

# A Cogitation on Maximization of Wealth and its impact on return on Investment, due to transition in different Fixed Deposit Rates of Selected Public & Private Sector Banks before 10 years and currently, in Pune City

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**Abstract :** The customer whether it he or she may be related to any product or a service, he wants all the service at his own doorstep or at fingertips. The scenarios have been almost changed today as compared to old one and due to the advancement in the technology and in the internet the world is getting closer and all types of products and services are easily available. Same is as the case with the banking industry too.

In the current paper a focus or light has been thrown on different rates of fixed deposits of public sector and private sector banks.

This Current study deals with the “A Study on Maximization of Wealth and its impact on return on Investment, due to transition in different Fixed Deposit Rates of Selected Public & Private Sector Banks before 10 years and currently, in Pune City.”

**Keywords** — Banking, Private Sector, Public Sector, Banks, Investments, Products and Services, Awareness, Usage, Traditional Banking, Internet Banking, Online Banking, Fixed Deposits.

## I. INTRODUCTION

A fixed deposit is an account of type of investment account and pools linked with savings account in which the money is always deposited for a specific or stated period of time and a fixed rate of interest rate is paid at that end of period. It is a type of a safer investment option, when compared with other investment types that are available such as in the shares or in the money market.

It is observed that most of the Indians from all across the age group prefer to save their money in the various avenues of investments. But the major attraction that is drawn is towards the fixed deposits.

There is a tendency among the Indian investors or so called money savers that the amount that is saved or invested in fixed deposit is comparatively safe and secure.



**Picture: 1.1 – Concept of Fixed Deposit**

In this paper researcher have taken the views of different banks from the public sector and private sector along with cooperative sector bank to study and analyse the mode amount and number so savings or investment in specifically fixed deposits.

The researcher has found that most of investors are saying their almost 10-15 percent of their savings in the specific category that is into fixed deposits.

## II. NEED OF THE STUDY

The researcher has undertaken this study to find out the different rate so bank deposits that are available in the market. study of both public sector and private sector banks was undertaken. an individual tends to invest some amount towards fixed deposit receipts in a bank. so to find out what are the rates that are prevailing in that market. Due to this various banks were taken for study and there arised a need find out about what are rates for the fixed deposits.

Public sector and private sector both of the banks provides different rates of interest in fixed deposits.

## III. PURPOSE OF THE STUDY

The purpose of this research was to :

1. Understand what is fixed deposit.
2. what are different ways for an investment and special preference as to Fixed deposit.
3. Explore the different rates of Public Sector and Private Sector Banks.
4. Competitive study of fixed deposits over a period of 10 years.
5. Draw conclusion as to understand fluctuation in the rates of fixed deposits.

The reasons that are so observed is majority due to the rate of return as compared to safety and security or productivity in others parameters of evaluation. Mostly the investors prefer a bank or an institution which would provide them a handsome return may it be either ten or twelve or more that that rate of return to their investment.

The bank or an institution that offers maximum rate of return is usually preferred and almost their 25-30 percent of the savings are diverted to such category.

The Indian people or certain class of people between age group of 40-50 of age prefer to save their money in bank. But when it is said as bank it is only an only fixed deposit. There are various different products or services of bank in which this amount can be saved but the most preferred one is fixed deposits.

There are various types also of fixed deposits that can be made in bank. They are related to its mode of operation or its duration or its it's nature.

The mode of operation of operation is either by an individual or by the joint persons in an account.

A person may have a single that is an individual account or they have a several persons either from his own family or from different relationship either personal or official and they may open a joint account also.

So based on an account of individual or joint type, they can open a fixed deposit receipt of such nature too. Hence it is said that and observed that a fixed deposit may be either and individual operated or jointly by several persons or people's also.



Picture 1.2 – How Fixed Deposits Grow

The above pictorial representation clearly shows about how our amount invested in fixed deposit grow gradually day by day. The more you invest the more you will get return from that investment. Hence small amount and gradually we have keep investing in fixed deposits than only the amount of return and its rate will keep on increasing for our amount that is invested.

