



Financial Services and Benefits of Investing in post office savings schemes

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ABSTRACT

India is the second world largest population country after China, and India post has been playing magnificent role in present economic scenario both economic and technological aspect. Warren Hastings opened the post to the public in since March 1774 main aim of postal system had been to serve the commercial interest of the east Indian company. Political needs and serving economy need of the rolling authorities remained a driving force in the development of postal service. Present study entitled on "Investors Preference and Satisfaction of Post Office Savings Schemes" is based on the secondary data and the study has exposed that post office savings schemes and various financial services and products which provided by the government to increase the income of rural population with the help of postal system.

KEYWORDS: Post office savings schemes, financial services, Various products, Investment schemes, Postal system

1. INTRODUCTION:

In India, during pre-independence period, people spent most of their income on consumption and only a small amount of income was left in the form of savings. Therefore, the saving rate was very low. After independence in 1947, the major objective of the government policy has been the promotion of savings and capital formation as they are the primary instruments of economic growth. It is a biggest savings bank in India with 1,59,000 branches across the country. Majority of the post offices situated in the remote areas where banking systems are not available till the date. We can reduce our taxes if we have a savings account in SSA, RPLI, SCSS, TD. These schemes have been prepared carefully with the view that the small investor will take

advantages of easy accessibility due to the fact that post offices exist in every locality. All the post office investment schemes guarantee returns as the Government of India backs it. Moreover, the post office investment schemes offer tax benefits up to Rs.1.5 lakhs upon investment. The post office provides various financial services to the customer. The main vision and mission of this is building the most accessible, affordable and trusted bank for common man with spearheading financial inclusion by removing barriers and reducing cost for accessing banking services.

Postal network is the very powerful tool for boosting financial inclusion. About 1.5 billion people in the world avail financial services through post office. Indian post office also provides the successful financial services.

OBJECTIVES OF THE STUDY

- 1.To study the various financial services and different kinds of post office savings schemes provided by the Indian post office.
- 2.To study the benefits of investing in post office investment schemes and examine the interest rate on different savings schemes.

STATEMENT OF THE PROBLEM

Post Office Saving Schemes are the one among the many savings plans available for the people. India is a country of villages and towns; India post has been battling a number of challenges to establish its inclusion programs—shortage of trained staff, cost of implementation and a credit hungry rural India, with no lending programs as part of its roadmap, the post office has fallen behind in its customer acquisition to a number of rural regional banks. Apart from mail delivery, India post has been servicing India as a business logistics service provider and a trusted financial advisor. Hence the people are unable to be aware of the Post Office Saving Schemes. The depositors face a lot of Scepticism while depositing money and getting back their deposits.

RESEARCH METHODOLOGY

Design

Descriptive research design was used for the study

Secondary Data

Secondary data required for the study were collected from various books, journals, and other academic publications.

REVIEW OF LITERATURE

Mr. Naveen. M, Mr. D. Shanmugavadivel (2021) the article entitled —A study of customer satisfaction in post office saving schemes with special reference in Coimbatore city. The present study has been undertaken to analyse whether the postal saving schemes have gained importance among the rural and Urban people investors and it aims at bringing the urban and rural people attitude towards post office saving schemes with special reference in Coimbatore district.

Dakshayini Rasadurai, Dr. M. Raguraman (2020) the article entitled —A Study on Investors 'Behaviour towards Post Office Saving Schemes -With Special Reference to Kandili Sub Post Office, Vellore District. The study aims to examine the investor behaviour

towards post office saving schemes. The primary data are collected through questionnaire from 80 investors of Kandili sub post office and the secondary data are collected from the various research papers and websites. The study found that, high level of awareness and satisfaction on post office savings schemes and low level of satisfaction on loan facilities, prompt payment and employee support. The study reported that post office saving scheme is best when comparing to other financial services available in the market.

