



AN EVALUATION OF PERFORMANCE OF POST OFFICE SAVINGS SCHEMES IN INDIA

¹Dr.N.Sakthivel and ²S.Dhivyajothi

ABSTRACT

Post office is probably the oldest organisation in India and was started in the British era in 1854. It started off as delivering posts only, but later on, widened its services by offering other banking services. Because they are backed by the Government, investing in these schemes is considered relatively safe. Post office savings schemes are highly secured since they are under the Government's supervision, and the returns are fixed and guaranteed. Post office savings schemes play a vital role in the Indian economy in promotion of financial inclusion and provide a secure avenue for individuals to invest their savings in profitable manner. Post office savings schemes offer attractive interest rates, ensure a modest return, promote the overall stability of the financial system and savings culture among the people. At present, there are many post office savings schemes which are offered by the post offices in India. Against this background, this research paper deals with the evaluation of performance of various post office savings schemes in India over a period of five years from 2017-2018 to 2021-2022 by using compound growth rate (CGR) technique. The results revealed that all the post office savings schemes which are considered for the analysis had performed positively during the study period of five years from 2017-2018 to 2021-2022. In order to attract the people to make more investment in post office savings schemes, it is suggested that Post Office Authority may increase interest rates and income tax benefits to the Investors.

KEYWORDS: *Post office savings schemes, Interest rate, financial inclusion and National savings certificate.*

1. INTRODUCTION

India is one of the quickly developing countries in Asia. The Indian economy is developing significantly with various investment options. Savings is generally the major determinant of economic development. In a developing country like India, small savings play a significant role. In India, small savings help both the Government and individuals to mobilize the income. With the increasing public expenditure, the Government has to discover various source of income and to fulfill the necessities of the people. However,

¹ Associate Professor & Head, Department of Commerce (PA), Gobi Arts & Science College (Autonomous), Gobichettipalayam – 638453. Erode (DT), Tamil Nadu.

²Ph.D Research Scholar, PG & Research Dept. of Commerce, Gobi Arts & Science College (Autonomous), Gobichettipalayam – 638453. Erode (DT), Tamil Nadu.

there are various methods of generating income for Government expenditure, the receipts of small savings is one of the major sources of income. The post office savings bank is the oldest and by far the largest banking system in India, provide the investment needs of both the urban and the rural investors. These facilities are provided as an agency service on behalf of the Ministry of Finance and Government of India. Post office savings schemes play an important role in promoting financial inclusion and these schemes offered by India Post cater to a diverse range of individuals particularly those in rural and remote areas who may not have access to traditional banking services. These post office savings schemes help the people to invest in secure investment option with attractive return and contribute to the overall economic growth and stability.

At present, the Department of Posts is offering the following post office savings schemes to fulfill the diverse needs of the investors. They are: 1) Post Office Savings Account 2) Post Office Recurring Deposit Account (RD) 3) Post Office Time Deposit Account (TD) 4) Post Office Monthly Income Scheme (MIS) 5) Senior Citizen Savings Scheme (SCSS) 6) Public Provident Fund Account (PPF) 7) National Savings Certificate (NSC) 8) Kisan Vikas Patra (KVP) 9) Sukanya Samriddhi Account 10) Mahila Samman Savings Certificate. Out of ten post office savings schemes, only nine post office savings schemes are considered for analysis, Mahila Samman Savings Certificate is not considered for analysis as this scheme is introduced in the recent years. This research paper deals with the evaluation of performance of various post office savings schemes in India over a period of five years from 2017-2018 to 2021-2022 by using compound growth rate (CGR) technique.

2. REVIEW OF LITERATURE

Drishya Raj and Dharmaraj (2022) made a study on “A study on the rural investors’ perception towards post office savings schemes with special reference to chellanam area, Ernakulam District”. This study was conducted to examine the problems faced by the investors while investing in post office savings scheme. For this study, the required primary data have been collected from 200 sample investors. Such collected data have been analysed with the help of various statistical tools. They found that lack of awareness about post office savings schemes is the major problem faced by the investors.

Inbha Rani and Vipul Kumar (2022) made a study with the objective of identifying the perception and awareness of investors in post office savings schemes. For this study, the required primary data have been collected from 163 sample respondents. Such collected data have been analysed with Percentage Analysis. They found that majority of the investors are not much aware about post office savings scheme. They suggested that Government should take necessary initiative to bring awareness among the people.