The researcher has collected the date of different banks in Pune city with reference to their banks fixed deposits rates and its study along with its comparison was also done by the researcher.

The comparison of banks fixed deposits rate in last 10 years and at present was studied by the researcher. The below table given clearly shows about the rates of selected banks that was taken for study.

## IV. RESEARCH METHODOLOGY

**Burns and Grove** (2003: page no. 195) define a research design as “ A research is somewhat a blueprint for conducting the study with the maximum control over various factors that, or may interfere with the validity of its findings”.

“The researcher’s or one’s an overall study for answering the research question, or calculating and testing the formulated research hypothesis”.

## V. SOURCES OF DATA COLLECTION

**Research Plan for Data Collection** - Information has been collected from both primary source and secondary source.

**Primary Source:** The following method was adopted to collect the primary data:-

- Research Technique: Survey Method.
- Contact Methods: Personal interviews and observations.
- Research Instrument:
  - Questionnaire- The Questionnaire was Formal & Structured.

**Secondary Source:**

- Books, Magazines, newspapers, journals, periodicals, website
- Data from various Banks in Pune

## VI. SOURCES / METHOD OF DATA COLLECTION

1. Questionnaires
  - a. Paper Pencil
  - b. Web Based
2. Direct Observations
3. Interviews
  1. Open Ended
    - Focus Group &
    - Panel Survey
  2. Structured Interview
  3. Face to Face
  4. Telephonic/Mail

**Research Period :**

Related only for interest rate over a period of 10 years that is 2009 - 2019.

The below table shows the banks rate of **Public Sector Bank's fixed deposits 10 years ago for Small Duration that is between 14 days to 1 month and for longer duration that is 1 year to 3 years.**

### 1. Public Sector Bank's fixed deposits 10 years ago for Short Duration

Sr. No.	Name of Bank	Duration	Fixed Deposits Rate (%)
1	State Bank of India	14 Days to 1 Month	3.35
2	Punjab National Bank	14 Days to 1 Month	3.30
3	Central Bank of India	14 Days to 1 Month	3.50
4	Allahabad Bank	14 Days to 1 Month	3.30
5	Bank of Baroda	14 Days to 1 Month	3.60

Source : Field Visit by Researcher

Table No. 1.1

### 2. Public Sector Bank's fixed deposits 10 years ago for Long Duration

Sr. No.	Name of Bank	Duration	Fixed Deposits Rate (%)
1	State Bank of India	01 Year to 03 Years	6.55
2	Punjab National Bank	01 Year to 03 Years	6.75
3	Central Bank of India	01 Year to 03 Years	6.60
4	Allahabad Bank	01 Year to 03 Years	6.50
5	Bank of Baroda	01 Year to 03 Years	6.55

Source : Field Visit by Researcher

Table No. 1.2

The below table shows the banks rate of **Private Sector Bank's fixed deposits 10 years ago for Small Duration that is between 14 days to 1 month and for longer duration that is 1 year to 3 years.**

### 3. Private Sector Bank's fixed deposits 10 years ago for Short Duration

Sr. No.	Name of Bank	Duration	Fixed Deposits Rate (%)
1	Axis Bank	14 Days to 1 Month	3.80
2	HDFC Bank	14 Days to 1 Month	4.10
3	ICICI Bank	14 Days to 1 Month	4.00
4	Oriental Bank	14 Days to 1 Month	3.95
5	Citi Bank	14 Days to 1 Month	3.80

Source : Field Visit by Researcher

Table No. 1.3

### 4. Private Sector Bank's fixed deposits 10 years ago for Long Duration

Sr. No.	Name of Bank	Duration	Fixed Deposits Rate (%)
1	Axis Bank	01 Year to 03 Years	7.20
2	HDFC Bank	01 Year to 03 Years	7.10
3	ICICI Bank	01 Year to 03 Years	7.10
4	Oriental Bank	01 Year to 03 Years	7.15
5	Citi Bank	01 Year to 03 Years	7.10

Source : Field Visit by Researcher

Table No. 1.4

The above data shows the rates of fixed deposits 10 years ago. The researcher has currently undertaken the study for current fixed deposit accounts bank rate that are prevailing in the market. The difference any analysis of fixed deposits bank rates of public and private sector banks rate are also studied and stated as mentioned below in tables.

