

A STUDY ON INVESTOR'S ATTITUDE TOWARDS INDIA POST PAYMENT BANK SAVINGS SCHEMES IN NAMAKKAL DISTRICT, TAMIL NADU

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ABSTRACT

The Reserve Bank of India has granted approval to India Post to start up payment banking function. Postal department has widened their area of operation into banking services by adopting core banking and payment bank. It is obvious that India Post over the years has been looking at diversifying into areas where they can use their vast presence to their advantage. India Post focusing on banking institutions, take into consideration the deposits, performance, and administration of the branches that provide Core Banking Solutions (CBS). An attempt has been made to explain the profile of the respondents in financial inclusion, level and view on the provision of various services, its consequences and their attitude on financial inclusion in Namakkal postal division.

INTRODUCTION

INDIA POST- An Overview

India Post is a 100% Government of India owned Public Limited Company, which is part of the Ministry of Communications and Information Technology of India and. It has the largest Postal Network in India with over 1, 54,910 Post Offices. There are around 1, 38, 955 (89.70%) post offices in the rural area and 15,955 (10.30%) post offices in urban area. The individual post office serves an area of 21.22 Sq. Km. and a population of 8221 people.

India has been divided into 22 postal circles, each circle headed by a Chief Postmaster General. Each Circle is further divided into Regions comprising field units, called Divisions, headed by a Postmaster General. Other functional units like Circle Stamp Depots, Postal Stores Depots and Mail Motor Service may exist in the Circles and Regions.

RBI has given 'in principle' approval along with 10 other aspirants on 19th Aug 2015, IPPB received the cabinet's approval on 1st June, 2016 and was incorporated as on 17th Sept, 2016. Today it became the second payments bank to launch its operations and got final banking license from the RBI on the 20th Jan 2017.

India Post Payments Bank (IPPB) focuses on providing basic financial services such as all kinds of payments; including social security payments, utility bill payments, person to person remittances (both domestic and cross-border), current and savings accounts up to a balance of Rs 1 lakh, distribution of insurance, mutual funds, pension products and acting as business correspondent to other banks for credit products especially in rural areas and among the underserved segments of the society.

While many other banks and financial institutions are working on the same theme, the IPPB effortlessly accesses the adoption of new age banking and payments instruments through the delivery by postmen and Grameen Dak sevaks, savings agents and other franchisees who will take banking to door steps. IPPB thus, aspires to the most accessible, affordable and trusted bank for the common man with the motto - *“No customer is too small, no transaction too insignificant, and no deposit too little”*.

IPPB will initiate internet and mobile banking platforms, digital wallets and use of innovative and emerging technologies to catalyse the shift from a cash dominant to a less cash economy and aimed at providing better tracking, more relief to staff and digitization of operations. It also involves core banking and insurance solution implementation and upgrades. Since demonetization, India Post has helped hundreds of thousands deposit up to Rs. 32,621 crore (\$4.75 billion) in the two weeks since 500 and 1000 rupee notes were withdrawn.

STATEMENT OF THE PROBLEM

This research has taken up with the purpose of studying the awareness of postal services in Namakkal district towards various financial and banking services. In the recent year India Post has entered into core banking services and provides all type of banking services like commercial banks. ATM has been installed in all the head post offices for the convenient of the postal customers and in near future the number of ATM will be raised gradually. By repositioning it, India Post can become a self-sufficient, credible, efficient, quick and cost effective provider of banking services in the rural area.

SCOPE OF THE STUDY

The present work has been carried out to study the core activities and the diversifying activities carried on by the Indian Post. The study focuses the capability of India Post as Post Bank, and it can provide all the banking activities which is provided by the commercial banks.

OBJECTIVE OF THE STUDY

- To study the banking and financial services rendered by Post Payment in Namakkal

District

- To understand the developments in the core activities carried on by India Post
- To analyze the investor's attitude towards post payment savings schemes.

