

Digitalization of Post Office Saving Schemes and Its Impact on Investor Perception Coimbatore

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Abstract

Post office plays a vital role in financial inclusion by offering various small savings schemes, making banking accessible to a wider population in the country. It offers various investment avenues, including fixed deposits, insurance, and other schemes, catering to different investor needs. Post offices provide retail services like bill collection for various utilities and other services. The current study analyses the investor's awareness towards Post Office saving schemes. The sample size included for the study was 122 Investors. The data collected through survey was analyzed with help of simple percentage analysis, Chi-square test, Garret Ranking and likert scaling. The study was based on random sampling method. The findings of the study are that the investors got awareness regarding post office saving schemes from their friends and relatives. The majority of the Investors are aware of savings deposit in Post Office. The investors felt that the factors influencing to invest in post office saving scheme is to save for their children education followed by children marriage, retirement safety. The lengthy formalities and delay in processing are the main barriers for investors investing in Post Office.

Keywords: Awareness, Investors, Post Office, Savings Scheme

I. INTRODUCTION

Post office is one of the oldest organizations 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. India Post, with its extensive network of over 155,000 post offices, play a crucial role in the country's social and economic development, acting as a backbone for communication and financial inclusion. The post office saving schemes is the very best scheme in central government schemes. All people belonging to different occupation use postal service. Both literate and illiterate people use the postal service. Post office plays a vital role in financial inclusion by offering various small savings schemes, making banking accessible to a wider population in the country. They act as agents for the government in disbursing payments for social security schemes like MGNREGA wages, old-age pensions, services to senior citizens and providing information. Post offices offer various investment avenues, including fixed deposits, insurance, and other schemes, catering to different investor needs. Post offices provide retail services like bill collection for various utilities and other services. They also sell various forms and documents required for government and other purposes. They offer retail post services and third-party services to increase revenues. With a large network of post offices, especially in rural areas, they play a crucial role in connecting people and businesses in remote areas. Post offices contribute to financial literacy by providing information and guidance on savings and investment schemes.

The biggest advantage of these schemes is their sovereign guarantee i.e., it is backed by the government. Some of the post office savings schemes also offer tax-savings benefits. Post office schemes are designed to provide financial security to general people with guaranteed return on investment. Around 89 percent of the post offices in India are in rural areas. Small savings schemes are operated mostly through these branches along with the public sector banks. Post office small savings schemes are very popular among people who want to invest their money in the Government run instruments. These financial instruments provide secure investment options with guaranteed returns. In India, post office have a large reach compared to any other financial product. So in remote places, they play the key role to penetrate financial inclusion.

Post Office Saving Schemes

1. Post Office Savings Account – It acts as a normal savings account of any bank, and the account is transferable from one post office to another.
2. National Savings Recurring Deposit Account – The Scheme helps small/poor investors to form a corpus to meet their future needs. An account is either opened by an adult or by two adults jointly.

3. National Savings Time Deposit Account – There is a tax benefit for the investment made in the 5-year post office time deposit. The investment qualifies for the deduction under Section 80C of The Income Tax Act, 1961.
4. National Savings Monthly Income Account – This is a scheme in which investors contribute a certain amount and earn a fixed interest every month.
5. Senior Citizen Savings Scheme Account – The Scheme is a savings instrument offered to Indian residents aged over 60 years. The deposit matures after 5 years from the date of account opening but can be extended once by an additional 3 years by the investor.
6. Public Provident Fund Account – Public Provident Fund is a long-term investment scheme declared by the Government of India. It is a safe post office deposit scheme that offers tax exemptions and attractive interest rates as decided each financial year.
7. National Savings Certificate (NSC) – The Scheme is a fixed income investment scheme that one can open with a post office. As part of an initiative from the Government of India, it is a savings bond that encourages subscribers, primarily small or mid-income investors, to invest while saving on income tax.
8. Kisan Vikas Patra Account – Kisan Vikas Patra is a certificate scheme from the post office. It may actually double as a one-time investment in a period of approximately 9 years & 10 months.
9. Sukanya Samriddhi Account – SSY is a savings scheme launched by the Government of India for the financial betterment of the girl child. The scheme enables parents to build capital for the future education and marriage expenses of their female child and provides an attractive interest rate on the investment.
10. Most of the Post Office Savings Schemes offered by Indian Post Offices have been developed with banks and are hence commonly available with banks also. Post Office Saving Schemes assure us Safety, Trust, Return on Investment, Tax benefits and can be easily obtained from a post office.
11. The basic principle of investment is that we should diversify our portfolio as much as possible and hence Postal Saving Schemes help enrich our investment portfolio. If we go for riskier products like equity, some part of our money must be put into safe products like Postal Deposits which helps in proper investing of funds in proper products.

