

PARTICIPATION OF POST OFFICES IN RURAL FINANCIAL INCLUSION.

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Abstract

Even in the globalization era, including everyone in the ambit of formal financial sector is one of the biggest challenges, particularly in backward and developing countries. In India even today one may find non-monetized demographic area, because of which, a part of the population may not participate in the economic growth of the country. Banking sector of the country has been struggling in this work since independence and accelerated during globalization period. However still the target is far away, particularly, in rural India. In recent years post offices are carrying financial business to boost financial inclusion, because Indian postal department is having a strong root in rural India. The financial inclusion is one step towards inclusive growth. This paper tries to throw light on the role of post offices in rural financial inclusion. The rural post offices encouraged rural citizens of the country to open account in their offices and that could help the rural people to directly receive benefits of different social security and other schemes in the country.

Keywords:

Rural;
Formal Financial services;
Financial Inclusion;
Post offices;
Schemes.

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In that process post offices could also achieve financial inclusion. As per the study it is certain that role of post offices is considerable in bringing the rural population of India into the ambit of formal financial sector. Once people start the financial transaction in this way, if they feel easy and believable, they will continue and be able to access all types of formal financial services. Due to the efforts of postal dept, the banking sector, credit co-operatives and govt support rural people and they are gradually exposed and acquainted to formal financial services and they get the benefits of formal financial services. Thus, post offices are contributing a lot in rural financial inclusion in recent years

1. Introduction

Even in the globalization era, including everyone in the ambit of formal financial sector is one of the biggest challenges, particularly in backward and developing countries. In India even today one may find non-monetized demographic area, because of which, a part of the population may not participate in the economic growth of the country. Banking sector of the country has been struggling in this work since independence and accelerated during globalization period. However still the target is far away, particularly, in rural India. In recent years post offices are carrying financial business to boost financial inclusion, because Indian postal department is having a strong root in rural India.

Financial inclusion is nothing but providing accessibility to formal financial services to all the citizens of the country irrespective of his or her abode. Usually because of two reasons people may not go for formal financial services, one is lack of services, so no accessibility, another one is lack of knowledge and apprehension about formal financial services. Basically, rural, poor and illiterate people are not getting financial accessibility. To promote the growth of a country participation of every citizen in the process is must irrespective of region or other way. The

financial inclusion is one step towards inclusive growth. This paper tries to throw light on the role of post offices in rural financial inclusion.

Objectives:

- 1.To study role of post offices in rural financial inclusion.
- 2.To know the Financial Inclusion through MGNREGA scheme.
3. To know Financial Inclusion through Social security schemes

2. Research Method

This is a descriptive analysis based on the secondary data. The data are used from the published reports govt of India. To analysis simple statistical tools like tables, growth rate, graphs are used.

3. Results and Analysis

Postal Dept. of India has as rural network of 1, 39,067 post offices out of 1,54,965 post offices in the country. The Rural Business division has been given the responsibility of spreading and providing easy accessible and affordable financial services to rural people along with postal services. The rural post offices encouraged rural citizens of the country to open account in their offices and that could help the rural people to directly receive benefits of different social security and other schemes in the country. In that process post offices could also achieve financial inclusion.

3.1.Financial Inclusion through MGNREGA scheme:

Govt. of India enacted the MGNREGA in Sept. 2005. It seeks to provide at least 100 days guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work. This act came in to effect from April-2008. Post offices of the country entrusted the responsibility to implement such schemes. When financial inclusion is one of the main focused areas, the post offices made this opportunity for this purpose by opening more and more saving bank accounts that helped to transfer the benefits. Around 2.92 crores MGNREGA accounts opened in the post office in 2008-09 and Rs.3,863crores of amount disbursed through that accounts.

