

COMPREHENSIVE MANTLE OF POSTAL SERVICES IN INDIA: CHALLENGES AND REVIEW

Gurpreet Singh*

Kritika Khanna**

Abstract

Communication is the important medium of survival and proves to be the lifeline of all people and all time. Direct communication proved to narrow in scope. The need for people to spread out gave pertinence to indirect communication. The concept of messenger gave an idea of postal service connecting the whole world in a communication network. The organized system of post office not only provides the variety of mail-related and courier services but also various financial services and banking services in India. A post office is a public office or department forming the part of the national postal system where mail is handled and where postage stamps, other postal materials, and services are sold. With the emergence of private players and Advancements in technology, postal services in India are facing the hard-nosed obstacles, finding hardships in long-term survival. This paper laid insistence on the postal as well as financial services. Also, the focus of research paper is on the challenges Indian postal services are facing in long-term survival of its existence.

Keywords:

Financial Services;

Postal Services;

Messenger;

Organized System;

Communication Network.

* **Assistant Professor, Department of Commerce and Business Administration, Lyallpur Khalsa College, Jalandhar City, Punjab**

** **Assistant Professor, Department of Commerce and Business Administration, Lyallpur Khalsa College, Jalandhar City, Punjab**

1. Introduction

Indian postal services serve in the brand name of 'India Post'. India post is a government operated post services in India and generally referred to as the post office. Postal services were opened for public on 1st April 1774 in India. India post is headed by the Ministry of Communications and information technology. The Postal Service Board (PSB) is the highest management of the post. The board consists of a chairperson and six other members. The members handle the portfolios like Planning, Development, Marketing and Personnel and Operations, Life Insurance and Technology. Today post office has the wide reach. Every locality, town, or city has the post office and it is easily approachable to local nearby. In India, post offices have been divided into twenty-two postal circles. The nature of postal services is divergent in its nature as post offices in India serve the variety of functions. Being administered by the government of India, the Services offered are economical and within the reach of common man. From sending letter or postcard to money order to faraway places, post offices in India also provide allied banking services which have made it the center of attraction to a large number of people both from rural and urban areas due to easy accessibility and the wide network of the post office.

The contribution of the Department of Posts (DoP) in the socio-economic development of the country is very vital and also it has proved to the backbone of the country's communication over the last 150 years. The re-shifting role of postal services in India: from delivering mails and accepting deposits to providing financial and insurance services, it has touched the lives of Indian citizens in many ways. Apart from providing the channel for communication, Indian post offices have also been acting as an agent of The Government of India by providing other relevant services to citizens such as wage distribution and old age pension payments under various schemes like Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) etc. There has been a drastic need for the Postal services to re-shift its role as soon as possible due to changing industry scenarios, increasing demand for financial services at reasonable cost and increased government pressure for the upliftment of weaker sections. Changing technology and rising competition are also posing twin challenges for the Department of Post.

Literature Review

Mahesh Potadar, et.al (2015) concluded that post office in India has started to explore the new ways, new ideas to increase mail volumes and retain the existing customers. To stay in the competition, India post has continually modernized almost in all the operations. There is need to re-engineered its business process in order to sustain its existence.

As per Dr. **U. Srinivasa Raghavan** India post also needs to deal with the emergence of electronic alternatives to mail, enhance the quality of its various products and services in order to satisfy ever more demanding customers and respond proactively to market competition. It is pivotal that India post should reinvent itself and respond to challenges posed by globalization, liberalization, corporatization, technology, changing markets and environment.

Ritika Aggarwal (2012) revealed the significance of India Post Office Savings Bank offering various saving products, reaching Indian citizens, especially in small regions of the country. The increasing number of accounts, as well as the number of branches of POSBs proves to have a great significance in the field of the financial sector of the country.

BIS (2012) explored that the Post Office network of around 11,500 branches plays a unique and valued role in communities up and down the country. Post Offices are vitally important for the future of communities, both rural and urban. The Government is committed to the long-term future of the Post Office. We have carried out a fundamental rethink of Government policy towards the Post Office, designed to break the cycle of decline into which the network has been allowed to fall

Committee on Harnessing the India Post Network for Financial Inclusion (2010) has given recommendations for population-wide banking; payments and emergency credit access are in line with both the Government's focus on financial inclusion and the India Post capacity and role in the delivery of essential financial services to everyday Indians

World Bank (2006) concluded that in India the Post Office will be reaching out to new customers and winning back those who have drifted away, refurbishing its branches, extending

its opening hours, reducing queues, and developing its presence online. This will mean a major modernization to address the underlying economics of the network.