METHODOLOGY OF THE STUDY

This study has undertaken in the Namakkal district of Tamil Nadu state. For the purpose of research both primary and secondary data is used. Primary data is collected from 336 sample respondents from the postal and banks employees by interview schedule. Secondary data collected from journals, magazines and websites and annual reports. For the analysis of data t test, exploratory factor analysis and multiple regression analysis are applied.

LIMITATIONS OF THE STUDY

The scope of the study is confined to the employees working in sub post offices at Namakkal district only. No Scientific procedure has been applied to determine and distribute the sample size of bank employees and respondents of PBI. The respondents selected for the study were identified by the chief post master at the four head offices.

PERIOD OF THE STUDY

This Study covers a period of eleven years commencing from 2011 to 2020. The data relating to various activities carried out by India Post was collected and analyzed.

REVIEW OF LITERATURE

Dipankar (2013) stated that India Post provides Financial Inclusion services to the rural poor through its networks by facing so many challenges. By the provision of reliable and safety services to the Indian Villages it can overcome the challenges.

Rama Chandra (2016) has observed that there is a major issue to access the financial services offered in rural regions and obstacle for inclusive growth. Introduction of innovative models and technology in postal services influences the financial inclusion in India Post.

Sameeha and Shana(2016) explained that by adopting core banking and payment bank services, India Post has widened their operations into post bank with recent banking technology, qualified and experienced staff and the vast network of post offices.

Bindu and Omika (2016) in their study, the need for Postal Reforms towards the promotion of financial inclusion is highlighted and also to redesign innovative ideas, the products are being sougthed by retaining the position as a public service provider.

Mahesh et.al(2015) in their study titled "Challenges Ahead of India Post – A Review", shows that India Post is facing so many challenges from financial institutions like bank

and insurance companies. Suggested that It should adopt the strategy of business process reengineering to improve its existing processes.

Senthilkumar and Kannaiah (2014) identified the customer's opinion and their attitude towards post office schemes and concluded that to achieve development; it requires the utilization of resources more effectively.

Anjum and Akbar(2015) The study explores the behavioral patterns of investors, who prefer for savings in post office savings schemes and concluded that even it has very huge profile in the minds of every Indians, still it require some sort of feeding.

Nalini (2013) opined: the government should take necessary steps to transform the Post Office into Post Bank to satisfy the customers with recent innovative product and services.

Charusheela and Akshata(2016)considers the customer as a asset and they are treated as profit centre of the organization, the customers can be satisfied and retained by providing the quality services.

Umakanth and Soma(2014), commented that the Investors should careful while selecting the best investment avenue, a wrong decision might cause loss of capital.

PROFILE OF NAMAKKAL POSTAL

Namakkal Post Office, Namakkal

Namakkal Post Office is located at Namakkal, Namakkal of Tamil Nadu state. It is a head office (H.O.). A Post Office (PO) / Dak Ghar is a facility in charge of sorting, processing, and delivering mail to recipients. POs are usually regulated and funded by the Government of India (GOI). Pin code of Namakkal PO is 637001. This Post office falls under Namakkal postal division of the Tamilnadu postal circle.

Namakkal Post Office offers all the postal services like delivery of mails & parcels, money transfer, banking, insurance and retail services. It also provides other services including passport applications, P.O. Box distribution, and other delivery services in Namakkal. The official website for this PO is <http://www.indiapost.gov.in>.

Financial Services

The customers of Namakkal can enjoy the various savings schemes available in this post office that prove to be highly beneficial for the people living in Namakkal area. The Financial service offered by PO includes Savings and Postal Life Insurance (PLI). There are various options available to save and invest with post-offices. The commonly used ones include - Savings account, Recurring Deposit, Monthly Income Scheme, Monthly Public Provident Fund, Time Deposit,

Senior Citizen Saving Scheme, National Savings Certificate, Kisan Vikas Patra and Sukanya Samriddhi Yojana. Post Office also offers Insurance product through Postal Life Insurance (PLI) and Rural Postal Life Insurance (RPLI) schemes that offer low premium and high bonus.