Aswathy Prasad and Dr. A.S Ambily (2020) the article entitled —A study on consumer perception towards post office saving schemes. The paper focuses on the attitude and preference of people investing in post office savings schemes in Mavelikara taluk of Alappuzha district. The data collected for the study is from primary as well as secondary sources. Data is collected from 60 respondents. The study found that, though nine different post offices savings schemes exist, it is also found that only two schemes are working efficiently as they are most preferred by the investors. Therefore, sufficient promotional and propaganda are to be introduced to popularize other schemes. The post office saving schemes faces stiff competition from banking and non-banking financial institutions. It needs more programmers to become popular. The post office should provide more facilities to the investors Vembu (2019), revealed that more of rural women are interested in investing their savings in investing their savings in post office because of proximity of post office situated in their residing location. He also stated that the officials create awareness to rural people for investing their money in post office it creates a growth of postal sector. Most of the investors are invest in post office savings schemes only for tax relief.

Financial services in post office

The Financial service offered by Post office includes Savings and Postal Life Insurance (PLI) / Rural Postal Life Insurance (RPLI). The Post Office small savings scheme provides a secure, risk free and attractive investment option for the small investors and offers the savings products across its 1,59,000 Post offices.

The Post Office savings bank is the oldest and by far the largest banking system in the country, serving the

investment need of both urban and rural clientele. These services are offered as an agency service for the Ministry of Finance, Government of India. Several products on offer serve various investment requirements of the customers.

IFS Money Order

International Financial System (IFS) is software developed by UPU to coordinate international remittance services among the partner countries. At present the service is operational with La Poste Group, France and UAE.

Features

This service is India Post's own service. The remittances received under this service are being paid through our eMO service.

- Remittances can be received at any of the 17,500 post offices on eMO network.
- The Payee receives the full amount in Indian Rupee
- Remittances up to INR 50,000 can be received in cash.
- Amount exceeding INR 50,000 to be paid through Cheque subject to a maximum limit of USD 2500.
- Maximum of 30 transactions per person per year.
- Beneficiary has to furnish Unique MO Number (9 digits in case of UAE and 26 digits in case of France) along with valid identification documents like Voter ID Card, Driving License, PAN Card, Ration Card, Aadhar Card, Passport etc. A copy of such document has to be handed over to Post Office staff for their record (KYC Documents).
- Same day payment for remittances booked before cut-off time.
- Payments subject to RBI Guidelines from time to time.
- Payment can be collected from identified Post offices.
- **Electronic Money Order**

A money order is an order issued by the Post Office for the payment of a sum of money to the person whose name the money order is sent through the agency of the Post Office. A 'Payee' is the person named in money order as the person to whom the money is to be paid .

The advantage of sending money to someone through money order is that the money is delivered at the house or his place of stay.

Jansuraksha Scheme

Pradhan Mantri JeevanJyotiBimaYojna(PMJJBY)

Pradhan Mantri Suraksha BimaYojna(PMSBY)

Atal Pension Yojna(APY)

Mutual Funds

Distribution of Mutual Funds and Securities:

The Post Office has traditionally been a distributor of financial services, from money orders to banking services. The Post Office Savings Bank is the largest retail bank in the country, operating from over 1,50,000 branches. With an objective to leverage the strength of the postal network and skills Department of Posts had started retailing mutual funds and bonds.

At present select schemes of UTI Mutual Fund only are retailed through the designated post offices in the country through NISM/EUIN certified staff.

National Pension System - All Citizen Model

National Pension System (NPS) is a voluntary retirement savings scheme laid out to allow the subscribers to make defined contribution towards planned savings thereby securing the future in the form of Pension. It is an attempt towards a sustainable solution to the problem of providing adequate retirement income to every citizen of India.

At the time of normal exit from NPS, the subscribers may use the accumulated pension wealth under the scheme to purchase a life annuity from a PFRDA empanelled life insurance company apart from withdrawing a part of the accumulated pension wealth as lump-sum, if they choose so. PFRDA is the nodal agency for implementation and monitoring of NPS.

Electronic Clearance Service (ECS)

The Electronic Clearance Service (ECS) scheme provides an alternative method of effecting bulk payment transactions like periodic (monthly/ quarterly/ half-yearly/ yearly) payments of interest/ salary/ pension/ commission/ dividend/ refund by Banks/Companies /Corporations /Government Departments. The transactions under this scheme move from a single User source (i.e. Banks/Companies /Corporations /Government Departments) to a large number of Destination Account Holders (Customers/Investors). This scheme obviates the need for issuing and handling paper instruments and thereby

facilitates improved customer service by the Banks and Companies/Corporations/Government Departments effecting bulk payments.