2. Research Method

The post office is eccentric. It is part of the fabric of the country as well as serving as the oldest and largest retail network for many years. The finding of this paper is based upon the secondary data and by reviewing various authentic research papers from online databases of peer-reviewed, official website of various investment management. The primary concern of this paper is

1. To review the major services provided by the post offices in India as well as benefits availed by customers in recent times.
2. to accentuate out the major challenges faced by the postal services in India with changing scenario and also to study the initiative need to be taken by Indian post department in order to retain its existence in changing the environment.

3. Finding of the Study

Indian postal services are mainly perturbed by the collection, sorting, and distribution of letters, parcels, packets, etc. Besides, a number of other services are also provided to the general public as well as business enterprises are classified under the following heading:

1. Mail Service: Mail Service represents the backbone of the postal services which includes the collection of letters and parcels from the sender to distribute among the receivers of the same. Both inland and international mails are delivered through the postcards, envelope, inland letter, parcel post, book post etc. Various specialized mail services are as follows:

1.1 Certificate of Posting: In the case of ordinary letters, the post office does not issue any receipt as these letters are directly dropped in letterbox. In case of 'certificate of posting', the sender gets the receipt of proof of sending the letter by paying the concerned prescribed fee to post office.

1.2 Registered Post: In order to ensure that whether the letter has been delivered or not, post office service provides registered post facility which ensures that mail is delivered to appropriate address. In case due to any reason mail is not delivered, then it comes back to the sender under registered post facility.

1.3 Insured Post: In this facility, post office becomes liable for the damage of the good sent as parcel if such goods are lost in transit.

1.4 Speed Post: Post office provides time-bound as well as guaranteed mail delivery through its speed post service. Under its money back guarantee, if the consignment is not delivered within published norms, speed post fee will be refunded.

1.5 Post Restante: Under this facility, when the exact address of the receiver is not known, the letter is sent to the postmaster of the area where the receiver resides. The post office retains letter for maximum 14 days and then it is returned to sender. This facility is suitable for tourists and travelling salesman.

2. Remittance service: Under this facility, Money can be transferred from one place to another within as well as outside India through remittance service for the post office. Two types of facilities are available through which money can be transferred that is money order and postal order. Post office sends multiple varieties of money orders as per the convenience of customers, like Ordinary money order, telegraphic Money order, Satellite Money order and for businessman, corporate money orders are there.

3. Banking Services: Post offices in India are also engaged in some of the banking services like accepting deposits and withdrawal of deposits through various schemes to incite the savings and inspire people to save. Some of the important saving schemes are as follows:

3.1 Post office saving Bank account: It is the type of savings account where people can deposit and withdraw money whenever required. This account can be opened with the post office with the minimum amount of Rs 20 and the maximum limit of one lakh rupees. Interest provided by post office on such account is tax exempted.

3.2 5- Year post office Recurring Deposit Scheme: A Recurring Deposit Scheme can be opened for any amount, which is multiple of Rs 5/- without any limit. Such deposit should be made every month for the period of 5 years.

3.3 Post Office Time Deposit Account: This account can be opened with minimum Rs 50 without any maximum limit. The deposit is made in the Lump sum for a fixed period of time like one, two, three or five years. The tax benefit is also provided under Sec 80 of Income Tax on the interest income.

3.4 Post Office Monthly Income Scheme: A fixed sum of money is deposited for six years and interest is earned on monthly basis. This scheme can be operated with the minimum of Rs

1000 and a maximum of Rs 3 lakhs in the individual account and Rs 6 lakhs in the joint account. In addition to interest, depositor also avails the 10 % extra bonus apart from interest at the time of maturity.

3.5 6- Year National Saving Certificates (VIII Issue) Scheme: This is one the most voguish saving scheme among the income tax payers. These certificates are issued by the post office for a period of 6 years with minimum amount of Rs 100/- and no maximum amount limit. Such certificates are available in the denomination of Rs 100, Rs 500, Rs 1000, Rs 5000 and Rs 10000. The interest earned is subject to re-investment and any income earned from this is tax exempted.

3.6 15 Year Public Provident Fund Account (PPF Account): To foster the habit of long-term saving, this account can be opened by the individual in its own name or in the name of the minor. Maximum Rs 70000 can be deposited by individual each year whether in lump sum payment or in installments with no maximum limit. Loan facility is also available after the period of 3 years and withdrawal can be done from 7th year onwards. Interest income is fully tax-free.