Post Office Financial Services

- Kisan Vikas Patra (KVP)
- Monthly Income Scheme (MIS)
- Monthly Public Provident Fund (PPF)
- National Savings Certificate (NSC)
- Recurring Deposit (RD) Account
- Savings Bank (SB) Account
- Senior Citizen Saving Scheme (SCSS)
- Sukanya Samriddhi Accounts (SSA)
- Time Deposit (TD)
- Savings Bank (SB) Account

A Savings bank account serves the need of regular deposits for its customers as well as withdrawals. Cheque facility is also avail by Namakkal postal consumers.

Recurring Deposit (RD) Account

A post office offers a monthly investment option with handsome return at the time period with an option to extend the investment period. Insurance facility is also available with certain conditions.

Monthly Income Scheme (MIS)

MIS offers a fixed investment technique for five or more years with monthly interest payment to the account holder. There is also a facility of automatic crediting of interest to SB account of the Namakkal postal customer.

Monthly Public Provident Fund (PPF)

This service offers intermittent deposits subject to a particular limit for a time period of 15 years with income tax exemptions, on the investment. It also offers loan and withdrawal facilities for the postal customers.

Time Deposit (TD)

Fixed deposit option for periods ranging from one, two, three to five years with facility to draw yearly interest offered at compounded rates. Automatic credit facility of interest to SB account. **Senior Citizen Saving Scheme (SCSS)**

Offers fixed investment option for senior citizens for a period of five years, which can be extended, at a higher rate of interest that are paid in quarterly instalments.

National Savings Certificate (NSC)

NSC is offered with a fixed investment for 5 or 10 years on certificates of various denominations and Pledging facility available for availing loan from Banks.

Kisan Vikas Patra (KVP)

Kisan Vikas Patra is a saving certificate scheme in which the amount Invested doubles in 110 months (i.e. 9 years & 2 months). It is available in denominations of Rs 1,000, 5000, 10,000 and Rs 50,000. Minimum deposit is Rs 1000/- and there is no maximum limit. The KVP certificate can be purchased by any adult for himself or on the behalf of a minor. This certificate can also be transferred from one account holder to another and from one post office to another. This certificate can be en-cashed only after 2 and 1/2 years from the date of issue.

Sukanya Samridhhi Accounts (SSA)

Sukanya Samridhhi Account Yojana offers a small deposit investment for the girl children as an initiative under 'Beti Bachao Beti Padhao' campaign. This yojana is to facilitate girl children proper education and carefree marriage expenses. One of the main benefits of this scheme is that it is very affordable and offers one of the highest interest rates. Currently its interest rate is set as 8.6% per annum that is again compounded yearly. The minimum deposit allowed in a financial year is INR. 1000/- and Maximum is INR. 1,50,000/-. Subsequent deposits can be made in multiples of INR 100/-. Deposits can be made all at a time. No limit is set on number of deposits either for a month or a financial year. A legal Guardian can open an account in the name of a Girl Child. Account can be closed only after completion of 21 years of the respective child. The normal Premature closure allowed is after completion of 18 years only if that girl is getting married.

TABLE: 1 Total Savings Mobilisation in Namakkal District from 2011 to 2020

(Rs. in Crore)

Year	Savings Bank Deposits	Recurring Deposits	PPF	Monthly Income Scheme	Time Deposits	Others	Total
2010-11	28.17	32.61	36.64	27.45	13.97	38.07	176.91
2011-12	41.68	35.19	38.53	29.54	17.79	42.71	205.44
2012-13	58.56	44.59	42.51	30.85	21.85	49.86	248.19
2013-14	61.73	48.55	41.36	27.29	33.14	58.56	270.63
2014-15	66.16	50.91	43.32	25.46	37.79	67.83	291.47

