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A Study On Analysis Of Postal Saving Schemes In India

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Abstract
In India, post offices since ages existed as a medium for communication. These days' people look it more as a saving bank. This paper reveals the role played by post office as an investment opportunity too. The various saving schemes offered by post office saving bank has also been elaborated. The study also discusses the benefits of postal saving schemes and gives a choice of best option from among available investment opportunities. Further, the paper presents the SWOT analysis of post office saving schemes.

Introduction
Everyone desires to have a comfortable life. They want a life free from financial distress and want to become financially strong, even at times of unemployment or economic slump. They want to be rich and want to have enough funds to gain freedom from future care and worries. They want to fulfil their desires, not just need. But only a few people earn enough from their work to make their desire of financial freedom and independence becomes a reality. Their day to day household expenses with an increasing burden of children education and marriage quickly absorbs all their earnings.
Still it's saving that can help in such circumstances. By conscientiously creating treasure one will make the dream of financial strength and independence a reality. The finest venture for anyone curious to create treasure and build financial strength is to save and invest his or her hard core earn money. In short, there is no inner mystery or puzzling formula to become prosperous and riskless. It is just saving at an early age.
Saving is a part of income kept aside for your emergencies or for a future use. In another words, it is preservation of money for near future. Because a person does not know what will happen in future. It is the money to which you want a quick access with low-risk, and with the fewer amount of taxes. At the individual level, savings help people to ease their expenditure and invest productively in human and business capital. Different financial institutions provide a variety of savings alternatives for example a deposit account, a retirement saving account, Certificate of Deposit (CD)or an investment fund. A deposit account used to carry money for future use *i.e.* to make a capital purchase (car, house, vacation, etc.) or an emergency provision. These accounts generate risk free rate of interest so as to beat inflation up to some extent. In India, post office offers a variety of saving schemes.

Department of Posts
From the last 164 years (since 1854), Department of Posts (DoP) has been the back bone of our country's communication and information technology system. It plays an important role in social and economic development of our country. It connects the whole of the country with its postal services. India has the largest Postal Network in the world with 154,965 post offices around the country of which 139,067 are in the rural areas as on 31.03.2017. They connect

these rural areas with the rest of the country and also provide banking services in the absence of banks in the rural areas. Indian postal service provide many facilities like - simple or registered mail, speed post, parcel post, e post, express post and special courier service known as EMS-speed post. They also offer a variety of post office savings schemes like Recurring Deposits, Term Deposits, National Savings Certificate, Sukanya Samriddhi Yojna and Kisan Vikas Patra. Now over the time, it has grown to become one of the best avenues for savings and to channel investment from the wealthy investor to the needed one and use them fruitfully in nation wealth creation activities. There has been introduction of several types of deposit schemes that cater to the differing needs of different classes of investors in which person has an option to invest even a minimal amount of Rs.100 per month. Investment in Post Office Savings account for a maximum investment of Rs.150, 000, per financial year is totally exempt from tax under section 80c of the Income Tax Act, 1961. The interest income is also exempted from tax under section 10 of Income Tax Act, 1961 in some cases. This has enabled them to compete successfully with the other avenues of investment available to investor like commercial and co-operative bank, non-banking financial institutions, public sector companies, etc.

Vision

India Post's products and services will be the customer's first choice.

Mission

- To sustain its position as the largest postal network in the world touching the lives of every citizen in the country.
- To provide mail parcel, money transfer, banking, insurance and retail services with speed and reliability.
- To provide services to the customers on value-for-money basis.
- To ensure that the employees are proud to be its main strength and serve its customers with a human touch.
- To continue to deliver social security services and to enable last mile connectivity as a Government of India platform.

Core Values

We will maintain our iconic status as a unique and trusted national institution by:

- Always providing the human touch in all our interactions with society.
- Being responsive and reliable.
- Demonstrating the highest order of integrity, honesty, transparency and professionalism.
- Discharging our responsibilities towards the society in an environment of deep trust, mutual respect and a culture of service before self.

Strategic Goals

- Achieve the long term goal of financial self-sufficiency by generating surpluses from services (existing & new) outside our universal service obligation.
- Develop, implement and operate a system of standards with accountability for performance.
- Develop a scalable and flexible technology infrastructure to support our operations.
- Be the preferred, trusted and reliable service partner for all customers.

- Ensure that India Post acquires all required people capabilities to deliver its chosen services portfolio.
- Be the interface between citizens and the government.

Review of Literature

B.Saranya1, G. B. Karthikeyan (2015) in their study titled "A study on Preferences and Level of Satisfaction towards Post Office Savings Schemes (with special reference to Coimbatore City)"concludes that the level of satisfaction impact the perception of investors regarding preference of saving instruments. The study reveals that the prime reason for investment is to meet the emergency needs, to meet the family needs in the near future and to take care the well being of the children. It also reveals the strength, weakness, opportunities and threats of postal saving schemes.