Radhika Beriwal et al. (2022) examined investors’ awareness towards post office savings scheme. This study was conducted to examine which post office savings scheme the people prefer most. For this study, the required primary data have been collected from 100 respondents through questionnaire. Such collected data have been analysed with the help of various statistical tools. They found that post office savings account stood first in the preference of the investor.

Anuradha and Hema (2023) made a study with the objective of examine the financial literacy of rural women towards various postal savings schemes. For this study, required primary data have been collected from 150 respondents. Such collected data have been analysed with various statistical tools. They found that financial literacy of women towards the postal savings scheme is not up to the mark. They suggested that women investors should be educated about the benefits of investment in diversified portfolios, which could offer maximum guarantee towards returns.

3. OBJECTIVE OF THE STUDY

- To evaluate the performance of various post office savings schemes in India for a period of five years from 2017-2018 to 2021-2022.

4. DATA SOURCE AND DATA ANALYSIS

The present study is purely based on the secondary data. The required secondary data for evaluating the performance of various post office savings schemes in terms of net receipts are collected for a period of five years from 2017-2018 to 2021 -2022 through RBI Bulletin. To evaluate the performance of various post office savings schemes, the collected secondary data from RBI Bulletin are analysed by using Compound Growth Rate (CGR) Technique.

5. EVALUATION OF PERFORMANCE OF POST OFFICE SAVINGS SCHEMES

In this paper, an attempt has been made to evaluate the performance of various post office savings schemes for a period of five years from 2017-2018 to 2021-2022. Performance of various post office savings schemes in term of net receipts has been evaluated by using Compound Growth Rate (CGR) Technique. The results of the performance of various post office savings schemes are presented in the following section.

5.1 Post Office Savings Account

Post Office Savings Account serves the need of regular deposits and withdrawals. Cheque facility is also available for this scheme. In order to examine the trend and growth of Post Office Savings Account in terms of net receipts, it is decided to collect 5 years time series data for a period from 2017-2018 to 2021-2022. The collected data have been analyzed by employing Compound Growth Rate Technique. The findings of the analysis are presented in the Table 1.

Table 1: Trend & Growth of Post Office Savings Account

YEARS	NET RECEIPTS (Rs. in crores)	GROWTH RATE (%)
2017-18	17,145	NIL
2018-19	31,037	81.02
2019-20	25,893	-16.57
2020-21	39,748	53.50
2021-22	17,581	-55.77
Mean		26,280.8
S.D		9,530
C.G.R		0.63%

Note: SD: Standard Deviation, C.G.R: Compound Growth Rate

Source: RBI Bulletin, retrieved on December 29, 2023.

The Table 1 reveals that the net receipts under post office savings account scheme during the period 2017-18 was Rs. 17,145 crores and it increased to Rs. 31,037 crores in the year 2018-19 thereafter it decreased to Rs. 17,581 crores in the year 2021-22. The Mean of the net receipts of the post office savings account is Rs. 26,280.8 crores. The Standard Deviation is Rs. 9,530 crores and the Compound Growth Rate of post office savings account is 0.63%. It shows that there is a positive trend.

5.2 Post Office Recurring Deposit Account

Post Office Recurring Deposit Account is a systematic way of saving money. The scheme is meant for those investors who want to deposit a fixed amount regularly or periodical basis. In order to examine the trend and growth of Post Office Recurring Deposit Account in terms of net receipts, it is decided to collect 5 years time series data for a period from 2017-2018 to 2021-2022. The collected data have been analyzed by employing Compound Growth Rate Technique. The findings of the analysis are presented in the Table 2.

Table 2: Trend & Growth of Post Office Recurring Deposit Account

YEARS	NET RECEIPTS (Rs. in crores)	GROWTH RATE (%)
2017-18	7,868	NIL
2018-19	10,081	28.13
2019-20	11,821	17.26
2020-21	17,807	50.63
2021-22	24,840	39.49
Mean		14,483.4
S.D		6,865.4
C.G.R		33.30%

Note: SD: Standard Deviation, C.G.R: Compound Growth Rate
Source: RBI Bulletin, retrieved on December 29, 2023.