The Scheme is in operation at 15 centers where Reserve Bank of India manages Clearing Houses, 21 centers where SBI is managing ECS on behalf of RBI and 29 other centers where PNB and other banks are managing ECS on behalf of RBI.

The ECS is being offered in the Department of Posts in connection with payment of monthly interest under "Monthly Income Scheme" (MIS). The Department of Posts introduced ECS scheme on a pilot basis in Mumbai City on 9th August 2003. Under ECS the depositors have the facility of getting MIS interest automatically transferred and credited into their Savings account on the due dates at the designated Bank of their choice. Currently, the service is available in the Department of Posts at 15 RBI locations and 21 SBI locations.

IPPB TO POSA linkage

The Post Office Savings Account (POSA) holds a significant place in fostering savings as it reaches out to the remotest part of India which has a limited reach of banking services. Some of the key features of a POSA are that it can be opened by cash only with a minimum initial deposit of Rs. 500. It facilitates easy account transfer from one post office to another with no lock-in or maturity requirements. POSA offers 4% rate of interest per annum.

Linkage Process of POSA and IPPB Account

The IPPB savings account allows the customer to link the account with POSA. In case the customer opts for such linkage, any account balance above Rs. 2 lakh at the end of the day is transferred to the linked POSA account.

Process:

- Customer must have active individual POSA account to link it with IPPB savings account.
- POSA account can be linked at the time of opening IPPB account or post opening of IPPB account through Doorstep service or at the IPPB Access Point.
- At the time of linking POSA account customer needs to produce his/her POSA passbook to GDS/Postman in case of Doorstep service or to counter staff at Access Point.

- SMS notification shall be sent to the customer's registered mobile number post successful linkage of POSA account.

Note: POSA linkage is not available with Digital savings account, However, applicant can link POSA account post conversion from Digital savings account to savings account.

Benefits of Linking the POSA and IPPB

Automatic transfer of funds from IPPB to the POSA when it exceeds the limit of Rs. 2 lakh.

If day end balance exceeds the limit, rather than rejecting the transaction the system will transfer the excess funds to POSA.

It is possible to transfer whole balance at a time from IPPB account to POSA account as it does not have maximum balance limit.

Customer can manage funds through IPPB mobile banking app with Sweep-in and Sweep-out facility. For Timings to avail this facility please refer to the Sweep Service Timings section below.

Account holder can withdraw / deposit cash via IPPB savings account.

Sweep-in and Sweep out facility:

Sweep-in and Sweep out facility enables IPPB customer to manage funds conveniently. Any amount above Rs. 2 Lakh will be swept out into the linked POSA account. At times, our savings accounts exceed the maximum limit and stays idle with interest benefit. Sweep facility facilitates easy transfer of funds (both automatic and manually) from account holder's savings account to POSA account and helps account holder to earn higher interest.

Features:

- No limits on minimum amount to be withdrawn
 - No extra charges for Sweep-in or Sweep-out facility
- The sweep-in and Sweep-out service can be availed through assisted channels like Doorstep Service and Access Point besides the self-service through IPPB Mobile App
- Single Sign-on for both the accounts on the mobile app to check balances.

Sweep Services Timings:

- Sweep-in services are available from Bank-Begin of Day* to 11.00 PM subject to availability of funds in Sweep in account on all days.
- Sweep out services are available 24*7 on all days.

Savings Schemes
 Post Office Savings Account(SB)
 National Savings Recurring Deposit Account(RD)
 National Savings Time Deposit Account(TD)
 National Savings Monthly Income Account(MIS)
 Senior Citizens Savings Scheme Account (SCSS)
 Public Provident Fund Account (PPF)
 Sukanya Samriddhi Account (SSA)
 National Savings Certificates (VIIIth Issue) (NSC)
 Kisan Vikas Patra (KVP)
 MahilaSamman Savings Certificate
 PM CARES for Children Scheme, 2021

