

## “Comprehensive Study on Post Office Savings Schemes”

Prof Anusha M C

Assistant Professor,

P G Department of Commerce, Vidyavardhaka First Grade College,

Sheahsadri Iyer Road Mysuru District

### Abstract:

*This study explores the awareness, perception, and investment behaviour related to Post Office Savings Schemes among a diverse group of respondents. Findings indicate universal awareness of the schemes, with strong recognition of key features such as interest rates, government backing, and lock-in periods. While only 54% of participants report deep familiarity with the schemes, a large majority perceive them as safe, trustworthy, and more secure than private investment options. Satisfaction with returns and the influence of guaranteed and high returns significantly shape investment decisions. Factors such as liquidity and accessibility also play important roles. However, awareness of tax benefits and regular tracking of interest rate changes are relatively lower, highlighting areas for improved financial literacy. Overall, Post Office Savings Schemes are regarded as reliable, government-backed investment options favoured for their security and consistent returns, despite some gaps in detailed understanding.*

**KEYWORDS:** Post Office Savings Schemes, Awareness and Perception

### I.INTRODUCTION

India Post has long been a pillar of the Indian financial ecosystem, offering a range of savings and investment schemes backed by the Government of India. These schemes are designed to cater to the needs of diverse investors, especially those seeking low-risk, stable returns. With over 1.5 lakh branches across the country, the post office system serves as a lifeline for millions who lack access to formal banking infrastructure.

Post Office Savings Schemes, such as the Recurring Deposit (RD), Time Deposit (TD), Monthly Income Scheme (MIS), Public Provident Fund (PPF), National Savings Certificate (NSC), Senior Citizen Savings Scheme (SCSS), and Sukanya Samriddhi Yojana (SSY), offer a variety of benefits including fixed returns, tax exemptions, and simple procedures. These schemes are especially favoured by middle-income groups, senior citizens, and rural households. This study delves into the operational structure, popularity, and performance of these schemes, aiming to assess their overall impact on the savings behaviour of the general public. With growing emphasis on digitalization, the study also evaluates the integration of digital services in post office operations and their influence on customer satisfaction.

### HISTORY OF POST OFFICE SAVINGS SCHEMES IN INDIA

The Post Office Savings Schemes in India have a long and impactful history, playing a significant role in promoting financial inclusion, encouraging thrift, and offering secure investment avenues, especially for the rural and lower-middle-income population. Here's a historical overview:

#### British Era Origins (Late 19th Century)

- The Post Office Savings Bank (POSB) was introduced in 1882 during British rule in India.

- It was modelled after the British postal savings system, which aimed to inculcate savings habits among the masses.
- The scheme was launched to offer a secure, government-backed savings platform to the public, especially those who had limited access to banks.

### Early Development (1900s – 1947)

- The Post Office network expanded rapidly during the pre-independence era, and the savings bank continued to gain trust.
- By the early 20th century, Fixed Deposit Schemes and Recurring Deposit Accounts were introduced to diversify the savings products.

### Post-Independence Expansion (1947–1980s)

- After India's independence in 1947, the government actively utilized the postal network to extend financial services.

Introduction of new schemes like: National Savings Certificates (NSC) in 1950s. o Monthly Income Scheme (MIS) and Time Deposit Accounts in the 1980s.

The focus was on mobilizing small savings for national development while offering attractive interest rates and tax benefits to investors.

### Liberalization and Reforms (1990s – 2000s)

- During the 1990s, financial liberalization led to greater competition from banks and private financial institutions.
- Despite that, the Post Office Savings Schemes remained popular due to: o Government guarantees, o Tax incentives under Section 80C of the Income Tax Act, o Rural outreach unmatched by most banks.
- Technological improvements began during this time, including the computerization of post offices.

### 5. Digital Transformation and Modernization (2010–Present)

- Introduction of Core Banking Solutions (CBS) in post offices enabled real-time transactions and better service.
- Launch of India Post Payments Bank (IPPB) in 2018 to provide digital banking services across the country.

## REVIEW OF LITERATURE

- **Bhat (2004)** The study explores the importance of post office savings in fostering financial inclusion and argues that these schemes have been a significant step in ensuring that even the most underprivileged populations can access basic financial services. The findings highlight the role of postal savings in empowering rural communities, particularly women and low-income households, by encouraging systematic savings behaviour.
- **Dube (2004)** the study focused on how Post Office Savings have played a significant role in the socio-economic development of rural and semi-urban areas in India. They provide a safe and secure platform for the

low to middle-income groups to save money. This is particularly relevant to the middle-class households in areas like West Tripura, where individuals may not have access to or trust in formal banking institutions.