2015-16	72.87	52.37	48.63	21.63	41.69	76.07	313.26
2016-17	74.64	57.91	52.75	18.14	48.35	82.38	334.17
2017-18	82.16	62.13	54.23	18.46	53.98	94.22	365.78
2018-19	85.73	69.48	55.16	15.80	67.90	108.04	403.11
2019-20	87.44	74.13	63.51	13.21	75.32	113.84	427.45

Source: Compiled Data

The table shows the overall savings mobilization from various schemes offered by India Post in the Namakkal Postal Division. It shows that a major portion of savings is generated from saving bank account, Recurring Deposit, Public Provident fund, Monthly Income Scheme, and Time Deposits. It shows that gradual increase in savings habits of the people for their future commitments. The gradual increase in the savings made by various saving schemes of India Post in Namakkal Postal Division from 2011-2020. It is evident that India Post over the years has been looking at diversifying into areas where they can use their vast presence to their advantage. This indicates that India Post is not far away from new verticals to earn extra revenue.

TABLE: 2 Growth in Saving Schemes

<i>Year</i>	<i>Total Deposits(Rs. in Crore)</i>	<i>% of Growth</i>
2010-11	176.91	0
2011-12	205.44	16.13
2012-13	248.19	40.29
2013-14	270.63	52.97
2014-15	291.47	64.76
2015-16	313.26	77.07
2016-17	334.17	88.89
2017-18	365.78	106.76
2018-19	402.11	127.30
2019-20	427.45	141.62

Source: Compiled Data

The above table reveals that there is a constant increase in total deposits from various saving schemes provided by the India Post in Namakkal District. The fact is that the Postal department has widened their area of operation into banking services with the help of core banking and payment bank, which attracts customers to have an account with India Post. The increase in growth of saving deposits for the given period and the reason is expectation of customers for regular return, safety and security, followed by tax benefits, capital growth and liquidity.

DIVERSIFIED ACTIVITIES OF INDIA POST:

India Post is becoming high tech today as it offers multiple financial services at its outlet.

Government has announced that post office will be converted to bank and it will be known as Post Bank of India. The various financial services offered by Post office are:

Media Post

The Products and Services can be advertised on Postal Stationeries, Letter Boxes, Mail Vans, Post Office Buildings through Media Post.

Mutual Fund Investment

Now a day Post offices are also involved in selling mutual funds to its customer. Only few selected mutual funds schemes are available for investment through post office. SBI, UTI, Franklin Templeton and Reliance Mutual are some of them. Post office is providing this service in association with IDBI bank.

ATM

India Post to enhance its capability as banker to its customer and to offer better delivery of services, installed ATMs in various outlets and planning to extend this facility to every city.

Payment Bank

India Post is converted to payment bank from 2017. IPPB will offer demand deposits such as savings and current accounts up to a balance of Rs. 1 Lakh, digitally enabled payments and remittance services of all kinds between entities and individuals and also provide access to third-party financial services such as insurance, mutual funds, pension, credit products, forex, and more, in partnership with insurance companies, mutual fund houses, pension providers, banks, international money transfer organisations, etc.

International Money Transfer

The India Post has tied up with Western Union Financial Service of USA to offer International Money Service through Post Offices in India. It enables the instant transfer of money from 185 countries to India. The receiver can collect the money in minutes after the transfer of money. This service is beneficial to the dependants of the non-resident Indians, foreign tourists and students studying in India.

MO Videsh

The service was launched on 23 October 2009. It facilitates remittances to and from foreign countries through the post office upto the maximum limit of 5000 USD. This outward remittance money will be credited into the bank account of beneficiaries in foreign countries. Maximum 12 outward remittances are allowed per year.

Postal Life Insurance

Postal life insurance plays a very important role in rural areas because the premium of postal life insurance is very low compared to private insurance companies. Regular postal life insurance provides risk coverage from Rs.20000 to Rs.50 Lakh.

National Pension Scheme

NPS facility is available at nearly 800 branches across the country. The NPS is a low cost retirement plan. It is also portable and can be accessed from any part of the country.

Electronic Money Order (e-Mo)

It simplifies the transmission process of money orders by ensuring quick and secure electronic transmission immediately. Facility for remitting money from one to one, one to many and many to one is available under this service.

Logistic Post

Extremely cost effective means to deliver consignments loads along with all facilities of Logistic chain e.g. warehousing, order fulfillment including cash on delivery facility.

Direct Post

It is extremely cost effective for Direct marketing and publicity through unaddressed Communication.

e-Post

The Department of Posts has introduced e- post service in 2004. Customers can send their messages to any address in India with a combination of electronic transmission and physical delivery through a network of more than 1,55,000 post offices. E-Post sends messages as soft copy through internet. It will be delivered to the addressee in the form of hard copy.

e-Payment

It is used for bill/cash collection and web based electronic consolidation all over India. This facility caters to any kind of cash collection from many-to-one.

Instant Money Order (iMO)

India Post provides instant Money Order service, which is Instant, Safe, Reliable & Convenient. Amount from Rs.1000/- to Rs.50000/- can be remitted through designated iMO Post Offices. It is an instant web based money transfer service.

Electronic Intimation of Delivery (E-IOD)

E-intimation of Delivery is a value added service offered by the Department of Post. It provides electronic information about delivery of articles through E-mail.

Common Services

India Post is thinking to open common service center to avail services like applying for Aadhar card, birth certificate, mutual funds investment etc.

OPPORTUNITIES

Indian Post can incrementally expand its network and reach by exploring the franchisee and outsourcing models in a cost effective manner and enable the inclusion of many residents currently not being served. Focus on inclusive growth by the Government, provides an opportunity to leverage the network for last mile delivery.

- Sustained growth provides opportunity for a variety of products such as Direct
- Mail, e-Commerce, B to C mails, parcels and logistic services etc.
- India Post is presently implementing its three flagship projects –
- India Post 2012 for networking and IT induction in all post offices,
- Project Arrow for improving the look and feel of post offices and
- Mail Network Optimisation Project for optimising the network from collection to delivery and standardizing the processes.

CHALLENGES

Even India Post has lot of opportunity to offer banking solutions, there would be some challenges they have to face:

Adaptability: To become successful banker, it should adopt new culture and new process for quick service delivery. This could be a big problem for the Indian postal system as the structure followed is very rigid and there could be a lot of resistance to learn new skills and competencies.

Competition: India Post will not get a pace with the existing banking players and will definitely be under pressure to provide differentiated services.

Modern Infrastructure: To provide banking services India Post need heavy investment in modernizing their infrastructure to be able.

Compliance: Banking is a highly regulated business and any kind of non-compliance can be expensive due to heavy penalties.

SUGGESTIONS

- Awareness should be created further among rural people to use post bank services.
- To attract the people rate of interest offered on deposits should be increased.
- Tax benefits can be extended to other schemes.

- Make Improvement on the delivery time, quality of services and products, customer care services and reduce the cost of services.
- For the convenience of the public, the forms should be translated into other local languages.
 - The postal department should take necessary steps for advertisement of its various schemes.
 - Make awareness on latest technology incorporated in post offices to serve the public.
 - Encourage people to access banking services provided by the India Post with new technology.

CONCLUSION

India Post is the largest and it has most credible outreach infrastructure in the country with its extraordinary goodwill among the people by its network and local appearance. It is the oldest institution of the Government of India. India Post connects rural areas with the rest of the country and also provides banking facilities to them. If the above mentioned suggestions are implemented by the postal departments, it will increase the number of postal savings investors. Indian people have a great faith and trust on postal financial services. There are various financial services launched by the government but focus is to be put on modernization of working style and infrastructure, professional approach, proper marketing of services, training to the employees and use of ICT etc. Awareness level of employees is needed to be improved. The Namakkal Postal Division has doing well to its postal customers. With its 86.17% post offices in rural area, it can successfully provide all the bank services to the rural people.

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