	Account	Interest Rs.62 for Rs.10,000/-)	paid
09.	National Savings Certificate (VIII Issue)	7.7 (Maturity Value Rs.14,490 for Rs.10,000/-)	Annually
10.	Public Provident Fund Scheme	7.1	Annually
11.	Kisan Vikas Patra	7.5 (will mature in 115 months)	Annually
12.	MahilaSamman Savings Certificate	7.5 (Maturity Value Rs.11,602 for Rs.10,000/-)	Quarterly
13.	Sukanya Samriddhi Account Scheme	8.0	Annually

Interest rates (New)			
Sl.No.	Instruments	Rate of interest w.e.f 01.07.2023 to 30.09.2023	Compounding Frequency*
01.	Post Office Savings Account	4.0	Annually
02.	1 Year Time Deposit	6.9 (Annual Interest Rs.708 for Rs.10,000/-)	Quarterly
03.	2 Year Time Deposit	7.0 (Annual Interest Rs.719 for Rs.10,000/-)	Quarterly
04.	3 Year Time Deposit	7.0 (Annual Interest Rs.719 for Rs.10,000/-)	Quarterly
05.	5 Year Time Deposit	7.5 (Annual Interest Rs.771 for Rs.10,000/-)	Quarterly
06.	5 Year Recurring Deposit Scheme	6.5	Quarterly
07.	Senior Citizen Savings Scheme	8.2 (Quarterly Interest Rs.205 for Rs.10,000/-)	Quarterly and Paid
08.	Monthly Income	7.4 (Monthly	Monthly and

SENIOR CITIZEN WELFARE FUND

Unclaimed accounts identified as per Senior Citizen Welfare Fund Rules 2016

Savings Bank

Public Provident Fund

Savings Bank Account Discontinued Accounts

Term Deposit Account Discontinued Accounts

National Savings Certificates

Kisan Vikas Patra

Monthly Income Scheme

Recurring Deposit

Term Deposit

Senior Citizens Savings Scheme

Schedule of Fee

Issue of duplicate pass book - Rs. 50.

Issue of statement of account or deposit receipt-Rs. 20 in each case.

Issue of pass book in lieu of lost or mutilated certificate –Rs. 10 per registration.

Cancellation or change of nomination –Rs. 50

Transfer of account – Rs. 100

Pledging of account – Rs. 100

Issue of cheque book in Savings Bank Account – No fee for upto 10 leaves in a calendar year and thereafter at Rs. 2 per cheque leaf.

Charges on dishonour of cheque-Rs. 100

Tax as applicable on the above service charges shall also be payable

AS per the performance dash board

How many CBS post offices are there in India?

There are a total of 1,58,526 post offices in India, out of which 1, 52,514 post offices, or 96 percent of them have already been brought under the CBS, official sources informed.

As per the report 25,322 CBS post offices are there in India each every day maximum 2419193 transactions are done with the help of CBS and 6053.07 Crore amount of transactions done with that facility.

Post Office Savings Bank and Certificates

S.No.	Circle	No. of Accounts
1	Andhra Pradesh	486693
2	Assam	61970
3	Bihar	384570
4	Chhattisgarh	54754
5	Delhi	63296
6	Gujarat	422167
7	Haryana	82018
8	Himachal Pradesh	79691
9	J & K	28941
10	Jharkhand	52205
11	Karnataka	340431
12	Kerala	188521
13	Madhya Pradesh	130124
14	Maharashtra	459903

15	North East	23635
16	Orissa	260969
17	Punjab	194087
18	Rajasthan	147143
19	Tamil Nadu	732223
20	Telangana	145616
21	Uttarakhand	52706
22	Uttar Pradesh	477755
23	West Bengal	372434
		5241852

In this above table shows that mostly the post office certificate schemes majority of the accounts opened in Tamil Nadu. In North East only 23635 accounts are opened in the above schemes.

For more than 150 years, the Department of Posts (DoP) has been the backbone of the country's communication and has played a crucial role in the country's social economic development. It touches the lives of Indian citizens in many ways: delivering mails, accepting deposits under Small Savings Schemes, providing life insurance cover under Postal Life Insurance (PLI) and Rural Postal Life Insurance (RPLI) and providing retail services like bill collection, sale of forms, etc. The DoP also acts as an agent for Government of India in discharging other services for citizens such as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) wage disbursement and old age pension payments. With more than 1,55,000 post offices, the DoP has the most widely distributed postal network in the world.