The below table shows the banks rate of **Public Sector Bank's fixed deposits Currently for Small Duration that is between 14 days to 1 month and for longer duration that is 1 year to 3 years.**

#### 5. Public Sector Bank's fixed deposits Currently ago for Long Duration

Sr. No.	Name of Bank	Duration	Fixed Deposits Rate (%)
1	State Bank of India	14 Days to 1 Month	4.45
2	Punjab National Bank	14 Days to 1 Month	4.35
3	Central Bank of India	14 Days to 1 Month	4.80
4	Allahabad Bank	14 Days to 1 Month	4.50
5	Bank of Baroda	14 Days to 1 Month	4.55

Source : Field Visit by Researcher

Table No. 1.5

#### 6. Public Sector Bank's fixed deposits Currently ago for Long Duration

Sr. No.	Name of Bank	Duration	Fixed Deposits Rate (%)
1	State Bank of India	01 Year to 03 Years	6.80
2	Punjab National Bank	01 Year to 03 Years	6.80
3	Central Bank of India	01 Year to 03 Years	6.95
4	Allahabad Bank	01 Year to 03 Years	7.00
5	Bank of Baroda	01 Year to 03 Years	6.95

Source : Field Visit by Researcher

Table No. 1.6

The below table shows the banks rate of **Private Sector Bank's fixed deposits Currently for Small Duration that is between 14 days to 1 month and for longer duration that is 1 year to 3 years.**

#### 7. Private Sector Bank's fixed deposits Currently ago for Short Duration

Sr. No.	Name of Bank	Duration	Fixed Deposits Rate (%)
1	Axis Bank	14 Days to 1 Month	4.80
2	HDFC Bank	14 Days to 1 Month	4.75
3	ICICI Bank	14 Days to 1 Month	4.85
4	Oriental Bank	14 Days to 1 Month	4.80
5	Citi Bank	14 Days to 1 Month	4.75

Source : Field Visit by Researcher

Table No. 1.7

#### 8. Private Sector Bank's fixed deposits Currently ago for Long Duration

Sr. No.	Name of Bank	Duration	Fixed Deposits Rate (%)
1	Axis Bank	01 Year to 03 Years	7.75
2	HDFC Bank	01 Year to 03 Years	7.50
3	ICICI Bank	01 Year to 03 Years	7.60
4	Oriental Bank	01 Year to 03 Years	7.60
5	Citi Bank	01 Year to 03 Years	7.70

Source : Field Visit by Researcher

Table No. 1.8

#### Calculations of rates of interest:

The above rates of interest are as communicated by the bank officials of respective banks. The rates of fixed deposits are collected from both the private sector banks and private sector banks. As per the RBI Guidelines and balance in REPO and Reverse REPO rates the banks decides their rates of interest for the fixed deposit.

Every banks as has its own policy, did not disclose as to how this rates were finalized and decided regarding the fixed deposit rates for smaller and long duration of deposits.

### VII. MAJORS OUTCOMES OR CONTRIBUTIONS FROM RESEARCH

1. Significant changes in interest rate of fixed deposits.
2. Amount of Investment or habit towards savings in fixed deposits with either a public or private sector bank is positive.
3. No major difference in the rate of interest of public sector and private sector banks
4. People prefer public sector bank in comparison to private sector bank to save as was observed by researcher during one on one discussion with the banks officials
5. Rate of Interest on fixed deposits is higher at private sector banks than compared to public sector banks.

### VIII. CONCLUSION

Thus from the above table and tabular representation we can clearly see that the rate of fixed deposit in the public and private sector banks are quite and much similar. There is not much difference in the bank rates of the types of bank.

But surely the rate of return as compared to public and private sector banks is worth note taking. Despite being the



government owned bank the rate is much or comparatively lower as compared to private sector bank of the public sector banks. Thus due to this the customer or an investor tend to invest his sum or money in the private sector bank. the rate of senior citizen depositing their money in fixed deposits is also seen comparatively much higher than the average age account holder in that particular bank.

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