

Topic: Home management,

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Factors Affecting Savings

The factors such as income, current needs of members, habit for thrift, opportunities available for savings, the provision for future, and the size of the family, the standard of living, the cost of living, the economy of the country and the willingness of family members have a bearing on savings.

Institutions which Promote Savings

Several institutions are ready to help a person to save periodically by offering various attractive schemes.

The Role of Post Offices

Post offices have been rendering banking services along with its postal duties. In the post office savings account, an amount of Rupees five and above can be deposited at any time, but withdrawals are allowed once a week. The deposited amount earns (5.5%) annual interest. The interest is exempted from income tax. The post offices also provide five year and ten-year recurring deposit schemes. An amount of Rupees ten and above can be deposited every month in this account. At the end of the period, the capital with 11% interest is repaid to the depositor. Time deposit accounts for 1, 2, 5, 10 or 15 years can be opened in any post office for any amount. This scheme is helpful for those who receive regular monthly income by way of interest. Kisanvikas patras are available in major post offices in the denominations of Rupees 100 and above. At the end of seven years and eight months the amount doubles in this scheme. *National savings certificates* are also sold in post offices for a minimum of rupees one hundred and above. It

qualifies for income tax rebate. It also carries 10% compound interest annually. At the end of six years, the amount together with interest is repaid. The annual interest accumulated is also exempted from income tax as it is again re-invested in the same scheme. National savings scheme account can also be opened in major post offices by depositing a minimum of Rupees one hundred. It carries 8% annual interest (current interest 9%). A maximum, of Rs 40,000/- may be deposited annually. 20% of the amount invested qualify for income tax rebate. Loans are granted after a period of three years from the date of opening the account. For all the post office small savings scheme, gift coupons were given by the government of Tamilnadu and various prizes were provided to the investors. Cash incentive of 1.5% is also available to the investors.

Role of Banks

The main purpose of the banks is to accept deposits and to lend these deposits to reliable borrowers at a higher rate of interest. Savings bank account is a system where small deposits are accepted. Deposits may be made at any time, but interest is calculated for a minimum period of three to six months. (5 to 6 percent per annum). Withdrawals can be made by presenting the pass book. In the case of fixed deposit account, the depositor withdraws the deposited amount only after a fixed time. The minimum period is 45 days. The interest rate offered is 10 to 12 % per annum (current interest 7.5% - 8.75%). As the period increases the interest also increases. It is suitable for those who want regular monthly income. The Recurring Deposit scheme, marriage deposit scheme, loan linked deposit scheme, prize deposit scheme, double benefit schemes are the other schemes offered by the Banks for the welfare of the people. Loans at a lower rate of interest are advanced to farmers by the banks

Role of Life Insurance Corporation of India

Life insurance is a contract between the individual called the insured and the insurance company. Here the insured makes payment of money every year or at different intervals. In return, the company agrees to pay a certain amount after a specific period or at the death of the insured to a third party known as the beneficiary. In the case of the death of the insured too, the family can lead an economically secured life. The premium amount that one has to pay varies according to the age of the insured, the sum insured and the period. Following are some of the various forms of life insurance policies now in force: Jeevan mitra, Jeevan sathi, Jeevan surabi, Jeevan akshay, Asha deep.

Unit Trust of India (UTI)

This is a public Sector financial institution and offers various schemes for attracting investments from the public. The Unit Trust Offers a safe way for people to invest their money in companies. The Unit Trust buys shares and stocks in various companies. Individuals can buy units from the Unit Trust. Each unit has a face value of Rs.10 and units can be purchased or sold. The income earned is passed on to the unit holders as dividends and capital appreciation. Besides selling units, the Unit Trust has also other schemes such as Unit Linked Insurance Plan (ULIP), Children's Gift Growth Fund (CGGF) and Monthly Income Unit scheme to encourage savings.