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**Dr. K Vanaja**

Dr. N.G.P Arts and Science  
College (Autonomous),  
Kalapatti (P.O), Coimbatore,  
Tamil Nadu, India

**Dr. M Meenakshi Saradha**

Dr. N.G.P Arts and Science  
College (Autonomous),  
Kalapatti (P.O), Coimbatore,  
Tamil Nadu, India

**K Monisa**

Dr. N.G.P Arts and Science  
College (Autonomous),  
Kalapatti (P.O), Coimbatore,  
Tamil Nadu, India

## Journey of postal banking services – An analytical review

**Dr. K Vanaja, Dr. M Meenakshi Saradha and K Monisa**

### Abstract

India has the largest postal network in the world. It has been the backbone of the country's communication and has played a crucial role in the country's socio-economic development for more than 150 years. Indian Postal Services with 154939 post offices, of which 139,222 (89.86%) were in rural areas and 15,826 (10.14%) in urban areas. It is also involved in other services such as small-savings banking and financial services. This paper also explores the growth of Indian postal banking services at future. It aims to provide a detailed study on unbiased evaluation of postal banking services. Post offices can do better as an agency commission for credit facilities than as a provider of first party services. While preparing the paper data and information's are collected from the department of post. India post has introduce a centralized core banking solution with alternate delivery channels facilitating any time any where banking environment. This core banking environment will enable faster transfer of funds and easier withdrawals. The alternate delivery channels planned for service delivery are ATMs, Internet, Phone, SMS and Mobile Banking.

**Keywords:** Journey, postal banking, socio-economic, mobile banking

### Introduction

Indian postal services have emerged with the great motive of rendering services to the customers on value-for-money basis. Since Indian independence in 1947, the postal service continues to function on a nationwide basis, providing a variety of services. The structure of the organization has the directorate at its apex; below it are circle offices, regional offices, the superintendent's offices, head post offices, sub-post offices and branch offices. In April 1959, the Indian Postal Department adopted the motto "Service before Self".

The country has been divided into 22 postal circles, each circle headed by a chief postmaster general. Each circle is divided into regions, headed by a postmaster general and comprising field units known as divisions. These divisions are further divided into subdivisions in addition to the 22 circles; there is a base circle to provide postal services to the Armed Forces of India headed by a Director General. The existing post offices shall provide banking services to customer, whereas the bank branches shall handle back-office work, like processing loan applications, assessing credit worthiness and risk assessment, investment operations etc.)

### Functions

The primary function of Post Office is collection, processing, transmission and delivery of mail. All postal articles whose contents are in the nature of message can be classified as mail which includes Letters, Postcards, Inland Letter Cards, Packets, Ordinary, Registered, Insured, Value Payable articles and Speed Post.

- 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.

### Types

Indian postal services are mainly concerned with collection, sorting, and distribution of letters, parcels, packets, etc. Besides, a number of other services are also provided to the

**Correspondence**

**Dr. K Vanaja**

Dr. N.G.P Arts and Science  
College (Autonomous),  
Kalapatti (P.O), Coimbatore,  
Tamil Nadu, India

general public as well as business enterprises. It provides cheaper means of communication, encourages savings, helps in sending money at lower rate, promotes trade and facilities distance learning. Let us classify all those facilities under the following main headings. :

- Mail service
- Remittance service
- Banking service
- Insurance service
- Other services

Services have been associated with the traditional postal communication. Traditionally mails were handled on a regular line or path and their concepts were based upon fundamental rules laid down for its operations causing more disadvantages and dissatisfaction to the customer.

To overcome these drawbacks India Post has embarked upon a massive exercise to review and restructure the mail operations starting from booking to delivery of mails.

