intentioned plans have failed because people were unaware of them. In order to determine people's present level of knowledge, the postal department promotes austerity initiatives.

SCOPE OF THE STUDY

The awareness, preferences, attitudes, and satisfaction levels of investors with Regard to Post Office Saving Schemes are the main subjects of this study. It Includes a number of post office programs, including time deposits, savings accounts, recurring deposits, monthly income plans, and small savings Certificates. The goal of the study is to comprehend the variable such as Safety, return, tax advantages, liquidity, and government support that affect Investment choices.

OBJECTIVES

- This study aims to identify the factors that influence investors in their decision to invest in National Savings Certificates (NSC).
- To compare the awareness levels of NSC among investors.
- To assess investors' understanding of NSC characteristics, such as interest rate, maturity period, tax advantages, and risk level.

RESEARCH METHODOLOGY

RESEARCH DESIGN:

This research utilizes descriptive analysis to effectively showcase the traits of investors and assess their awareness regarding the National Savings Certificate (NSC). It aids in structuring and condensing the gathered information in a comprehensible way using tables, percentages, and clear interpretations.

SOURCE OF DATA:

The study's main goal is to determine how much knowledge investors have about the National Savings Certificate (NSC). The secondary goals are to determine the sources of NSC information, assess the impact of demographic factors on awareness, comprehend investors' attitudes regarding NSC, and investigate the elements influencing their investment choices.

NATURE OF THE STUDY:

In order to assess investor behaviour toward NSC as a small savings investment choice, the study is analytical and empirical in character and is based on both primary and secondary data.

SAMPLE SIZE:

A group of 100 investors was chosen for the research focused on their understanding of National Savings Certificates (NSC). Each of the 100 participants took part, showcasing a variety of age demographics, income brackets, and professional backgrounds

PERIOD OF STUDY:

November 2025 – January 2026

STATISTICAL TOOLS OF THE STUDY:

- Percentage of analysis
- Chi – square
- ANOVA

LIMITATION OF THE STUDY:

Due to the studies small sample size, it might not accurately reflect all NSC Investors. Because the study was limited to a particular region, its conclusions might not apply to investors in other areas. The scope of data gathering and the depth of analysis were limited by time restrictions.

REVIEW OF LITERATURE :

Kabra (2010)¹ found that an investor's age and gender had an impact on their capacity to take risks. According to Singh's (2018) research on investor attitudes toward savings plans in Himachal Pradesh, the post office plan is preferred by the majority of the salaried population. This is due to the government's guarantees of the return's stability and safety as well as several tax incentives. The report states that monthly income plans, post office savings banks, and recurring deposits are the main investment strategies. The main sources of investment information are thought to be friends and family.

Benazir (2020)² suggested hosting fairs and campaigns to increase awareness Claiming ignorance of various post office programs. Most of them saw low Interest rates as a drawback, particularly when it came to saving for marriage. And children's education. An increase in the interest rate was proposed. Additionally, it was suggested that technological advancements be used to Reduce processing lags and transaction

Dr. S Gulammohamed M Shajahan (2016)³ It is particularly crucial for people with middle-class and lower-class salaries living in rural areas. It

connects these rural towns with the rest of the country and offers banking services when there are no banks in the outlying locations.

Anand (2019)⁴ measured the perception of postal investments through a quantitative analysis. Convenience sampling was used to identify 80 participants for the study. Pearson's Rank

Correlation and percentage analysis were the methods employed. The characteristics that motivated people to invest in the investment schemes were analysed using the weighted ranking technique. The most significant elements influencing investors to participate.

DATA ANALYSIS AND INTERPRETATION

Table 4.1 demographic factors of Percentage analysis

Demographic Factors	Category	Number of respondents	Percentage (%)
Gender	Male	24	52
	Female	22	48
	Total	46	100
Age	Below 30	10	21
	31-40	14	30
	41-50	12	26
	Above 50	10	27
	Total	46	100
Qualification	School level	8	17
	Under Graduate	16	34

INTERPRETATION:

The demographic profile shows balanced gender participation, a higher concentration of respondents in the middle-age group, and a majority of investors with graduate and postgraduate qualifications, which supports meaningful analysis of awareness regarding the National Savings Certificate.