Dr. S. Gulam Mohamed, M. Shajahan (2016) "A Study on Investment Behaviour in Post Office Savings Schemes with reference to Tiruchirappalli District". Investment culture refers to the attitudes, perceptions and willingness of individuals and institutions in placing their savings in various financial assets.The study assumes significance of formulation of policies for development and regulation of savings in rural areas so as to protect and promote small household investors. Postal saving system provides depositors a safe, convenient method to save money, which do not have access to banks.

Dr. Balu A & Muthumani K (2016) in their paper "An Overview on Post Office as an Avenue for Savings" found that Post offices has since ages been viewed as an avenue for communication. This paper reveals the repositioning strategy adopted by post office as an investment avenue too. Further the various investment scheme offered have also been elaborated. The various types of savings account and its growth over the years and the percentage change in growth has been traced in this paper.

K. Baby Saranya and R. Hamsalakshmi (2018)conducted a research on "Performance of Indian Post Office Saving Schemes in recent trends". The results found that investors prefer risk free investment options with regular return, capital gain and tax benefits. The main purpose of investment is child education and marriage followed by medical expenses, buying property and retirement life.

Objectives of Study

- To discuss the various saving schemes offered by post office saving bank.
- To highlight the benefits of post office saving schemes.
- To identify the strength, weakness, opportunities and threats associated with postal saving bank.
- To provide a choice for best saving option from among available schemes.

Research Methodology

This research paper is mainly based on the use of secondary data collected through newspaper, magazines, books and websites. But primary data has also been used collected through interview from twelve respondents. The selected respondents are acting as an agent of post office. This research is not restricted to any particular area. The research type is

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descriptive and analytical in nature. The research is developed from both quantitative as well as qualitative point of view.

Post Office Saving Bank

A post office offers variety of deposit schemes to its investors. These are also known as small savings schemes. The unique selling preposition of these schemes is their sovereign guarantee i.e. it is financially supported by the government. These schemes also offer tax-saving benefits under section 80c of the Income-tax Act, 1961. The interest rate provided on these saving schemes are reviewed and fixed quarterly by the government. These schemes are as follows:

- Post Office Savings Account
- National Savings Recurring Deposit Account
- National Savings Time Deposit Account
- National Savings Monthly Income Account
- Senior Citizens Savings Scheme Account
- Public Provident Fund Account
- National Savings Certificates (VIII Issue) Account
- Kisan Vikas Patra Account
- Sukanya Samriddhi Account

Post Office Savings Account

Like a bank savings account, one can also open a savings account with a post office and interest is paid on the balance in the savings account by the post office. Account can be opened with cash only with minimum of Rs 20 and no maximum limit. For a non-cheque facility account, minimum balance to be maintained is of Rs 50. To avail the cheque facility, minimum balance of Rs 500 is to be maintained. Recently, government launched internet banking facility for the customers which can be accessed at this link: https://ebanking.indiapost.gov.in.

National Savings Recurring Deposits (RD)

To invest small fixed amounts of money at regular intervals, one can open a 5-year RD account with the post office. There is no limit on the number of accounts that can be opened. There is a default fee of Rs 0.05 for every Rs 5 of deposit. After 4 regular defaults, the account will be discontinued but can be revived within two months. Rebate is offered on deposits made six months or more in advance of the due date. Post maturity, the RD account can be extended for another five years.

National Savings Time Deposit (POTD)

Post office also accepts time deposits, which are similar to a bank FD. A TD can be placed for any of the four tenures- 1, 2, 3, and 5 years. Even a minor above the age of 10 years can invest in the scheme. A five-year time deposit also offers tax benefit under section 80c.

National Savings Monthly Income Scheme (POMIS)

POMIS only offers monthly interest payment to investors. Individuals (singly or jointly) or minors aged 10 years and above can invest in the scheme. The scheme has a tenure of five years. The interest will be auto-credited into the investor's savings account at the same post office. The premature withdrawal facility can be availed after the completion of one year by paying some penal amount.

Senior Citizens Savings Scheme (SCSS)
Senior citizens aged 60 years or above can invest in this scheme to earn regular interest income. Interest on deposits under this scheme is payable quarterly. There is a lock-in period of 5 years for the principal but premature withdrawal is allowed after the completion of one year after paying a penalty. Currently, the maximum that can be invested in this scheme by any individual is capped at Rs 15 lakh. The account can be opened either singly or jointly with your spouse. Deposits above Rs 1 lakh will be accepted via cheque only. The scheme qualifies for tax break under section 80c.