- **Thomas (2005)** the study focused on “Tax Saving Avenues to the Salaried Class”. The optimum plan of saving schemes will bring the maximum return and lesser tax burden to the taxpayers. In the new scenario, savings in the form of PF/ Pension Fund will take a portion, and the tuition fee is paid for children. Those who have housing loans can opt for enhanced payment Of the Housing Loan principal amount. It has the benefit of reducing interest liability. For the rest of the amount at the disposal, 20 % to 30 % could be invested in reliable mutual funds promising high returns. 20 % to 30 % can be allotted for insurance of the assessee, their spouse and children, including minors. Those who retire within 10-15 years can better choose a pension fund that falls due after retirement. Persons close to retirement also can enhance their contribution to Provident Fund.
- **Shobhana and Jayalakshmi (2006)** the objective of this study is to know the “Investors Awareness and Preferences”. The level of investor awareness regarding investment options and investment risks. analysis revealed that most of the respondents prefer investing in real estate. The second most preferred investment is bank deposits. Awareness about investment options and risks is high among aged, highly educated, and professionals by occupation. Demographic variables such as age and education do not significantly influence investors, awareness, whereas the difference in occupational status leads to a difference in the awareness level of Investors. Thus, it has been found that the majority of the investors invest in Real Estate.
- **Hema (2007)** the Study focused on Investment Behaviour of Women Investors in Palani. The various investment avenues available to women investors. Among the different routes, they prefer only Bank Deposits. The primary reason for opting for this investment is owing to safety measures. Next to bank deposits, life insurance schemes and gold are the other investment avenues. Though some respondents are interested in investing in shares, they do not know this. Similar is the case regarding mutual funds. The findings identified that the women investors have preferred the Bank Deposits.

## II.OBJECTIVES OF THE STUDY

- To understand the perception of investors in the post office savings schemes
- To analyse the awareness level of the public regarding post office savings schemes
- To analyse the factors influencing investment decisions in post office savings schemes

## III.RESEARCH METHODOLOGY

Primary and secondary data were used for the study. Primary data was collected through questionnaire method. Questionnaires were distributed among the bank customers of both public and private sector banks. The research is restricted to Mysuru District. The sample size tested for the research is 100. Secondary data was also collected through information published online articles, journals and websites. Data analysed through Percentage analysis.

#### IV.DATA ANALYSIS AND INTEPRETATION

**TABLE 1: SHOWING DEMOGRAPIC DETAILS OF RESPONDENTS**

SL.NO	PARTICULARS	CATEGORY	FREQUENCY	PERCENTAGE
1	Gender	Male	64	64
		Female	36	36
		Total	100	100
2	Age	Below 25 years	14	14
		25-35 years	17	17
		36-45 years	44	44
		46-60 years	11	11
		Above 60 years	14	14
		Total	100	100
3	Marital Status	Married	51	51
		Unmarried	49	49
		Total	100	100
4	Educational qualification	SSLC	20	20
		PUC	15	15
		Under Graduate	29	29
		Post Graduate	36	36
		Total	100	100
5	Occupation	Government services	21	21
		Private sector	24	24
		Business	16	16
		Professions	29	29
		Others	10	10
		Total	100	100
6	Monthly income ( in ₹ )	Below ₹20,000	15	15
		₹20,001 - ₹40,000	54	54
		₹40,001 - ₹60,000	18	18
		Above ₹60,000	13	13
		Total	100	100

Source: Primary Data

#### Interpretation:

The above table 1 indicate that predominantly comprises middle-aged males (64%) aged 36–45 years (44%), with a nearly equal split between married (51%) and unmarried (49%) individuals. Most respondents are well-educated, with 65% holding undergraduate or postgraduate degrees. In terms of occupation, professionals (29%) and private sector employees (24%) form the majority, and over half of the respondents (54%) fall into the middle-income group earning ₹20,001–₹40,000 per month. Overall, the data reflects a moderately educated, professionally engaged, and economically stable demographic.

**TABLE 2: AWARENESS LEVEL AND PERCEPTION OF THE PUBLIC REGARDING POST OFFICE SAVINGS SCHEMES**

AWARENESS			
SL.NO	PARTICULARS	FREQUENCY	PERCENTAGE
1	Post Office Savings Schemes	100	100
2	Lock-in Period/Maturity Terms	78	78
3	Government-backed Safe Schemes	79	79
4	Tax Benefits Under Post Office Schemes	71	71
5	Interest Rates in Post Office Savings Schemes	86	86
PERCEPTION LEVEL			
6	Familiarity Level with Post Office Savings Schemes	54	54
7	Safety in Post Office Schemes	81	81
8	Trust in Government Backing of Post Office Schemes	80	80
9	Influence of Guaranteed Returns on Investment Decisions	77	77
10	Perceived Security Compared to Private Investment Options	84	84
11	Level of Satisfaction with Returns from Post Office Schemes	80	80
12	Impact of High Returns on Investment Decisions	80	80
13	Track Interest Rate Changes Regularly	71	71
14	Liquidity in Investment Decisions	79	79
15	Perceptions of the accessibility of post office schemes in their areas.	79	79

