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### A Study on Awareness of Post Office Savings among Salaried Employees in Karnataka

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#### Abstract

Post office is one of the oldest organisations in India which started way back during the British era in Oct 1854, initially focusing only on delivering mail (post) and later started providing an array of other financial services i.e., banking, insurance, and Investments. One of the main advantages of these schemes is their sovereign guarantee ex, it is backed by Government of India. When it comes to investment view, there are several schemes available for individuals, salaried people, for daughter, and for senior citizen with high rate of interest with better return when we compare to private banks. Though these many schemes are available at a good

return, many are unaware of these schemes and its benefits. Even it has so many benefits and advantages, it also has some of drawbacks which causes people not to opt for Post office schemes. If some of the customers required development is done for the benefits of the customers everyone will opt for the government schemes. So, the study outcomes why people are not opting for this schemes, benefits of this schemes, drawbacks and what are the ways to improve the standard of post office schemes which will be more helpful for people to opt these schemes.

**Keywords:** Employees, Karnataka, Post Office Savings, PUARA

#### Introduction

Now everything is being digitalized in our country and technology made things quite easy for accessing everything through online. Though a lot of modern aspects have been brought up in our post office schemes people do not opt for this because of lot of paper works and lack of proper awareness among people. It provides wide types of various schemes that are very beneficiary for the people and also with a very good return than the private banks. Salaried employees believe that investment in banks will earn them an excellent return but, it's not true. Also, they think that investing in post office is not safer way of investing and return is also low and what's true is straight opposite to their beliefs. Post offices schemes are government owned, safer and trustworthy way of investment. Indian post office offers many types of financial scheme for different type of people Sukanya samriddhi account for girl child, senior saving scheme for our Senior citizen people, postal insurance scheme, time deposit 1year 3year 5year, NSC tax benefit scheme etc... Now post office offer different type of service like ATM service, mutual fund and post payment bank service. Though it has lot of benefit, it lacks in some of the places where it makes people not to opt for these schemes (Vinal Kishorbhai Thaker, 2020).

#### Review of Literature

R Jain (2001) <sup>[6]</sup> and his team members in their article perceive that the Government should give more attention to the proper use of India Post infrastructure, India Post should go through financial reforms that may help them in self-financing, India Post should privatize a few services, and existing resources available with them must be properly utilized. They have also suggested some ideas for improvements such as the India Post should provide maximum post service in the urban regions, more than one post office as per the requirements of the region, a lower service cost in the rural areas, and less working hours and fixed honorarium pay in rural areas.

Arvind Kumar and Manoj Kumar (2019) in their article have opinioned about the post office savings schemes, the financial products India Post offers, Post Office and modern banking features like internet banking, mobile banking, Core Banking Solution and effect on Post Offices, Post Office as Banks, and suggestions such as solving network connectivity problems, personnel strength in post offices, and adopting advanced technologies.

On the Inaugural function of the sesquicentennial year of India Post on 4th Oct, 2004. Dr. APJ Abdul Kalam said in his speech that there has been considerable technological change in the communication system in the future. The strength of India-Post Lies in its people. Postmen have knowledge of the village and they have a lasting relationship with the people. The major focus of Providing Urban Amenities in Rural Areas (PUARA) would be on entrepreneurship, sustainable employment, economic growth and marketing (local vs. global). The rural economy can be enhanced if we can provide knowledge inputs at the right time to the farmers, artisans, craftsmen, small-scale industries, self-help groups and entrepreneur through these connected post offices.

On the occasion of the Sesquicentennial year of India Post on 4th Oct 2004. Dr. Manmohan Singh said in his speech that Post Offices have grown from simple providers of mail facilities to providers of money transfer services, banking facilities, small saving services, insurance services, utility payment services, even mutual funds and bonds. Meeting twin challenges of technology (e-mail, SMS, electronic information transfer, telephone) and competition (courier services) would require the department to look minutely at the users of its postal services to ensure that they do get substantial value from its products and to prevent them from migrating to other communication channels.