Objective of the Study

1. To study the awareness level of the Investors towards post office savings schemes.
2. To evaluate the factors that influence investors to invest in post office savings schemes.
3. To analyse the barriers faced by the Investors while investing in post office saving schemes.

Review of Literature

Shafee Y. (2026) analyzed the rollout of ATM services by India Post, highlighting the importance of adapting to technological, socio-economic, and cultural changes. The study indicated that with the right improvements, India Post's ATM services have the potential to secure a strong position in the market.

Dr. Ravindran G. (2025) explored the savings patterns of India Post customers by examining both demographic and psychographic factors. The research focused on variables such as age, gender, income, and psychological traits to understand their influence on investment decisions, motivations, and financial goals. The study concluded that behavioral insights play a crucial role in shaping household financial choices.

Anand (2024) conducted a quantitative study measuring the perception of postal investments. The study was conducted with a sample size of 80 selected using convenience sampling. The analysis used was percentage analysis and Pearson's Rank Correlation. The weighted ranking technique was used to analyse the factors which influenced the people to invest in the investment schemes. Safety and security were given the first rank and the most important factors that influenced the investors to invest in the postal investment scheme and the least preferred factor was loan facility. The study concluded that postal investment and rural savings is considered as one of the most preferred investment options among rural investors.

Vembu (2023) revealed that more of rural women are intense in investing their savings in post office because of proximity of post office situated in their residing location. He also stated that the officials create awareness to rural people for investing their money in post office it creates a growth of postal sector. Most of the investors invest in post office savings schemes only for tax benefit.

Holosagi (2023) revealed in his paper that investors motivational factor for investment in post office is to meet domestic purpose and to be secure at old age and they prefer regular income and safety, local access ability and easy manageability. He suggests that government can create more awareness among rural people about the postal investment schemes and its benefits avail through it as it has not reached the people property.

Bhagyashree Teli (2022) conducted a study from 50 Investors stated that most of the investors were aware about post office deposit schemes through their friends and relatives. Level of awareness of various post office schemes is very low expect recurring deposit and post office savings bank account. He also pointed out that post office provides small savings schemes for rural area which is good enough but if they want to increase deposits, officials should increase awareness through advertising and agents.

Methodology

This study is based on descriptive research. The primary data are collected from the investors of post office with the help of a well - structured questionnaire in Coimbatore City. The questionnaire was circulated among 150 investors and 122 were received. So, the sample size was restricted to 122. The secondary data required for the study has been collected from websites, manuals etc. The data collected through survey was analyzed with help of Simple Percentage Analysis, Chi-square test, Garret Ranking and Likert Scaling. The study was based on random sampling method.

Analysis and Interpretation

The results of the current study are discussed under the heads namely socio-demographic factors, economic factors, source of awareness regarding post office savings, factors influencing investors to invest in post office savings schemes, awareness regarding post office saving schemes and barriers faced by investors in post office.

Socio Demographic Factors

The socio-demographic factors of the investors namely age, gender, education level and marital status are discussed in table – 1

Table – 1
Socio Demographic Factors of the Investors

Age of the Investors	Number of Investors	Percentage
21 – 30 Yrs	34	28
31 – 40 Yrs	51	42
41 -- 50 Yrs	27	22
50 & above	10	8
Total	122	100
Gender	Number of Investors	Percentage
Male	75	61
Female	47	39
Total	122	100

Educational Level	Number of Investors	Percentage
Schooling	5	4
UG	94	77
PG	11	9
illiterate	12	10
Total	122	100
Marital Status	Number of Investors	Percentage
Married	78	64
Unmarried	44	36
Total	122	100

Source: Calculations based on field survey, 2025.