Public Provident Fund (PPF)
PPF is another popular investment avenue which has EEE tax status. The scheme has a lock in period of 15 years but partial withdrawal is allowed from the seventh year. Loan facility is also available from the third year. PPF account cannot be attached by a person or entity in lieu of unpaid debt or liability. Even a court order or decree cannot make a person liable to pay off his debts using money from PPF accounts.

NSC VIII Issue
As the name suggests, National Savings Certificates (NSC) comes with a lock-in period of five years. Investment in the scheme can be made either singly, jointly or on behalf of a minor. The scheme also qualifies for deduction under section 80c. Here the interest is not paid but rather re-invested. The re-invested interest is also eligible for deduction under section 80c (except for fifth year).

Kisan Vikas Patra (KVP)
If you wish to double your investment amount, then you can look to invest in KVP. As for other small savings schemes the rate of interest is reviewed quarterly by the government and the time period in which the money invested doubles, therefore, varies with this interest rate. The rate and the time period normally remain fixed for one quarter.

Sukanya Samriddhi Account
The scheme comes under the 'Beti Bachao Beti Padhao' campaign. The scheme enjoys exempt-exempt-exempt (EEE) tax status. The investment amount, the interest earned and maturity amount are exempted from tax. Parents or legal guardians can open only one account per girl child and a maximum of two accounts in the name of two different girl children. The maturity amount is payable after the completion of 21 years. Penalty will be levied if the minimum amount required is not deposited in a single financial year.

Benefits of Post Office Saving Schemes

- Customers can open only one savings account in a post office.
- Customers can transfer the balance in their account from one post office to another following a transfer.
- Postal Savings provide nomination facility for account holders. The nominee can operate the account on behalf of accountholder after his death.
- Parents and guardians of minor can open a saving account on behalf of minor.

- Minor at attaining the age of 10 years can open a post office saving account independently.
- Now a day's customers are also offered Debit cards to access their money anytime anywhere.
- Post office accounts are transferable from one post office to another.
- Cheque book facility is also available to accountholders.
- A good rate of return is offered by the post office which varies as per scheme.
- A post office savings account can be opened jointly by two or three adults.
- Account holders will have to deposit at least once in three years to make his saving account operational.
- Individual saving account can be converted into a joint account by providing KYC documents of the second accountholder.
- Savings of up to Rs.10, 000 including the interest are exempt from tax u/s 80l of the Income Tax Act,1961.

SWOT Analysis

SWOT refers to Strengths, Weaknesses, Opportunities, and Threats. The use of SWOT Analysis allows an organization to maximize its strengths, minimize its weaknesses, take advantage of its opportunities and overcome its threats. The strengths and weaknesses are internal to the organization to which you have some control and can alter as per circumstances. The opportunities and threats are external to the organization. You can take advantage of available opportunities and protect yourself against threats, but you cannot alter them.

Strengths of India Post

Strengths are the positive characteristics of the India post saving schemes. The following are its strength:

- Competitive interest rates
- Less deposit amount for opening an account
- Convenient working hours
- Nomination facility
- Easily accessible
- Income tax benefit
- Fast processing of transaction
- Cheque facility

Weaknesses of India Post

The weaknesses are such factors that are within the control of India Post and can be improved easily. The following are the weaknesses of the saving schemes provided by the India post:

- Lengthy maturity periods
- Unsupportive staff
- Low promotional activities
- Excess default charges
- Slow processing of cheques
- Lock-in period
- ATM locations are not comfortably reachable.
- Lack of updated information

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- Restricted working hours

Opportunities of India Post

Opportunities are the factors existed in environment that is likely to provide benefit to the India post directly or indirectly. The following are the opportunities available to the India post:

- Demand draft facility is demanded by customers.
- Increasing customer base
- Self-service passbook printing and self-service cash deposit facilities.
- Mutual funds can also be introduced.

Threats of India Post

Threats are the external factors which are not under control, but can seriously damage the business. The following are the threats for India post:

- Rate of return offered by other saving institutions.
- Delivery time and payment mode.
- Credit facility and various more services offered by other institutions.
- Infrastructure facilities for growth needed at present times.

Conclusion

Post office has since ages been a trustworthy organization for the Indian people. It is serving millions of people in rural areas. Just like many organisations, post offices as a medium of communication is moving day by day towards saving bank. By transforming itself from solely as communication avenue to a successful investment avenue too, India post is getting more competitive. It offers a wide range of products for saving money. The paper presents the Strengths, Weaknesses, Opportunities and Threats of the saving schemes offered by post office saving bank. The post office savings account dominates all other post office saving schemes. The main objectives of the customer are regular return, safety and security, tax benefits followed by liquidity and capital growth.

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