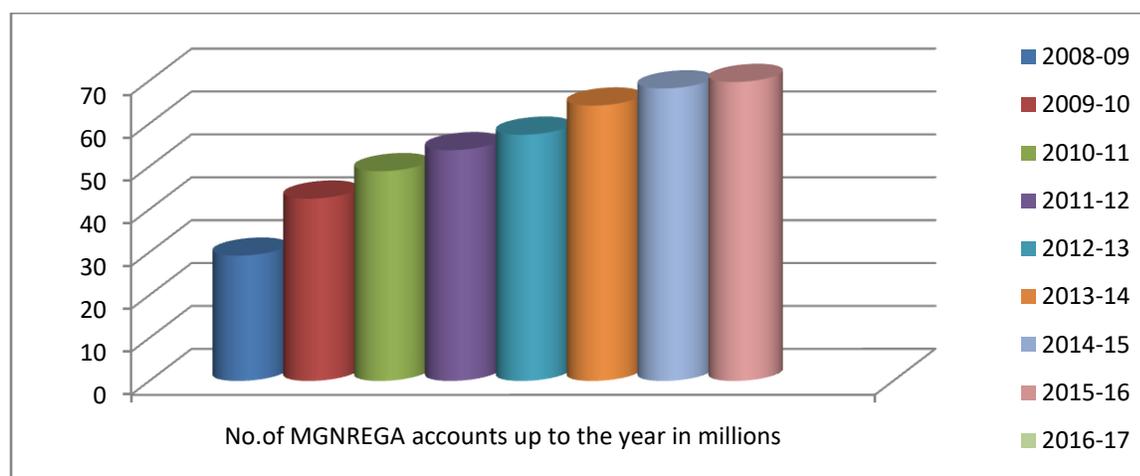
Table.1. Financial Inclusion through MGNREGA scheme.

Year	No.of MGNREGA Accounts up to the year(in crores)	Growth rate over the years in %	Amount disbursed during the years(Rs in crores)	Growth rate over the years in %
2008-09	2.92	-	3,863	-
2009-10	4.25	45.55	7,900	104.50
2010-11	4.89	15.05	9,179	16.19
2011-12	5.38	10.02	7,865	-14.32
2012-13	5.74	6.69	12,014	52.75
2013-14	6.42	11.85	11,403	-5.09
2014-15	6.82	6.23	7,688	-32.58
2015-16	6.97	2.20	6,943	-9.7
2016-17	-	-	6,152	-11.39

Sources: Annual Reports 2011-12, 2012-13, 2013-14, 2014-15, 2015-16 Department of Posts India.

The number of account has increased to 5.37 crores in 2012-13 and the amount disbursed through the accounts is Rs.12,014crores. As per the available latest data, in 2015 -16 the number of account were 6.97 crores and the amount disbursed through these accounts under MGNREGA scheme is Rs. 6943 crores. There is a continues increase in the accounts over a period of time.(Table no.1). Thus, as per the study it is certain that role of post offices is considerable in bringing the rural population of India into the ambit of formal financial sector. Once people start the financial transaction in this way, if they feel easy and believable, they will continue and able to access all type of formal financial services. Growth of accounts is depicted in the graph no.1.

Graph no1. . Financial Inclusion through MGNREGA scheme.



3.2. Financial Inclusion through Social security schemes:

The Rural Business division of Postal Department of India has been actively involved in the implementation of various Government sponsored social security scheme, Like Indira Gandhi National Old Age Pension Scheme, Indira Gandhi National Widow Pension Scheme, Indira Gandhi National Disability Pension Scheme, etc. In addition to that, Postal Department also undertakes payment of pensions under National Social Assistance programme of the Ministry of Rural Development and disbursement of benefits under direct benefits programmes of various ministries of the Government of India through National Automated Clearing House platform. As per the study, in 2012-13 Rs.813.79 crores of amount, social security benefits under different schemes, disbursed through post office saving Bank accounts and it has increased to Rs.3,631.18 crores in 2014-15.(Table No.2) Even disbursement of amount through Money order also lead to financial inclusion. It was Rs.3,200crores disbursed through money orders in 2012-13 and it has increased to Rs.5,468.86 crores in 2014-15.