The Table 2 clearly indicates that the net receipts of Post Office Recurring Deposit in 2017-18 is Rs. 7,868 crores and it increased to Rs. 24,840 crores during the year 2021-22. The mean of the net receipts of Post Office Recurring Deposit is Rs. 14,483.4 crores. The Standard Deviation is Rs. 6,865.4 crores and the compound growth rate is 33.30%. It shows that there is an favourable trend.

5.3 Post Office Time Deposit Account

Post Office Time Deposit is the fixed deposit option for periods ranging from one, two, three to five years with facility to draw yearly interest offered at compounded rates. Interest is automatically credited to savings bank account. In order to examine the trend and growth of Post Office Time Deposit Account in terms of net receipts, it is decided to collect 5 years time series data for a period from 2017-2018 to 2021-2022. The collected data have been analyzed by employing Compound Growth Rate Technique. The findings of the analysis are presented in the Table 3.

Table 3: Trend & Growth of Post Office Time Deposit Account

YEARS	NET RECEIPTS (Rs. in crores)	GROWTH RATE (%)
2017-18	19,633	NIL
2018-19	25,000	27.33
2019-20	41,795	67.18
2020-21	41,470	-0.77
2021-22	43,725	5.43
Mean		34,324.6
S.D		11,158.21
C.G.R		22.16%

Note: SD: Standard Deviation, C.G.R: Compound Growth Rate

Source: RBI Bulletin, retrieved on December 29, 2023.

The Table 3 shows that the net receipts of Post Office Time Deposit Account in 2017-18 is Rs. 19,633 crores and it increased to Rs. 43,725 crores in 2021-22. The Mean of the net receipts of Post Office Time Deposit is Rs. 34,324.6 crores. The Standard Deviation is Rs. 11,158.21 crores and the Compound Growth Rate of Post Office Time Deposit is 22.16%. Though the trend is fluctuating, there is a good signal for the growth of Post Office Time Deposit Account.

5.4 Post Office Monthly Income Scheme Account

Post Office Monthly Income Scheme offers a fixed investment option for five years with monthly interest payment facility. The interest is automatically credited to savings bank account. In order to examine the trend and growth of Post Office Monthly Income Scheme Account in terms of net receipts, it is decided to collect 5 years time series data for a period from 2017-2018 to 2021-2022. The collected data have been analyzed by employing Compound Growth Rate Technique. The findings of the analysis are presented in the Table 4.

Table 4: Trend & Growth of Post Office Monthly Income Scheme Account

YEARS	NET RECEIPTS (Rs. in crores)	GROWTH RATE (%)
2017-18	1,625	NIL
2018-19	10,967	574.89
2019-20	16,510	50.54
2020-21	12,211	-26.03
2021-22	14,441	18.26
Mean		11,150.8
S.D		5,732.47
C.G.R		72.66%

Note: SD: Standard Deviation, C.G.R: Compound Growth Rate

Source: RBI Bulletin, retrieved on December 29, 2023.

It is inferred from the Table 4 that the net receipts of Post Office Monthly Income Scheme in 2017-18 is Rs. 1,625 crores and it increased to Rs. 14,441 crores in 2021-22. The Mean of the net receipts of Post Office Monthly income Scheme is Rs.11,150.8 crores. The Standard Deviation is Rs. 5,732.47 crores and the Compound Growth Rate of Post Office Monthly income Scheme is 72.66%. It shows that there is a positive trend.

5.5 Senior Citizen Savings Scheme Account

Senior Citizen Savings Scheme offers fixed investment option for senior citizens for a fixed period of five years, which can be extended at a higher rate of interest that are paid in quarterly installments. In order to examine the trend and growth of Senior Citizen Savings Scheme Account in terms of net receipts, it is decided to collect 5 years time series data for a period from 2017-2018 to 2021-2022. The collected data have been analyzed by employing Compound Growth Rate Technique. The findings of the analysis are presented in the Table 5.

Table 5: Trend & Growth of Senior Citizen Savings Scheme Account

YEARS	NET RECEIPTS (Rs. in crores)	GROWTH RATE (%)
2017-18	12,264	NIL
2018-19	13,990	14.07
2019-20	20,334	45.34
2020-21	21,009	3.31
2021-22	22,281	6.05
Mean		17,975.6
S.D		4,522.3
C.G.R		16.10%

Note: SD: Standard Deviation, C.G.R: Compound Growth Rate
Source: RBI Bulletin, retrieved on December 29, 2023.