On 4th Oct 2004. Shri. Dayanidhi Maran said the year 1854 was a milestone for the Department when a small network of seven hundred and one Post Offices was brought under centralized administrative control. Today with more than 1.5 Lakh thousand Post Offices, it is the largest postal network in the world giving a reliable primary communication and banking service throughout the length and breadth of the country. During the sesquicentennial year, it is proposed to introduce "Logistics Post", a new service on a countrywide basis.

### Objective of the study

1. To understand the percentage of awareness of Post Office Schemes among working professionals.
2. To analyse why people are not opting/minimal opting for Post Office Schemes among their investment alternatives.

### Scope of the study

This study is focusing on working professional's awareness on only investment avenues of Post Office schemes that are available with several benefits specially tax saving benefits. The study is limited to only professional working in Karnataka State.

### Why we must invest in Post office saving schemes?

Post offices provide various deposit instrument for investors. All the post office schemes are backed by Government of India; hence they provide a great investment option to park your fund safely.

Post office Savings account act as a normal savings account of any bank and the account is transferable from one post office to another. They require only minimum documentation. They are safe investment avenues because they ensure a fixed return guaranteed by in Indian Government. It is available all over the country, even in the villages, so these have maximum reach among the people. It also ensures a steady stream of monthly income to account

holders. The PPF accounts are excellent for tax savings and serve as retirement benefit funds. The NSC Post office accounts are still the most favoured tax-saving instrument, thus the amount invested in this scheme are utilized for national development, also the interest rate is like what bank offers and post-office savings account also offer debit cards and chequebooks. The interest rate on this is high than what public and private banks offer to their customers. Also, they provide good taxation benefits under various sections under IT Act. In this Senior Citizen Savings Scheme provides the best interest rate on your savings among deposit schemes. PPF accounts are opened at banks and post offices across India.

### The benefits of Post office saving schemes are as follow:

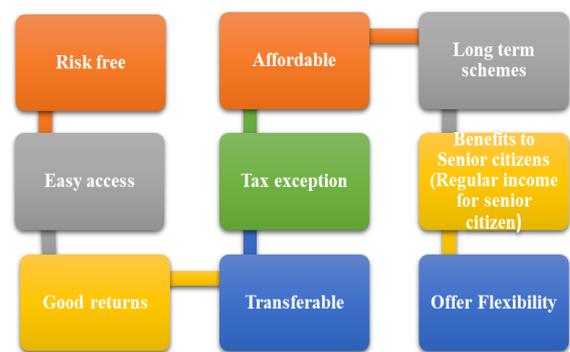


Fig 1: Benefits of post office schemes

#### Risk free

All the post office schemes are owned by the Government of India; hence they are risk-free and safest investment avenues. So, it is interesting way to invest your hard-earned money with assured return.

#### Affordable

Post office saving schemes have a low minimum investment amount that usually ranges from ₹250 to ₹1000. Thus, investors may be tempted to buy these investments to build long term wealth at a low cost.

#### Long-term schemes

Post-office schemes are perfectly suitable for investing your fund in the long term. There are varied post office schemes which can be even 15 years, like PPF. With the help of these investment plans, you can earn a sizeable amount over a period.

#### Easy Access

Not too long ago, it was easy for investors to simply walk into a post office or accredited bank, provide the required documents, and start in post office savings schemes.

#### Tax Exception

Post office schemes are more tax efficient. While the interest earned on bank FDs is taxable, most of the post office schemes are exempted from taxation. The schemes like Sukanya Samriddhi Yojana, PPF, SCSS, NSC, KVP have tax benefit.

#### Benefits to Senior citizens (Regular income for senior citizen)

The For 'Senior citizens' savings schemes, post office

provides good return. Individuals who are 60 years old, or 55 years in the case of VRS, can choose this scheme, with lock-in period of 5 years, with much good interest rate compared to FDs.

### Good returns

Bank FD and Post office schemes have direct comparison. Though the rates are fluctuating, as the FD rates are cut, better rate of return is provided by post office. The interest ranges from 7.6% (Sukanya Samridhi Yojana) to Savings 4% currently.

### Transferable

Since the post office schemes are backed by Government of India, it has a large network all over the country, one can transfer his account to any location in India if you decide to move after making the investment. It is basically a simple procedure.