Advantages of the Post Office Investment-Saving Schemes in India

Easy to Invest

The savings schemes are easy to enroll in and best suited for rural and urban investors. Anyone who wants to hedge risk in the portfolio for a fixed decent return can

invest in these schemes. The simplicity and availability make these investments a much-preferred savings cum investment option.

Documentation and Procedures

Limited documentation and proper procedures in the post office ensure that these saving schemes are simple to opt for and safe to be locked onto as the government backs them.

Fulfilment of Investments Goals

The investments in the Post Office Schemes are long-term oriented, with the investment period extending up to 15 years for a PPF account. Therefore, these investment options are excellent for retirement and pension planning.

Tax Exemption

Most of these schemes are eligible for tax rebates under Section 80C for the deposit amount. A few schemes like the PPF, the Sukanya Samriddhi Yojana, etc., also have the interest earned exempted from taxation.

Interest Rates

Interest rates in these schemes range from 4% to 9% and are risk-free. A minimal amount of risk is involved as the Government of India undertakes these investment options.

Different Buckets of Products

There is a wide range of products based on different types of individuals. Public Provident Fund (PPF), Kisan Vikas Patra and Sukanya Samriddhi Yojana are well-known schemes. The government has made these small savings schemes available via post offices to provide a safe investment avenue for the public by providing good returns and keeping their investments safe. These schemes are easy to manage.

Findings:

- Post office savings schemes are highly secured since they are under the government's supervision, and the returns are fixed and guaranteed¹.
- Post offices are situated almost everywhere; hence there is higher reach, even in rural locales around India.
- There is a low minimum deposit that amounts to 50 rupees only, so even underprivileged people can avail of its benefits.

- There are many types of savings accounts to choose from that cater to almost every kind of individual.
- Most of these accounts don't have a maturity period and can be withdrawn at any time and by anyone by producing the relevant documents and customer ID.
- These accounts can be transferred from one post office to another without much hassle.
- Most post office savings accounts also come with the benefit of ATM/Debit cards, so there is greater accessibility.
- Even minors can create a post office savings account, but the guardian or parent would manage the funds.
- A person can be nominated to whom the funds will be transferred on account of any unforeseen death of the account holder.
- An individual post office savings account can be converted into a joint account and vice versa.
- You can also open a post office savings account online through the IPPB app. So, it is quick and hassle-free.

SUGGESTIONS

1. The post office should provide more services and investment opportunities to the low- and middle-income group investors
2. The post office introduce more schemes to protect the female child and help the senior citizens to improve their savings
3. Provide different kinds of financial assistance with higher interest rates for the benefit of investors
4. post office offering more services through the online and offline mode to help the different levels of people in various geographical areas.
5. The Indian postal systems are improved a lot with help of digitalisation they provide more online financial services to the investors. In rural areas people need more awareness about the postal systems and the benefits of every new scheme introduced by the government with help of post office branches.
6. The post office staffs will organise workshop and awareness programs to educate more about the postal schemes and their services.
7. Government taking some initiatives to promote every post office schemes with the help of social media and reach their core values to the investors.

CONCLUSION

In theoretical point of view of this study there are more financial services and investment schemes introduced by the India postal system to improve the savings habit of every citizen of our country.

The schemes especially focused to improve the standard of living of the low income and middle-income group people in our country. India post expanding their financial services with the help of digitalisation call it as online transfer of accounts called Automatic transfer of funds from IPPB to the POSA. In India the postal system has some core values based on that they Introduce and improve their financial services to improve the social growth and Economic Growth of the each and every state in our country. The various schemes are introduced by the government to improve the saving habit and encourage the investors to utilise their financial services through online mode.

The states are in equally concentrating in both social and economic growth they are effectively utilising the post office schemes. Some of the states are need to create awareness to the rural area people to invest in post office schemes and educate the benefits and core values of investing the money and gain fair interest rate for their investments.

Conflict of interest statement

Authors declare that they do not have any conflict of interest.

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