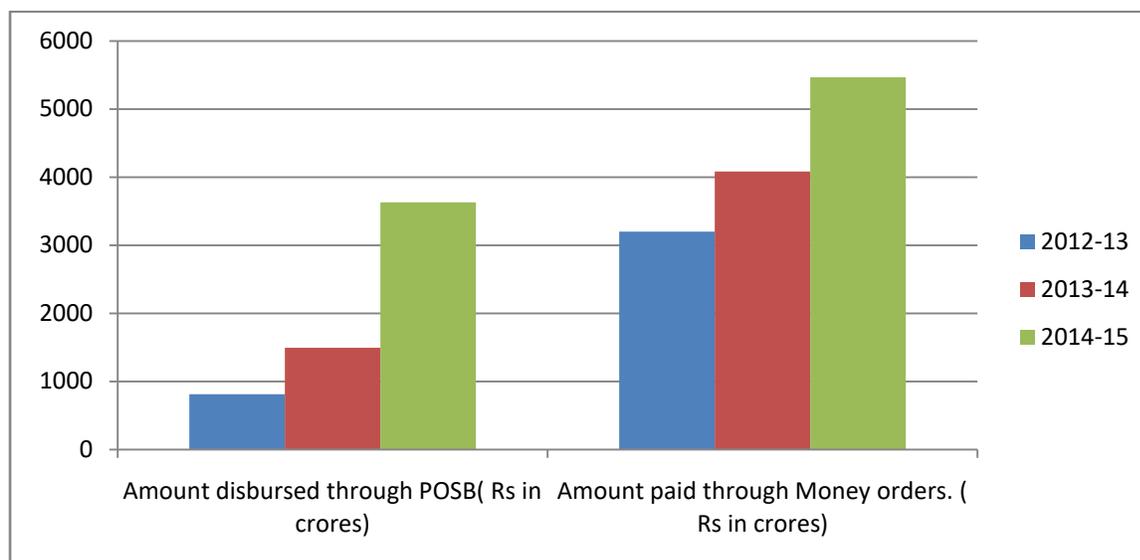
Table.2. Financial Inclusion through Social security schemes.

Year	Amount disbursed through POSB(Rs in crores)	Growth rate over the years	Amount paid through Money orders. (Rs in crores)	Growth rate over the years
2012-13	813.79	-	3200.0	-
2013-14	1494.47	83.64	4084.98	27.65
2014-15	3,631.18	142.97	5,468.86	33.87

Sources: Annual Reports 2013-14, 2014-15, 2015-16 Department of Posts India.

Thus, as per the observation, through social security schemes post offices expose and acquaint rural people to formal financial services and increase financial inclusion of rural people.

Graph. 2. Financial Inclusion through Social security schemes



3.3 Financial Inclusion through Indira Gandhi MatritvaSahyogyogna:

This scheme is a conditional cash transfer maternity benefit scheme for addressing maternal under-nutrition, has been introduced in the identified districts of the country through the platform of Integrated Child Development Services scheme. The scheme envisages providing cash directly to women during pregnancy and lactation subject to individuals fulfilling specific conditions. The postal dept in such districts helps to transfer of money to eligible beneficiary by opening post offices saving Bank accounts. As per the study, Rs.699.90 million amount is disbursed through 0.443 million accounts in 2012-13 and it was Rs.901.8 million and 0.484 millions respectively in 2014-15. (Table No.3) This is also one opportunity and way for rural financial inclusion.

Table.3. Financial Inclusion through Indira Gandhi MatritvaSahyogyogna.

Year	No.ofIGMSYAccounts up to the year(in million)	Amount disbursed during the years(Rs in millions)
2013-14	0.443	699.90
2014-15	0.484	901.8

Sources: Annual Reports 2013-14, 2014-15, 2015-16, Department of Posts India.

4. Conclusion:

In addition to the above, along with insurance schemes, Post offices are also using their saving schemes to full fill the banking needs of the rural India. But, Even today, rural people are away from formal financial services because of money lenders who lend them with minimum hasty procedures. But, innocent borrowers are not aware about very high interest rate and exploitation. However, Due to the efforts of postal dept, the banking sector, credit co-operatives and govt support rural people and they are gradually exposed and acquainted to formal financial services and they get the benefits of formal financial services. Thus, post offices are contributing a lot in rural financial inclusion in recent years

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