Source: Primary Data

### Interpretation:

The above table 2 shows that general awareness of Post Office Savings Schemes is very high (100%), specific knowledge about key aspects like interest rates (86%), maturity terms (78%), government backing (79%), and tax benefits (71%) varies slightly. In terms of perception, only 54% are deeply familiar with the schemes, but a strong majority view them as safe (81%), trustworthy due to government backing (80%), and more secure than private alternatives (84%). Guaranteed returns and high interest rates positively influence investment decisions for 77% and 80% of respondents, respectively. Satisfaction with returns is also high (80%), while 71% regularly track interest rate changes. Additionally, liquidity (79%) and local accessibility (79%) are important considerations. Overall, despite limited in-depth familiarity, there is strong trust, perceived safety, and satisfaction surrounding post office schemes, making them a preferred choice for secure and reliable investment. Significantly shape investment choices. Overall, the schemes are widely trusted and valued for their safety, returns, and accessibility, even if deeper familiarity is somewhat limited.

## V.FINDINGS

The findings reveal that although only 54% of respondents are thoroughly familiar with Post Office Savings Schemes, there is a strong overall perception of safety and reliability. A significant majority (81%) consider these schemes safe, and 80% trust their government backing. Guaranteed returns influence the investment decisions of 77% of participants, while 84% believe these schemes offer greater security compared to private investment options. Furthermore, 80% express satisfaction with the returns, and an equal proportion are influenced by the potential for high returns. Liquidity and accessibility are also key factors, with 79% highlighting their importance. However, only 71% of respondents actively track interest rate changes. These findings suggest that despite limited deep familiarity, Post Office Savings Schemes are widely trusted and preferred for their safety, stable returns, and accessibility.

## VI.CONCLUSION

Overall, the study concludes that Post Office Savings Schemes are widely recognized and trusted among respondents, primarily due to their government backing, perceived safety, and guaranteed returns. While only a little over half of the participants are deeply familiar with the detailed features of these schemes, the majority view them as secure, accessible, and satisfactory in terms of returns. Factors such as high returns, liquidity, and accessibility significantly influence investment decisions, indicating that these schemes are seen as reliable and low-risk investment options. However, there is a noticeable gap in awareness regarding specific benefits like tax advantages and interest rate trends, suggesting the need for increased financial education and outreach. Despite this, the overall perception is highly positive, making Post Office Savings Schemes a preferred choice for conservative and security-focused investors.

## VII.BIBLIOGRAPHY

- Agarwal, R., & Soni, P. (2021), "Investor Perceptions and Preferences toward Post Office Savings Schemes in the Modern Age", *Journal of Contemporary Finance and Investment Studies*, 17(3), 102–110.
- Anand, M.B., Srinivas, D.L., & Ramesh, H.H. (2013). "Performances of Indian Postal Services Innovare" *Journal of Business Management*, 1(2), 27–31.
- Benazir, A. (2017). "A Study on Investment Preferences of Parents towards Post Office Savings Schemes", *International Journal of Research and Analytical Reviews*, 7(2), 112–118.
- Benazir, S. (2020). "Parents' Perceptions toward Post Office Saving Schemes in the Palayamkottai Region: A Study on Safety and Tax Benefits". *Journal of Rural Savings and Investment Behavior*, 16(3), 88–95.
- Beriwal, N., Singh, A., & Mehta, R. (2025). "Investor Perception and Preference towards Post Office Savings Schemes in India". *Indian Journal of Finance and Public Policy*, 19(2), 88–96.
- Bhat, N. A. (2004). "Role of Post Office Savings in Financial Inclusion. *Journal of Rural Development*", 23(4), 507–519.
- Bhatia, A., & Tyagi, P. (2018). "An Empirical Study on Socio-Economic Factors Influencing Saving Patterns in India", *Journal of Business and Management*, 20(5), 10–16.
- Bose, S., & Ghosh, A. (2017). "Savings Behaviour in Rural India: The Role of Post Office Savings Schemes in Financial Inclusion". *Journal of Rural Banking and Financial Services*, 13(2), 59–66.
- Chandra, V., & Reddy, M. (2016). "An Overview and Evolution of Post Office Savings Schemes in India: Challenges and Opportunities". *Journal of Financial Inclusion and Rural Development*, 12(2), 60–68.
- Choudhury, (2017). "The role of post office savings schemes in India". Volume 14.
- Debnath, S. (2018). "Savings Mobilization among Middle-Class Households through Post Office Schemes: A Study in West Tripura District". *Journal of Public Finance and Rural Economics*, 14(1), 59–68.
- Dhiraj Jain., and Ruhika Kothari., (2012), "Investors attitude towards post office Deposits schemes – Empirical study in Udaipur District", *International Journal of Marketing and technology*, 2(7), 255 – 273