From the above table, it was found that a maximum of 42 percent of the investors are from the age group 31 – 40 years, 28 percent of the investors belong to the age category 21-30 years, 22 percent of the investors are from the age group 41-50 years and a minimum of 8 percent of the investors belong to the age category 50 & above. The majority of the investors belong to the age category 31 – 40 years.

Based on the gender of the investors, 61 percent of the investors are male and 39 percent of the investors are female. It shows that the majority of the investors are male.

The above table expresses the educational level of the investors, a maximum of 77 percent of the investors are under graduates, 9 percent of the investors are post-graduates, 10 percent of the investors are illiterate. And a minimum of 4 percent of the investors have done only school level education. It is found that the majority of the investors are under- graduates.

The marital status of the Investors is presented in the above table -1, 64 percent of the Investors are married, 36 percent of the Investors are unmarried. It shows that the majority of the Investors are married person.

Economic Factors

The economic factors of the investors namely occupation and income of the investors are discussed in table – 2

Table - 2
Economic Factors of the Investors

Occupation	Number of Investors	Percentage
Agriculture	10	8
Business	29	24
Housewife	3	2
Employees (Working in various Sectors)	80	66
Total	122	100

Source: Calculations based on field survey, 2025.

From the above table, it was found that a maximum of 66 percent of the investors are working in various sectors as employees, followed by 24 percent of the investors are doing business, 8 percent of the investors are working in agriculture and a minimum of 2 percent of the investors are housewife who are using post office savings account. It shows that the majority of the investors are employees working in various sectors.

Table – 3
Economic Factors of the Income

Income (Per Month)	Number of Investors	Percentage
Up to 50000	96	79
50000-100000	26	21
Total	122	100

Source: Calculations based on field survey, 2025.

From the above table the income of the investors is discussed in the above table, it shows that 79 percent of the investors earn less than rupees 50,000 per month and a minimum of 21 percent of the investors earn more than rupees 50,000 per month. It was found that maximum of the investors earns less than rupees 50,000 per month.

Source of Awareness Regarding Post Office Savings

The Table -3 explains the source of awareness regarding post office saving schemes for the investors.

Table – 4
Source of Awareness regarding Post Office Savings Scheme

Source	Number of Investors	Percentage
Parents	13	11
Friends or relatives	92	75
Agents	8	7
Post office employees	6	5
Advertisement	3	2
Total	122	100

Source: Calculations based on field survey, 2025.

A maximum of 75 percent of the investors got awareness from their friends and relatives, 11 percent of the investors invested in post office because of their parent's guidance. Around 7 percent of the investors invested in post office through agents. A minimum of 5 percent of the Investors invested in post office due to the awareness given by post office employees and 2 percent of the investors got

awareness through advertisement. It was found that majority of the investors got awareness regarding post office saving schemes from their friends and relatives.

Factors Influencing the Investors to Invest in Post Office Saving Scheme

Garrett ranking method is used to analyze the factors influencing the investors to invest in Post office saving schemes. It was discussed in table – 4.

Table – 5
Factors influencing the Investors to invest in Post Office saving scheme

Factors	Average Score	Rank
For children marriage	65	II
For children education	68	I
Risk free investment	59	IV
Promote saving habit	49	VI
Retirement Safety	61	III
Reduce Tax Burden	54	V

Source: Calculations based on field survey, 2025.

From the above table it is understood that majority of the investors feel that the factors influencing to invest in post office saving scheme are to save for their children education followed by children marriage, retirement safety, risk free investment, reduce tax burden and to promote saving habit.

Table – 6
Awareness regarding Post Office Saving Schemes

Schemes	Number of Investors	Percentage
Saving Deposit	42	34
Time Deposit	28	23
Kisan Vikas Patra	14	12
Sukanya Samriddhi Yojana	12	10
Senior Citizen Savings Scheme	13	11
National SavingCertificate	04	03
Public Provident Fund	09	07
Total	122	100

Source: Calculations based on field survey, 2025.

