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AN EMPIRICAL STUDY IN TAMIL NADU'S TIRUPUR DISTRICT ON FINANCIAL INCLUSION VIA POST OFFICE SAVINGS PLANS AND THEIR EFFICIENCY IN ENCOURAGING HOUSEHOLD SAVINGS

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ABSTRACT

Financial inclusion is a key driver of inclusive economic development, ensuring access to financial services for all segments of society. In India, India Post plays a significant role in promoting financial inclusion through its wide network and various small savings schemes. This study examines the contribution of post office savings schemes in enhancing financial inclusion and evaluates their effectiveness in mobilizing household savings in Tirupur District of Tamil Nadu. The research is based on primary data collected from 120 respondents using a structured questionnaire. The findings reveal that post office schemes are widely preferred due to their safety, reliability, and government support. