

Financial services of India post in Nagapattinam District of Tamil Nadu – A Bird’s Eye View

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Abstract

Universally, there is no country, including India, which is free from socio-economic challenges such as poverty alleviation, unemployment, etc. In order to achieve their broader goals, each country has been leaving no stones unturned in the face of acute competition amongst them which is a herculean task indeed. While making such endeavors, attaining an inclusive growth becomes very essential. Rather, any country is expected to achieve its respective socio-economic destination via financial inclusion. No country can progress without industrialization for creating adequate employment avenues for its citizens. Undoubtedly, it will certainly increase the rate of GDP growth and national income on one hand and increase the per capita income and standard of living, apart from livelihood, to its citizens on other hand. As a result, the financial system of such countries will be strengthened to compete with their counterparts globally and gradually. In this context, the role of financial institutions, including the India Post, is very significant as it renders financial services to the rural masses and weaker sections of the society while mobilizing savings from them for making productive investments. Keeping in view, the current study has been attempted to identify and evaluate the financial services provided by the India Post in Nagapattinam District of Tamil Nadu and suggest remedial measures for improvement of financial services to the people in the financial inclusionary path.

Keywords: India Post, Financial Services, Financial Inclusion, Socio-Economic Growth, Financial System

1.1 Introduction

Financial services constitute an important component of the financial system. Financial services through the network of various elements such as financial institutions, financial markets and financial instruments serve the needs of individual institutions and corporate. It is through these elements that the functioning of the financial system is facilitated. Considering its nature and importance, financial services are regarded as the fourth elements of the financial system. In fact, an orderly functioning of the financial system depends to a great deal, on the range and the quality of financial services extended by a host of participants. Services offered by banking and financial companies are called financial services. Banking and financial companies include both asset

management companies and liabilities management companies.

Financial services help to raise the required funds from the host of investors, individuals, institutions and corporate. For this purpose, various instruments of finance are used. Financial services assist in the decision making regarding the financial mix. It provides specialized services such as credit rating, venture capital financing, lease financing, factoring, mutual funds, merchant banking, stock lending, depository, credit cards, etc.

Financial services contribute in good measure to speeding up the process of economic growth and development of the country. This takes place through the mobilization of the savings of a cross section of people, for the purpose of channeling them to productive investments, the basic characteristics of financial services are that they are intangible in nature. For financial services to be successfully created and marketed, the institutions providing them must have a good image and enjoy the confidence their clients. The functions of production and supply of financial services have to be carried out simultaneously. These calls for a perfect understanding between the financial services firms and their clients financial services must be dynamic. They have to be constantly refined on the basis of socio-economic changes occurring in the economy.

In this context, the India post savings scheme provide a secure, risk free and attractive investment options for small investors and offer savings product through reportedly about 1,53,000 post offices. From the services providers' point of view, the posted savings systems are aiming at providing the financial services, especially to the deprived sections of the society who do not have an easy access to banks and other financial institutions.

1.2 Statement of The Problem

Post Office Saving Schemes are the one among the many savings plans available for the people. To tap money from public, there is a severe competition among banks. India is a country of villages; hence the people are unable to be aware of the Post Office Saving Schemes. The depositors face a lot of difficulties while depositing money and getting back their deposits. Hence, an exploratory study has been identified and the researcher has formulated the research problem as "Financial Services of India Post Office in Nagapattinam District of Tamil Nadu".

This study is expected to have social implications and also to throw light the various services provided to the India post customers as well. In this context, the India post rendered so many valuable services and how the India post customers to avail those service during the study period chosen for the purpose.

Thus, the study certainly anticipates assisting the India post to channelize its effects towards rendering financial services more constructively. As an outcome, its surplus may be expected to rise gradually through its efficient monitoring system. Indirectly, the customers forming part of a society especially the rural masses, may undoubtedly enjoy the financial services of India post at affordable costs. In this manner, the India post has an enormous scope to contribute to the financial inclusion like other competing financial institutions in India. Keeping in view, the current research study has been undertaken on a topic entitled, "Financial services rendered by India post – An overview".

1.3 Literature Review

The researcher, in order to identify the research gap, has undertaken a literature review of the existing literature on the phenomenon and presented few prominent ones as under;

Gayathri (2014) investigated a study on various small savings schemes in Post office. Many savings schemes with attractive investment options are being provided now-a-days. The research found that, all the respondents were aware of postal schemes, satisfied with the service of the post

office services, lack of knowledge of employees is considered as the major problem faced by the investors.

Hima Bindu and Meena (2014) made an attempt to overview the financial services in India with the help of secondary data collected from the reviews. The paper highlights the present Indian financial system and various financial services provided in India. It pointed out that the growth of financial sector is nearly 8.5% per year.

Latha Natarajan, et.al., (2011), focused on the various money transfer services and the satisfaction of customer towards those money transfer facilities. The demographic profile of the respondents and their satisfaction towards the type of money transfer services used, frequency of usage and maximum amount transferred limit is examined. The results also found that there is tremendous demand for fast means of transferring money from abroad.

Mahendra Singh (2012), in this paper gave an overview about the Indian Financial Sector and the regulatory bodies for different services sectors. The present situation of financial services sector and financial sector reforms were discussed. The variety of financial services providers available in the India environment is briefly explained in this paper.

Morshed Hasan Khan, et.al., (2013) focused on the financial sector quality factors in regards to the relationship between customers buying behavior and the quality of services offered. This study is mainly based on the examination of secondary sources.

Rajeswari & Sunmista (2011) made a comparison on the perception of customers on the service quality of post offices in Viruthunagar district and Madurai district. SERVPERF dimensions are used to measure the service quality of the post office, the result of the analysis indicated that the positive attitude is greater than the negative attitude. But the satisfaction of the customers is different in many aspects in two districts.

1.4 Objectives of The Study

The current study has the following primary objectives;

- i. To throw light on the financial services rendered by India Post, and
- ii. To suggest suitable measures to the India post for improvement of its financial services

1.5 Research Methodology

The current study has based on secondary data only. The data was collected from the secondary sources viz., Annual reports of the Indian post, Internet, Journals, Magazines and Newspapers, etc., The data was tabulated and analyzed with the help of simple statistical tools were used. Accordingly, the data was analyzed and interpreted to draw conclusion there from.

1.6 Financial Services of India Post: At A Glance

The India post, since its inception, has been making attempts to fulfill the broader goals of attaining financial inclusion via its various financial services; They are given below;

i) Post Office Savings (SB) Account

The savings account provided by the Post Office Savings Bank is one of the government-backed schemes, and offers 4.0% interest rates on both individual and joint accounts.

ii) Recurring Deposit (RD) Account

A depositor can fill up the purchasing certificate form to open a national savings recurring deposit (RD) account with the Post Office Savings Bank. The current interest rate on the five year scheme is 5.80% per annum on both individual and joint accounts.

iii) Time Deposits (TD) Account

Post office Time Deposits account can be opened by single person or as a joint account holders by depositing a fixed amount initially for a period of one, two, three or five years with minimum of Rs.1000 without any maximum investment limit. The current rate of interest is 5.5% and 6.7%.

iv) Monthly Income Savings (MIS) Account

This account can be opened by single person or as a joint account holders by depositing a fixed amount for a period of five years. The current rate of interest 6.6 % p.a payable monthly with a facility of automatic transfer of the monthly interest.

v) Public Provident Fund (PPF) Account

PPF is a government-backed fixed income scheme that is a risk-free investment as its returns are guaranteed by the government, and offers 7.10% interest rate per annum.

vi) Sukanya Samriddhi Account (SSA)

As the name suggests, SSA is a government-backed scheme for a girl child, and offers 7.60% interest rate per annum. SSA can be opened by a guardian as a single account in the name of the girl child below 10 years of age, or a maximum of two girls in a family, and two accounts in cases of twins or triplets.

vii) Senior Citizen Savings Schemes (SCSS)

The five years SCSS scheme provides senior citizens to receive benefits on the interest earned on the lump-sum deposit that are payable on a quarterly basis. The government-backed scheme offers 7.40% interest rates on the SCCS account.

1.7.1 New Initiatives Undertaken

- a. Core banking solution
- b. ATM services
- c. E-Banking facility
- d. Mobile banking facility
- e. National pension system(All citizens model)

1.7.2 Other Services

- 1) Implementation of all POSB schemes in Branch post offices.
- 2) Simplification of forms and producers.
- 3) Restoration of Basic Saving Accounts.
- 4) Introduction of PM CARES scheme for children
- 5) Implementation of outward ECS facility.
- 6) Implementation of IVR facility
- 7) Roll out of CBS-CTS Integration
- 8) Extension of ATM/Internet Banking

Table 1.1
Milestone Reached By India Post in March-2021

Sl.No.	Name of the Scheme	Total Numbers
1.	Post office migrated in CBs platform	25,018 Thousand
2.	No. of post office ATMs functioning	1.000 Thousand
3.	Sukanya Samriddhi Accounts (Live)	2.032 Crores
4.	PMSBY (New/ Auto renewed) enrolments	20.016 Lakhs
5.	PMJJBY (New/ Auto renewed) enrolments	1.046 Lakhs
6.	APY (New/ Auto renewed) enrolments	3.053 Lakhs
7.	National pension system	30.000 Thousand

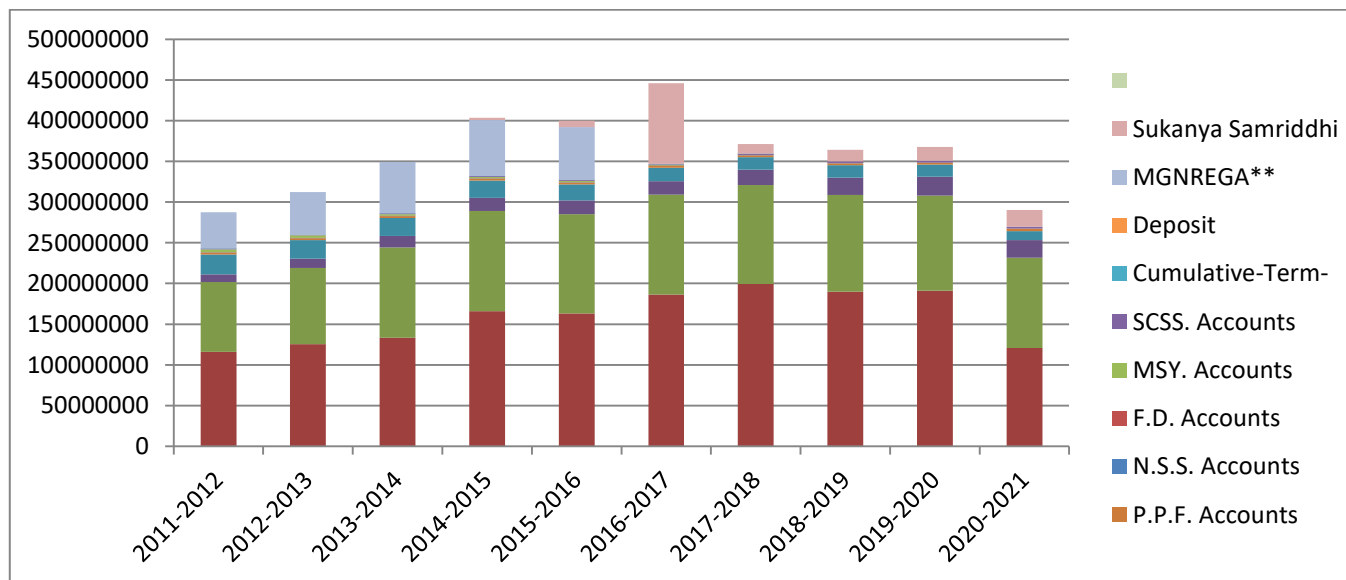
Source: Annual Report of India Post, 2021-2022

Table 1.2 Profile of Savings Bank Scheme During 2011 - 2012 to 2020 - 2021

Name of the scheme	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Savings accounts	115825520	125323400	133501670	165968186	163030431	186200705	199451789	189800753	190981218	120556499
R.D. Accounts	85921440	93898145	110599553	122938104	122189563	122703759	121403354	118752677	116874871	110965624
T.D. Accounts	9424638	11199051	14246320	16238903	16749513	16669195	18742881	21250457	23067983	21680826
MIS. Accounts	24260438	22886528	22017179	21073808	19543130	16680673	15376218	15326652	14951294	10997461
P.P.F. Accounts	2345861	2374661	2411817	2424984	2456974	2465767	2530301	2604498	2697852	3171485
N.S.S. Accounts	373471	348636	331869	320174	305007	285125	272867	271331	-	-
F.D. Accounts	21000	7899	516	516	681	388	402	390	-	-
MSY. Accounts	3748128	2945998	2000651	1847916	1810521	457608	141295	149505	-	-
SCSS. Accounts	1217620	1085831	1067752	954177	1036568	1123387	1420143	1724424	2178943	2555775
Cumulative-Term-Deposit	314882	305411	269446	181634	177867	208302	202034	-	-	-
MGNREGA**	43978080	51695593	62689394	68884602	64785984	-	-	-	-	-
Sukanya Samridhi Account	--	--	--	2486005	7968318	9919137	11698945	14103406	16770858	20460097
Savings Certificate	--	--	--	--	--	--	--	--	--	--
NSC-VIII issue	--	--	--	--	--	--	--	--	--	--
Kisan Vikas Patra	--	--	--	--	--	--	--	--	--	--
Grand total	31207823	349136167	349136167	399319009	40054521	356714046	371240229	363984093	367522519	290387767

Source: Annual Reports of the India Post, 2011-2021

The above data is graphically represented in Chart.1.1;



Source: Secondary Data

1.7 Results and Discussion

- ❖ Table 1.2 reveals that the number of Savings Bank (SB) accounts, as compared with the base year 2011-12 there is an increasing trend during 2012-2015 and thereafter there is a meager decline in number. During 2015 and 2016. Since then, the number of accounts had increased subsequently for a couple of years before it falls slightly in 2018-2019 and rises in 2019-2020. However there has been a drastic fall is noticed in the year 2020-2021.
- ❖ Similarly the analysis of Recurring Deposits (RD) accounts shows that the investors in India post preferred to deposit their savings in RD accounts during 2011-2015. Rather than making such deposits elsewhere. However the number of accounts has decreased in the year 2015-2016 comparatively. In other words the numbers of RD accounts with the India post were 12, 21, and 89,563. The figure is apparently lower than its preceding years' data (2014-2015) i.e 12, 29, 38,104, before it rose to 12,27,03,759 in the succeeding year 2016-2017. Since the year 2016-2017, the investors did not prefer to invest their money in RD accounts, till the year 2020-2021.
- ❖ It is, further, observed from the Table 1.2 that the investors were more interested to opt for making Time Deposits (TD) in India post for four consecutive periods starting from 2012-2013 as compared with base year 2011-2012. However, the deposits in TD accounts showed an inclining trend during the period 2017-2020 though a minor downfall in number of accounts in the intervening period 2016-2017. Likewise the number of TD accounts holders begins to show a degreasing trend in the year 2020-2021.
- ❖ As for as the Monthly Income Scheme (MIS) of the India post was concern there has been a declining trend throughout the period of the current sturdy (2011-2021). As compared with the base year 2011-12 the number of beneficiaries came down drastically from 2,42,60,435 to 1,09,97,461 in the year 2020-2021.
- ❖ In case Public Provident Fund Scheme (PPF) of the India post, the trend was highly encouraging has the number of contributors towards the fund was constantly going up during the decade (2011-2021) undertaken for this scientific enquiry. The data proves that the number of contributors was 2345861 which gradually culminated to 31,71,485 between the period 2011-2021 and 2020-2021.
- ❖ The data from Table 1.2 further reveals that the number of National Savings Scheme (NSS) beneficiaries goes on decreasing consecutively right from the base year 2011-2012 for the initial eight years i.e., till 2018-2019. Surprisingly, there is no data available for the last couple of years, 2019-2020 and 2020-2021.
- ❖ While analyzing the data on Fixed Deposit Accounts (FDA), a similarity in trend has been observed between the NSS and FD account during the sturdy period as there is a declining trend during 2011-2019. However, there is an incredible adverse variation in the declining

trend observed in case of FD accounts as compared with the NSS during the period of study. In support of this inference, it is pointed out that the number of fixed deposit account holders as radically fell down from 21,000 to 390 in the years 2011-2012 and 2018-2019 respectively. Even in case of FD accounts, no data is available during 2019-2021.

- ❖ The Tables 1.2 throw light on the data relating to Mahila Samridhi Yojana Scheme (MSY) during 2011-2021. When noticed, the researcher can comfortably arrive at a conclusion that the said scheme was not very effective as it extremely failed to fulfill its own objective of launching. Provably, the number of beneficiaries under MSY scheme were 3748128 in the base year 2011-2012 but which turned out to be only 149505 in the year 2018-2019. On this scheme also, no data was reported for analysis consecutively for last two years of study period i.e., 2019-2021.
- ❖ Analysis of the data on Senior Citizen Savings Scheme (SCSS) shows that there is a decreasing trend for the initial five years effective from 2012-2013 to 2015-2016 and thereafter there is a remarkable performance of the India post is witnessed, since the year 2017-2018 which continues subsequently till the year 2020-2021 in case of SCSS.
- ❖ The data on Cumulative Term Deposit (CTD) as reported, indicates that there is a decreasing trend during 2011-2012 to 2018-2019, leaving no data for the subsequent period 2019-2021.
- ❖ The data analysis on Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) Scheme highlights the fact that, there is an increasing trend, since 2012-2013 as compared with the base year 2011-2012, for the initial three years till 2014-2015, before it fell slightly in the succeeding year 2015-2016. It is worth mentioning that there is no data available on the status of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) since 2016-2017 for further analysis.
- ❖ Last but not the least, it is observed that the recently launched the scheme, Sukanya Samridhi Account (SSA) which is reportedly performing very well since the year 2014-2015. It is apparent from the data furnished in the annual reports of India post, 2014-2021. The number of beneficiaries under the scheme goes on increasing every year with effect from 2014-2015 onwards. It is proved that the number of beneficiaries under SSA was only 24,86,005 in 2014-2015 it moved upward to 2,04,60,097 in the year 2020-2021.
- ❖ Notably, no data is available on Savings Certificate, NSC-VIII Issue and Kisan Vikas Patra during the study period.

1.8 Findings of The Study

The present study has resulted in the following findings:

- ✓ The number of saving bank accounts, as compared with base year, there is an increasing trend and thereafter there is a meager decline in number during the subsequent year. However, there has been a drastic fall notified in the last year of the study period i.e., 2020 to 2021.
- ✓ The investors in India post preferred to deposit their saving in recurring deposit accounts

during 2011 to 2015. But, the number of accounts has decreased 15th year 2015 to 2016, comparatively, since the year 2016 to 2017. On towards the investors did not prefer to invest their money in RD account, till the year 2020 to 2021.