The awareness of investors towards post office saving schemes has been analyzed in Table -5. Around 34 percent of the investors are aware about post office savings deposits, 23 percent of the investors are aware about post office time deposits, 12 percent are aware about Kisan Vikas Patra scheme, 10 percent are aware about Sukanya Samrithi Yojana scheme, 11 percent are aware about Senior Citizen Saving Scheme, 7 percent are aware about Public Provident Fund and a minimum

of 3 percent of investors have awareness regarding National Saving Certificate. It was found that the majority of the Investors are aware of saving deposit in Post Office.

Chi square test has been analyzed to determine the association between the personal factors. The Age of the investors has always been an important primary factor in testing the dependent variable. The below table has revealed the association between 'age' of the investors as a personal factor and the awareness level towards post office Saving Schemes by the investors as the test factor. A null hypothesis has been framed to determine the association existing between these two variables.

Hypothesis: There has been no significant association between the age of the investors and the awareness level of Post office Saving Schemes.

Table – 7
Chi-Square Test

Test	Value	Degrees of freedom	Significant
Chi-Square	26.710	12	***

*** Highly significant at 1% level

The chi-square test has established a significant relationship between the age of the investors and their level of awareness. The calculated value of chi-square 26.710, has been higher than the table value of 26.217 at a 1 % level of significance and the hypothesis has been rejected.

The age of the investors has greatly influenced the level of awareness towards saving schemes offered by the Post Office in India.

Barriers Faced by Investors in Post Office

The barriers faced by investors have been found using five-point rating scale. The average score has been calculated based on total weighted score. The score nearer to 5 implies the statement of agreement and nearer to 1 implies disagreement to the statement. The Mean Score of barriers faced by Investors in Post Office is given in Table – 7.

Table - 8
Mean Score of Barriers faced by Investors in Post Office

Barriers Faced by Investors	Average Mean	Rank
Delay in processing	3.85	II
Lengthy formalities	4.13	I
Low Return	3.12	V
Inadequate information	3.65	III
Low Services	3.42	IV

Source: Calculations based on field survey, 2025.

The most common barriers faced by investors were Lengthy formalities (1st rank) followed by delay in processing (2nd rank), inadequate information (3rd rank), low services (4th rank) and the least problem for investors is low return (5th rank). It is understood from the above table that Lengthy formalities and delay in processing are the main barrier for investors compared to other barriers.

Suggestions

1. In order to promote the Post office saving schemes, post offices can do promotion by advertising through media, newspaper, etc.
2. As the investors worry about the low level of return, it is suggested that the Government of India should take necessary steps to increase the rate of interest.
3. Post Office should implement loans facilities at minimum rate of interest, which will be helpful for the weaker sections of the society.
4. The majority of investors are having a low level of satisfaction with post office savings schemes because of difficulties in opening and closing the accounts. Hence, it is suggested to make the procedure easy.
5. Parents prefer post office saving schemes for tax benefit, but tax benefits are attached only too few schemes. Therefore, it should be extended too many schemes in near future.

II. CONCLUSION

The investors are highly interested and satisfied in depositing their savings in post office savings scheme. The main reason for this is the risk-free investment and the tax benefits. The above-mentioned suggestions should be implemented by post office so that it can improve their performance and thereby we can increase the number of investors in post office saving schemes. There is only few saving schemes offered by post office for the benefit of children and it should be increased in near future. Many new schemes for children should be introduced by the post office so that the investors can meet out their children's education and marriage expenditure without any difficulties. The major problems faced by the investors while depositing money in post office deposits schemes were lengthy formalities and delay in processing. In order to overcome the delay in processing the latest technological advancement should be introduced and thereby the transaction time can be reduced. This study is very crucial in knowing the mindset of the investors in post office in respect to know how they perceive different attitudes and their awareness towards different saving schemes. The investors should also be fully aware about the schemes and services provided in the post office.

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