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**IMPORTANCE OF POSTAL SERVICES IN RURAL
DEVELOPMENT**

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*Rural, India Post,
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Abstract

With rapid economic changes and technological advancements in machinery, equipment, and infrastructure, rural lifestyles in India are also experiencing improvements. Rural populations are now benefiting from better societal structures, quality education for children, healthier lifestyles, cleaner environments, and stronger financial conditions. A key pillar for a thriving economy is a robust financial system, which plays a vital role in improving financial accessibility. However, people in rural India still face challenges in accessing basic financial services. The initiative of Postal Banks has made it possible to offer essential banking services, such as savings and deposit accounts, to individuals in remote rural areas. India Post has the largest network of branches across the country, particularly in rural areas. This study explores the role of India Post in integrating rural populations into the country's financial system and assesses the performance of its banking services for rural customers. It emphasizes the importance of creating awareness about financial services for rural communities, as their savings can significantly contribute to strengthening the Indian economy by facilitating the flow of cash from rural areas into the broader financial system.

1. INTRODUCTION

Financial literacy remains one of the most pressing concerns in India, especially in rural areas, where agriculture is the primary source of livelihood. Given that financial services are crucial for farmers, the government has implemented various national schemes to address these issues.



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Financial inclusion plays a significant role in fostering inclusive growth for the nation. It is estimated that globally, over 2.5 billion people lack access to financial services, with one-third of this population residing in India. The goal of financial inclusion is to make financial services easily accessible, which in turn encourages investments in business, education, savings for retirement, and insurance coverage, particularly for rural individuals and enterprises (Mala & Vasanthi, 2016). In simpler terms, financial inclusion means incorporating individuals, especially those in remote areas who lack access to financial services, into the banking system by offering them basic financial services such as savings accounts, deposit facilities, and loans. The Indian government nationalized 14 banks in 1969 and another 6 in 1980, thereby controlling 91% of the banking business in the country. Alongside regional rural banks and cooperative banks, the Indian postal service has become a critical player in offering financial services to rural communities. Established in 1854, India Post gradually expanded its network, focusing especially on rural regions, and has played an essential role in rural development.

India Post offers various services, including mail delivery, deposit acceptance under small savings schemes, life insurance through Postal Life Insurance (PLI) and Rural Postal Life Insurance (RPLI), as well as retail services such as bill collection and form sales. The department also acts as an agent for the government in disbursing pensions and implementing schemes like the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). The postal network's large presence across the country allows it to provide crucial financial products, including savings accounts, recurring deposits, and insurance services. This study evaluates India Post's effectiveness in providing financial services to rural people and explores the extent of its success in contributing to financial inclusion in rural India.

2. REVIEW OF LITERATURE

Dipankar Malakar (2013) discusses the role of post offices in financial inclusion and the challenges faced by India Post. Despite the obstacles, post offices continue to provide reliable and low-cost services through a vast network across the country.

Anand, M.B. & Ramesh (2013) analyze the performance of India Post and suggest that while India Post has grown significantly, there is a need for further strategic development to enhance service delivery in rural areas. The introduction of Core Banking Solutions (CBS) has improved operational efficiency and broadened service offerings.

K. Gayathri (2014) examines the attitude of investors towards post office savings schemes in Cumbum Town. Her study highlights several challenges faced by customers, particularly in rural areas, due to a lack of awareness about the financial products offered by the post office.

3. OBJECTIVE OF THE STUDY

The main objective of this study is to examine the role of India Post in promoting financial inclusion in rural Arunachal Pradesh, with a focus on Tawang District. It aims to understand how



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rural customers interact with and use the financial services offered by India Post, and to assess their awareness and usage of various banking and insurance products.

4. METHODOLOGY

This study employs both qualitative and quantitative research methods to gather data on the financial behavior of rural people, their income-expenditure patterns, saving habits, and attitudes towards financial institutions. Data were collected through interviews and surveys from residents of Tawang District who have accounts with India Post. Analytical tools such as pie charts, bar graphs, and descriptive statistics were used to interpret the data.

India Post: Overview on Postal Banking

India Post has an extensive network of post offices across the country, particularly in rural areas. As of 2011, out of a total of 154,866 post offices, 139,040 were located in rural regions. The department introduced Core Banking Solutions (CBS) to enhance the quality of its services and enable modern banking features like ATM banking, Internet Banking, and Mobile Banking. The Indian Postal Payments Bank (IPPB), launched in 2017, further expanded financial services by linking post office savings accounts to the national payment systems. Despite its vast reach, India Post faces challenges related to infrastructure, internet connectivity, and marketing, which hinder the efficient delivery of financial services.

➤ Profile of the Respondents

The study surveyed 100 respondents from Tawang District, with a demographic breakdown as follows:

Age: 51% of respondents were between 30-45 years, and 38% were above 45 years.

Gender: 58% of respondents were female, and 41% were male.

Educational Qualification: 21% were illiterate, and 31% were graduates.

Occupation: 35% had jobs, 28% were involved in their own business, and 22% worked as land laborers.

5. RESULTS AND DISCUSSIONS

The findings indicate that while India Post has a significant presence in rural Tawang, awareness of its financial products is limited. Many people are unaware of services like money remittance, mutual funds, and e-commerce facilitation. On the other hand, products like Post Office Savings Accounts and Postal Life Insurance (PLI) are more widely recognized. For example, 30% of respondents have a Sukanya Samriddhi account, while 49% of insurance policyholders have chosen the Whole Life Assurance scheme. However, the lack of effective rural marketing and outreach is a major barrier to increasing awareness and adoption of these services.

6. CONCLUSION

India Post plays a critical role in financial inclusion in rural areas, especially where other banking services are inaccessible. Its extensive network and diverse range of financial products have



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significantly contributed to rural development. However, challenges such as poor internet connectivity and limited marketing efforts hinder the effectiveness of its services. The government's Digital India initiative aims to address these issues by enhancing the technological infrastructure of post offices, which will improve service delivery and support rural development initiatives.

7. AUTHOR(S) CONTRIBUTION

The writers affirm that they have no connections to, or engagement with, any group or body that provides financial or non-financial assistance for the topics or resources covered in this manuscript.

8. CONFLICTS OF INTEREST

The authors declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

9. PLAGIARISM POLICY

All authors declare that any kind of violation of plagiarism, copyright and ethical matters will take care by all authors. Journal and editors are not liable for aforesaid matters.

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