### Offer Flexibility

One can choose for a single Time Deposit (TD) account or joint account. They can also make a Post Office deposit in name of a minor. One can have multiple TDs in post office of same or different tenures.

### Observations of India Post Savings Services for why people are not aware and do not use post office savings accounts



Fig 2: Showing Observations of India Post Savings for limited use of post office savings accounts

- **Non-Core Banking Service**  
Most of the post offices are still not on core banking platform as a result whatever investments or savings. You park with them you stay with the local branch. For any changes, pre-mature withdrawals etc you must go the branch where you opened the account or made the investment.
- **Competitive advantage of schemes no longer exists**  
During our parent's time there were limited financial products and as a result, some of the post office schemes were very popular. For example, if you want to save taxes, Kisan Vikas Patra or the NSC were most important schemes. Now there are many more options available in the market both on debt and equity side. Also, with increased distribution power of banks, they are distributing mutual funds and lot of other products as a result post office schemes no longer remain very

attractive.

- **Non-Digitized**  
One of the main drawbacks is you cannot access your account online as like investment option like Equity, Mutual fund, Gold etc. Also, you cannot invest online or track your account. In this technology world no one prefers nondigitized form of investment avenues. You also must keep your passbook updated all the time by standing in queues in post office for hours. So, if it is digitized, most of the people will opt for post office schemes instead of choosing privatization.
- **Service Ambiance is not updated**  
From the service quality aspect, bank significantly surpass post office schemes. When it comes to customer service, banks offer service using the latest and advanced technology, whereas the experience at post office may be time consuming involving a lot of paper work.
- **Lack of Marketing Strategies**  
Marketing of Post Office Savings is done mostly via word of mouth. Since the government does not do any marketing for Post Office Savings Scheme via media, a lot of people in recent times do not know that savings account or such schemes exist and what tax benefits they could receive from them.
- **Not Tech Savvy**  
Although both banks and post office have savings accounts, the services provided by banks are way better than that of the post office. Services such as UPI integration whose userbase is growing largely every day, remains unsupported or broken. The Mobile app also lacks polish and does not feel complete.
- **Inflexibility of Operations**  
Since Post office savings is handled by government sector, the operations and the staff have strict rules and are inflexible thus doing any process takes a considerable amount of time compared to banks.

### Suggestions for Improvement

Providing better post office services in urban regions. Post Office should advertise its schemes and plans so that people can come to know that Post Office also supports CBS and many other features. India Post should introduce wide support of modern banking features such as UPI. It should improve the infrastructure in rural areas. Security and Secrecy must be maintained to prevent frauds. It should adopt Advanced Systems so that they may resemble a bank. It should educate rural households with CBS programme to tell them about the benefit of rural banking. It should recruit new employees with proper knowledge of computer.

### Conclusion

The India Post is a very old organization, operating since the British times. It was commenced to deal only with mail articles and small savings schemes and was only a means for conveying messages and moving small articles even after independence. Post Office gave the push to the revolution of the banking sector. Afterwards, Post Office had limited deposits compared to the Banks of modern times. Banks

later on became enabled by innovations like Core Banking Solution that provided efficient services to people like instant transfer of money and being able to deposit money in any branch of the bank. These advancements in the banking sector had a negative impact on the Post Office Savings Schemes and thus the Ministry of Communication and Technology permitted the Department of Post to adopt CBS technology. Although in the beginning, the CBS enabled Post Offices had issues with Operating Systems and networking, they have improved in the technology field and moved past these problems. Since the time of implementation of these schemes, it has started to cover every citizen with IPPB (India Post Payments Bank) because it has the maximum government schemes subsidy. Since, then it has also provided instant money transfers such as RTGS, NEFT, \*99# and others. The greatest advantage of India Post Is a vast coverage of the Indian Subcontinent's inhabited areas, even in forests, mountains, deserts and critical areas like LOC. The one downside of IPPB is that it does not provide loans to any person. In conclusion, CBS and IPPB are good steps for the India Post as a bank but it needs further improvement and development in technology as well as infrastructure to be a competitor of Banks.

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