It is evident from the Table 5 that the net receipts of Senior Citizen Savings Scheme in 2017-18 is Rs. 12,264 crores and it increased to Rs. 22,281 crores in 2021-22. The Mean of the net receipts of Senior Citizen Savings Scheme is Rs. 17,975.6 crores. The Standard Deviation is Rs. 4,522.3 crores and the Compound Growth Rate of Senior Citizen Savings Scheme is 16.10%. It shows that there is a favourable trend.

5.6 Post Office Public Provident Fund Account

Public Provident Fund Account is popularly known as PPF, offers intermittent deposits subject to certain limits for a 15 years period coupled with income tax exemptions subject to certain conditions on the investment. Loan and withdrawal facility is also available for this scheme. In order to examine the trend and growth of Post Office Public Provident Fund Account in terms of net receipts, it is decided to collect 5 years

time series data for a period from 2017-2018 to 2021-2022. The collected data have been analyzed by employing Compound Growth Rate Technique. The findings of the analysis are presented in the Table 6.

Table 6: Trend & Growth of Post Office Public Provident Fund Account

YEARS	NET RECEIPTS (Rs. in crores)	GROWTH RATE (%)
2017-18	6,623	NIL
2018-19	8,539	28.93
2019-20	13,014	52.40
2020-21	13,690	5.19
2021-22	13,119	-4.17
Mean		10,997
S.D		3,201.4
C.G.R		18.63%

Note: SD: Standard Deviation, C.G.R: Compound Growth Rate
Source: RBI Bulletin, retrieved on December 29, 2023.

It is found from the Table 6 that the net receipts of Public Provident Fund in 2017-18 is Rs. 6,623 crores and it increased to Rs. 13,119 crores in 2021-22. The Mean of the net receipts of Public Provident Fund is Rs. 10,997 crores. The Standard Deviation is Rs. 3,201.4 crores and the Compound Growth Rate of Public Provident Fund is 18.63%. Though the trend is fluctuating, there is a good signal for the growth of Public Provident Fund.

5.7 National Savings Certificate

National Savings Certificate provides fixed investment for five years on certificates of varied denominations. Pledging facility is available for availing loan from banks. In order to examine the trend and growth of National Savings Certificate (NSC) in terms of net receipts, it is decided to collect 5 years time series data for a period from 2017-2018 to 2021-2022. The collected data have been analyzed by employing Compound Growth Rate Technique. The findings of the analysis are presented in the Table 7.

Table 7: Trend & Growth of National Savings Certificate

YEARS	NET RECEIPTS (Rs. in crores)	GROWTH RATE (%)
2017-18	-65	NIL
2018-19	11,318	17,512.30
2019-20	19,495	72.24
2020-21	17,361	-10.95
2021-22	19,696	13.45
Mean		13,561

S.D		8,336.5
C.G.R		20.28%

For computing Compound Growth Rate, 2018-19 has been taken as base year.

Note: SD: Standard Deviation, C.G.R: Compound Growth Rate

Source: RBI Bulletin, retrieved on December 29, 2023.

The Table 7 reveals that the net receipts of National Savings Certificate scheme in 2017-18 is Rs. -65 crores and it increased to Rs. 19,696 crores in 2021-22. The Mean of the net receipts of National Savings Certificate scheme is Rs. 13,561 crores. The Standard Deviation is Rs. 8,336.5 crores and the Compound Growth Rate of National Savings Certificate scheme is 20.28%. It shows that there is an upward trend.

5.8 Kisan Vikas Patra

Kisan Vikas Patra is a saving certificate that comes in the denominations of Rs. 1000, Rs. 5000, Rs. 10000 and Rs. 50000 which guarantees that the amount invested gets doubled in 110 months, i.e., 9 years and 2 months. In order to examine the trend and growth of Kisan Vikas Patra in terms of net receipts, it is decided to collect 5 years time series data for a period from 2017-2018 to 2021-2022. The collected data have been analyzed by employing Compound Growth Rate Technique. The findings of the analysis are presented in the Table 8.