- ✓ The customers of India post were more interested to opt for making Time Deposit (TDS) for four consecutive years from 2012 to 2013, as compared with the base year 2011 to 2012. However, the deposits in TD accounts showed an inclining trend during the period 2017 to 2020.
- ✓ The Monthly Income Scheme (MIS) of India post showed the declining trend throughout the period of study (2011 to 2021).
- ✓ The trend of Public Provident Fund Scheme (PPF) of the India post, therefore was highly increasing the number of contribution towards the fund was constantly going up during the study period.
- ✓ The number of National Saving Scheme (NSS) holders goes on decreasing consecutively right from the base year from 2011-2012 to 2018-2019.
- ✓ As for as the fixed deposit accounts were concurred, a similarly trend was observed between the NSS and FDA during the study period as there is a declining trend during the period 2011-2019.
- ✓ As per the Annual Report of India post, the scheme of Mahila Samridhni Yojana was not very effective as it extremely failed to fulfill its own objective of launching, Further, no data was available for the last two successive years from 2019 – 2021.
- ✓ The data on “Senior Citizen Saving Scheme (SCSS) showed a decreasing trend for the initial five years of the study period, and thereafter there was an excellent performance of India post witnessed since the year 2011-2018 to 2020-2021.
- ✓ The analysis on the “Cumulative Term Deposit (CTD) has showed that there is a downfall during 2011-2019, leaving no data for the following period 2019-2021.
- ✓ The number of beneficiaries of under “Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGS) scheme was increasing from 2011 to 2015, before it fell slightly in the succeeding year 2015-2016. Further study.
- ✓ The India post recently launched the scheme “Sukanya Samridhhi Account (SSA) was a reportedly performing very well, since the year 2014-2015. The number of beneficiaries of this scheme goes on increasing during the study period from 2011 to 2021.

1.9 Suggestions and Recommendations

Based on the current study, the following suggestions have been made;

- The India post shall maintain status quo in its operational efficiency relating to the savings bank account and also shall make initiatives for improving the existing its SB related services to attract more customers towards the scheme. The same efforts may be triggered upon in the case of PPF accounts too and the recently launched the scheme (SSA) also.

- India post, shall identify root causes for the declining trend in RD accounts and take remedial actions to restore its position as before that is prior to 2015-2016.
- India post shall keep abreast with the status of the TD accounts on regular basics for its prompt actions especially in case of any shortfall whenever if defected.
- India post shall explore all the possibilities for ascertaining the factual data on the failure of MIS and remove its bottlenecks instantly to revive the schemes, as in the case of NSC, FD accounts, MSY account and CTD accounts.
- India post shall focus on SCSS for attaining better growth in future.
- India post shall identify the reasons for scraping out the MGNREGA scheme and take corrective actions for its revival, if possible.

1.10. Limitations and Scope For Future Study

The present study has the following, but not limited to, limitations:

- It is a micro - level study and therefore only secondary data has been used for the purpose.
- The study has been undertaken only for a span of ten years i.e., 2011-12 to 2020-21. Therefore, pre and post study period has been kept outside purview of it.
- Only savings scheme of the India post has been taken for analysis and interpretation. Hence, all other financial and other services are not considered for the analysis.

Based on the limitation of the current study, there is an enormous scope for future researches in this phenomenon by selecting more regions or geographical boundaries, increasing the population parameter, nature and size of the samples etc.

Conclusion

Universally, the phenomenon of financial inclusion and the role of financial institutions towards achieving the broader goals of the economy are inevitable. In the process of socio-economic growth and development, each and every developing country has been experienced multifarious problems to ensure inclusive growth in the face of acute competition.

For the purpose the role of financial institution becomes very important in offering financial services to the weaker sections of the society at affordable cost in such endeavour the contribution of India post is undoubtedly the substantial to render financial services to the rural in India.

Based on the current studying it has been observed the performance of India post necessitates a review as its contribution in few saving schemes was remarkable while its performance in several schemes was not at all satisfactory.

Under this circumstance, the Government and Policy makers have to design a mechanism to evaluate the performance of India post in terms of effectiveness of each and every product/s and service/s periodically. This will certainly pave a way to appraise the effectiveness of various saving schemes promptly and take remedial actions accordingly.

In conclusion, it is suggested that the joint efforts of the Government policy makers and implementing authority may yield better results in the process of proving the performance of India post in the long run.

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Annexure

Nagapattinam District Map of Tamil Nadu, India



Source: <https://www.google.com>

Nagapattinam Pincode



Source: <https://www.google.com>

Nagapattinam Post Office



Source: <https://www.google.com>