3.7 Kissan Vikas Patra Scheme: Under this facility, the fixed sum of money gets doubled within a certain period. The money deposited under this facility can be withdrawn after the certain lock-in period.

4. Insurance service: Post offices offer life insurance under two schemes; (i) Postal Life Insurance (PLI), and (ii) Rural Postal Life Insurance (RPLI). Postal Life Insurance (PLI) was initially introduced for postal employees. Over the years it has been extended to employees of central and state governments, public sector undertakings, universities, and government-aided institutions, nationalized banks and financial institutions. Just as PLI, the post offices provide life insurance coverage to the people living in rural areas and the weaker section of the society, which is known as Rural Postal Life Insurance (RPLI).

5. Other Services: Apart from the above-mentioned service, the post office also provides various other services as follows:

5.1 E-Payment Services: Businesses and organizations can also collect their bills or payments through post office network using E-payment service using web-based software and whereas payment is centrally done through cheque from the specified Post office of biller's choice. More than 14000 post offices across the country are equipped with this service.

5.2 Logistics Post _ B2B Express Distribution: This service is specifically designed to provide cost-effective and efficient distribution for the corporate customers across the country. Tailor-made solutions are provided which manages the entire distribution side to the logistics, includes collection to distribution, storage and, carriage all under one service at the lowest possible price.

5.3 E-Post Service: In the revolutionized word of communication, Internet and E-mail have made the speedy communication. At the same time, accessibility to email continuous to be a major problem for many people, especially in rural areas. Department of Post has introduced the facility of E- post to make the benefits of e-mail to bridge the digit gap and make its availability to everyone. Through E-post, the customer can send their messages to any address in India with a combination of electronic transmission and physical delivery through the network of more than 155000 post offices. Soft copy of messages is send using E-Post service through the internet and it will be delivered to its receiver in the form of hard copy costing Rs 10 per page of A4 size.

4. Challenges and Recommendations Ahead Of Indian Postal Service

Prof. V Ranganthan focused his viewpoint that With the Internet, Mobile Telephone network revolution posing a threat of making the letter mail obsolete, postal monopolies throughout the world are reconstructing.

India post (IP) has been beholding a decline and fall both absolutely, in terms of its own hefty standards, falling behind its private sector and international competitors who have eroded away the courier market, and in some specific routes such as letter mail segment. Except for speed post and foreign mail service, other segments are incurring a loss. The loss, in turn, is restraining the managerial sovereignty of IP, with all major financial injunctions left to the Finance Ministry. Worryingly, IP is facing the apparent paradox of plunging demand transpiring with low prices even in its subsidized Universal Service Obligation (USO) segment, like postcards and letter mails. In promotion of its speed post service, IP is degrading its letter mail market by delivering normal mail inordinately late. In its race of commercialization, it is crumbling its own long build reputation in its traditional areas, letter post, and money orders.

As per the findings of Dr. U. Srinivasa Raghavan, Post office savings bank in India is one of the largest pension distributor and second largest life insurance provider. Some of the issues faced by India Post such as deficit recurring deposits, limited capital expenditure (only 1 percent

of total expenditure), the preponderance of staff cost (salaries, wages, pension), an adverse net operating ratio (expenditure coverage ratio), lagging circles, unsuitable costing methods, non-economic pricing, and lack of commercial orientation. There is a need to deal the emerging challenges, India post should look for the electronic alternatives for the mail, upgrade the quality of its products and services to satisfy ever more demanding customers, and respond proactively to market competition.

Mr. Sanjay Mirchandani viewed and suggested relevant ways to manage the postal sector business by highlighting the use of Information and technology as a key enabler. Four pillars of strategic change and development of postal system:

- Empower customers, employees, and partners through appropriate services and solutions.
- Broadening the network of the post office and transform it into a gateway for value-added services.
- Assess the operational cost, productivity and customer value.
- Enhance the productivity of service delivery and employees.

5. Conclusion

Post office service in India needs to explore the new ways, new ideas to increase mail volumes and retain existing customer. In order to survive in the competition environment, India post must continually modernize across all areas of their operations. Some of the key challenges and solutions to India post are Postal Privatization, Managerial Autonomy; increase the quality of its product and services, providing training to their employees, Improve parcel services, Tie-up with big e-commerce player, customer awareness programs and increasing banking services.

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