Table 8: Trend & Growth of Kisan Vikas Patra

YEARS	NET RECEIPTS (Rs. in Crores)	GROWTH RATE (%)
2017-18	24,588	NIL
2018-19	23,018	-6.82
2019-20	28,972	25.87
2020-21	25,340	-12.53
2021-22	26,619	5.04
Mean		25,707.4
S.D		2,242.18
C.G.R		2%

Note: SD: Standard Deviation, C.G.R: Compound Growth Rate.

Source: RBI Bulletin, retrieved on December 29, 2023.

The Table 8 reveals that the net receipts of Kisan Vikas Patra in 2017-18 is Rs. 24,588 crores and it increased to Rs. 26,619 crores in 2021-22. The Mean of the net receipts of Kisan Vikas Patra is Rs.25,707 crores. The Standard Deviation is Rs. 2,242.18 crores and the Compound Growth Rate of Kisan Vikas Patra is 2%. It shows that there is a positive trend.

5.9 Sukanya Sammriddhi Account

Account can be open in the name of girl child upto 10 years by the guardian. The rate of interest provided under this scheme is 8.2 per cent per annum. Minimum amount eligible to invest in this scheme is

Rs. 250 and the maximum amount is Rs. 1,50,000. Subsequents deposits can be made in multiples of Rs. 50. In order to examine the trend and growth of Sukanya Sammriddhi Account (SSA) in terms of deposits, it is decided to collect last 8 years data from 2015-2022. The collected data have been analyzed by employing Compound Growth Rate Technique. The findings of the analysis are presented in the Table 9.

Table 9. Trend & Growth of Sukanya Sammriddhi Account

YEARS	DEPOSITS (Rs. in Crores)	GROWTH RATE (%)
2015	123	NIL
2016	6,773	5,406.5
2017	17,156	153.29
2018	31,958	86.27
2019	50,224	57.15
2020	72,880	45.10
2021	1,01,258	38.93
2022	1,39,296	37.56
Mean		52,458.5
S.D		49,043.5
CGR		173.08%

Note: SD: Standard Deviation, C.G.R: Compound Growth Rate

Source: https://en.wikipedia.org/wiki/Sukanya_Samriddhi_Account retrieved on January 4, 2024.

The Table 9 reveals that the total deposits of Sukanya Sammriddhi Account in 2015 is Rs. 123 crores and it increased to Rs. 1, 39,296 crores in 2022. The Mean of the deposits of Sukanya Sammriddhi Account is Rs.52,458.5 crores. The Standard Deviation is Rs. 49,043.5 crores and the Compound Growth Rate of Sukanya Sammriddhi Account is 173.08%. It shows that there is a positive trend.

6. FINDINGS AND SUGGESTION

In this research paper, an attempt has been made to evaluate the performance of various post office savings schemes for the period of five years from 2017-2018 to 2021-2022 by using Compound Growth Rate (CGR) Technique. It is found that all the nine post office savings schemes (Post Office Savings Account , Post Office Recurring Deposit Account (RD) , Post Office Time Deposit Account (TD) , Post Office Monthly Income Scheme (MIS) , Senior Citizen Savings Scheme (SCSS), Public Provident Fund Account (PPF), National Savings Certificate (NSC), Kisan Vikas Patra (KVP), Sukanya Sammriddhi Account) are having positive trend over a period of five years.

In order to increase the investment level of general public in post office savings schemes, postal authority may improve the awareness level of the public about various post office savings schemes and their features & benefits by conducting frequent awareness campaign especially more in rural areas. It is also suggested that interest rate and income tax benefits may be increased in order to attract more investors

towards post office savings schemes. By doing so, there will be a positive improvement in post office savings schemes in the coming days.

7. CONCLUSION

The post office has traditionally served as a financial institution for millions of people in the rural areas. It plays a vital role in rural areas. It connects the rural areas with the rest of the country and also provided banking facilities in the absence of banks in the rural areas. Post office savings schemes are good investment vehicles for low and middle income group people in rural areas. Based on the findings of the present research, some viable suggestions are offered. If those suggestions are properly implemented by the post offices, there will be a positive trend in post office savings schemes in terms of receipts and number of post office savings investors.

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