**Objective of the Study**

- To examine the growth and performance of Postal Services in India
- To analyse the growth of Rural Postal Life Insurance Growth
- To examine the last mile connectivity as a Government of India platform
- To interpret the future postal opportunities in India

**Review of Literature**

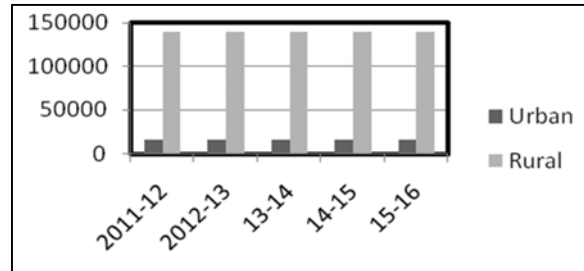
1. Anand. M.B, Dr. Srinivas. D.L & Dr. Ramesh. H.H in their paper titled as ‘Performances of Indian Postal Services’ explored the growth and performance of postal services and an overview on future employment opportunities and to improve the service quality and operational efficiency.
2. Dipankar Malakar in his paper named as ‘Role of Indian Post in Financial Inclusion’ studied the role play done by Indian post in financial inclusion and the challenges before the Indian post in providing banking services to the masses. Financial inclusion is assumed to be one of the key drivers of our vision of an inclusive society and inclusive economy.
3. Giri. S in his paper titled ‘An analysis of financial services using Technology modernization of Indian Post with reference to Pondicherry Postal Division’ discussed the financial services using technology modernization and it gives a brief idea of various financial services rendered like Post Office savings schemes, Postal Life Insurance, Money Remittance services, Instant Money Remittance service, Mobile Money Transfer, WorldNet Express and National Pension Scheme.

**Methodology**

The method adopted here is second hand information. Data’s have been purely collected from the subsequent annual reports reported by Indian postal department. Finally the conclusion drawn up based on the data collected from Indian postal department and some suggestions also made for further development.

**Table 01:** No of Post Offices

Year	Urban	Rural	Total
2011-2012	15826	139040	154866
2012-2013	15736	139086	154822
2013-2014	15692	139164	154856
2014-2015	15700	139182	154882
2015-2016	15717	139222	154939
Total	78671	695694	774365



Number of post offices in rural areas has been increasing year by year where in urban its has been reduced from 15826 to 15717. The growth rate is not so good while comparing with rural postal development.

**Table 2:** Mail Traffic (In Millions)

Year	Registered	Unregistered
2009-2010	195.80	6146.50
2010-2011	177.90	6157.60
2011-2012	191.10	5778.70
2012-2013	179.30	5416.30
2013-2014	200.81	5507.96
2014-2015	204.80	5407.10
Total	953.91	28267.66

There is a gradual growth rate in registered mail traffic as it started growing from 2013 to still and in adverse there is a decline in unregistered mail traffic where its growth rate has been reduced from 6146.50 to 5407.10.

**Table 3:** PLI Claims

Year	No. of Claims	Amount Paid (Rs. in Million)
2010-11	134676	9030.4
2011-12	162266	12184.8
2012-13	166354	13801.4
2013-14	179722	17690.3
2014-15	198000	2158.95
TOTAL	841018	54865.85

The number of postal claim has been increased from 134679 to 198000 and the amount was subsequently paid during the year.

**Table 4:** Rural Postal Life Insurance Growth

YEAR	No Of Rpli Policy	No. of Policies in Force	Sum Assured (in crore)
2010-11	3636063	12203345	96109.4
2011-12	2714856	13547355	90889.9
2012-13	1634767	14664650	74131.7
2013-14	871462	15014314	67123.9
2014-15	477000	15245000	4652.35

Here is also there is a negative impulsion over the no of policies in RPLI and sum assured also declined by 4852.35 from 96109.4.