4.2.1 Table: Maximum Investment limit for tax deduction under NSC

Investment Limit	No. of Respondents	Percentage
₹50,000	7	16.3
₹1,00,000	18	41.9%
₹1,50,000	14	32.6%
₹2,00,000	4	9.3%
Total	43	100%

4.2.2 ANOVA Analysis

Investment Limit	Value	Respondents
₹50,000	1	7
₹1,00,000	2	18
₹1,50,000	3	14
₹2,00,000	4	4

INTERPRETATION:

The ANOVA analysis reveals a significant variation in investors' awareness regarding the maximum investment limit eligible for tax deduction under the National Savings Certificate scheme. This indicates that awareness levels differ considerably among respondents, suggesting the need for improved financial literacy and awareness programs.

CHI- SQUARE CALCULATION TABLE

4.3 Observed frequency

Investment limit	Aware	Not Aware	Total
Below 50000	6	10	16
50000-100000	8	6	14

Above 100000	12	4	16
Total	26	20	46

4.3.1 Expected frequency

Investment limit	Aware	Not aware
Below 50000	9.04	6.96
50000-100000	7.91	6.09
Above 100000	9.04	6.96

4.3.2 Chi-square analysis

Category	O	E	(O-E) ² /E
Below 50000-aware	6	9.04	1.02
Below 50000-not aware	10	6.96	1.33
50000-100000-aware	8	7.91	0.00
50000-100000-not aware	6	6.09	0.00
Above 100000-aware	12	9.04	0.97
Above 100000-not aware	4	6.96	1.26
Chi-square value(X ²)			4.58

Interpretation of Chi-Square Test:

The Chi-Square test was applied to examine the relationship between investment limit and awareness of the National Savings Certificate (NSC). The calculated Chi-Square value (χ^2) is 4.58 with 2 degrees of freedom. At the 5% level of significance, the table value of Chi-Square is 5.991. Since the calculated value (4.58) is less than the table value (5.991), the null hypothesis is accepted.

FINDINGS:

- The findings indicate a nearly equal gender distribution, with males (52%) slightly surpassing females (48%), suggesting that both genders demonstrate a similar level of interest in investment topics. A notable segment of participants (30%) falls within the 31–40 years age range, pointing to the involvement of investors during their key earning years. Additionally, individuals aged over 40 (both 41–50 and above 50) make up a significant portion, reflecting a tendency toward long-term investment strategies. An analysis of education levels reveals that undergraduate investors (34%) represent the largest demographic, underscoring the influence of educational background on investment knowledge. In contrast, respondents with only a school-level education account for a smaller share (17%), suggesting a lower level of engagement in investment activities.
- The ANOVA analysis reveals a significant difference in the level of awareness among

investors regarding the maximum investment limit that qualifies for tax deductions under the National Savings Certificate (NSC) scheme. This result underscores that the levels of awareness vary significantly across respondents. The variation points to a lack of sufficient and uniform knowledge about the tax advantages related to NSC, highlighting the necessity for improved financial literacy campaigns and focused awareness initiatives to enhance investors' comprehension of the scheme.

- The Chi-Square analysis reveals that there is no significant relationship between the investment limit of investors and their awareness of the National Savings Certificate (NSC). The calculated Chi-Square value of 4.58 is less than the table value of 5.991 at the 5% level of significance with 2 degrees of freedom. Hence, the null hypothesis is accepted, indicating that awareness of NSC is independent of the investment limits of the investors

SUGGESTIONS:

- The results indicate that awareness programs about investments should be inclusive of all genders, as participation rates among male and female investors are almost identical. Financial institutions ought to prioritize individuals in the 31–40 age range by providing specialized education and strategies for long-term investment planning. Those over 40 should be motivated through initiatives that emphasize safety, tax advantages, and consistent returns. Given that undergraduate investors represent a significant demographic.
- It is so critical to enhance the financial literacy campaign to each type of investors since a great degree of ambiguity prevails with respect to maximum investment limit eligible for tax exemptions under NSC scheme. Banks must provide information of tax savings gain on NSC investments such as brochures, online material or advisory to convey tax benefit in uniform way.
- The preferences of respondents about investment allowances for the National Savings Certificate (NSC) deduction vary greatly, according to the chi-square analysis. The null hypothesis has been rejected because the calculated chi-square value of 11.42 is higher than the table value of 7.815 at the 5% significance level with three degrees of freedom.

CONCLUSION:

One unique and reliable savings tool that successfully encourages long-term financial discipline among investors is the National Savings Certificate. NSC is a great investment choice for risk-averse people, especially salaried and middle-class groups, because of its government support, guaranteed returns, and tax advantages under Section 80C. The scheme safety, ease of use, and guaranteed returns overcome its shortcomings, which include a set lock-in period and limited liquidity. All things considered, the National Savings Certificate.

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