**Table 5:** Revenue and Expenditure

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Revenue :					
Sale Of Stamps	614.307	663.73	649.056	670.67	576.18
Postage E realised In Cash	2314.95	2275.921	2752.109	3161.71	3240.1
Commision On Money Orders And Other Orders	400.545	490.779	514.873	606.89	641.98
Remuneration For Savings Bank/Saving Certificates Work	3562.767	4304.082	5031.602	5915.27	6670.03
Other Receipts	69.763	164.835	418.858	375.88	507.69
Total Revenue	6962.332	7899.347	9366.498	10730.42	11635.98
Expenditure :					
General Administration	733.729	797.748	841.955	942.08	1043.54
Operations	8878.981	8792.197	9555.446	10242.51	11191.01
Agency Services	400.557	428.391	443.02	472.29	536.82
Others	3780.402	4145.573	4640.729	5139.82	5785.19
Total Gross Expenditure	13793.669	14163.909	15481.15	16796.7	18556.56
Less Recoveries	485.721	458.64	688.767	593.19	661.98
Net Expenditure	13307.948	13705.269	14792.383	16203.51	17894.58
Deficit(Net Exp-Revenue)	6345.616	5805.922	5425.885	5473.09	6258.6

As revenues are increasing year by year from 6962.332 to 11635.98 the deductions also increased in the year 2013-2014 to still.

Finally it resulted in deficit where it started increasing to 6258.6 in the year 2014-2015.

**Table 6:** Average Cost and Revenue of Various Postal Services (Fig in Paise)

Name of the Services	2010-11		2011-2012		2012-13		2013-14		2014-15	
	Cost	Revenue	Cost	Revenue	Cost	Revenue	Cost	Revenue	Cost	Revenue
Postcard	749.43	50	734.68	50	717.9	50	753.37	50	905.04	50
Printed Postcard	751.33	600	736.88	600	719.49	600	740.3	600	845.07	600
Competition Postcard	753.01	1000	706.72	1000	718.81	1000	741.62	1000	846.67	1000
Lettercard (Inland)	741.89	250	729.03	250	718.32	250	748.39	250	885.39	250
Letter	818.02	1032.72	790.24	968.37	796.18	939.39	826.19	924.94	1005.31	1397
Registered Newspaper (Single)	931	99	884.47	56	1059.3	59	913.45	41	1045.92	44
Registered Newspaper (Bundle)	2025.57	104	1792.8	153	2079.2	163	1483.1	97	1705.59	90
Book Post-Book Pattern Packets & Sample	922.81	819.56	886.23	666.14	951.18	846.41	806.15	685.65	1096.95	739.46
Book Post-Printed Books	1363.9	416.89	1258.8	311.19	1244.9	4069.4	1312.2	272.37	1352.12	206.04
Book Post-Other Periodicals	1169.64	1546.38	1084	861.61	1351.8	1535.1	1263.6	1265.25	1471.22	1235.9
Acknowledgement	653.25	300	639.05	300	650.78	300	691.87	300	778.04	300
Parcel	480986	4101.51	4352.2	3581.87	4658.9	4069.4	5197.5	3645.9	7137	4845.5
Registration	4184.23	1700	4111.6	1700	4213.7	1700	4253.7	1700	4838.93	1700
Speed Post	5368.37	2755.65	5056.4	2295.51	5052	2803.3	5249.7	3710.04	5884.67	3688.3
Value Payable Post	2767.54	418.26	2834.7	454.58	2666.2	456.64	2465.9	352.4	3033.45	364.44
Insurance	1247085	9277.09	13033	26856.47	14182	5524.1	13806	4823.31	6201.24	5215.4
Money Order	9349.75	4224.11	8667.1	6299.78	8917.6	5819.2	8638.2	5464.86	10457.1	4677.7
Indian Postal Order	3892.86	391.77	3540.1	272.64	3611.1	338.07	3160	393.2	3998.67	364.92

The above table indicates a decreasing revenue year by year as compared to the cost. At the outset it shows that the department was continuously loss and it could not be able to compete with the other private postal services which are technology based.

### **Conclusion**

Postal banking is an old system and the growth has been declining these days due to various updated technology. So by incorporating those updated technology Government of India should initiates the e-post office, e-PLI and Core Services., These changes will certainly make the postal services unique and lead to monopoly in future market. Postal banking is going to start its efforts on this financial year and generating great employment opportunities to youngsters. Indian post can give a new dimension to the process of financial inclusion and can reach an extra mileage in the field of financial inclusion.

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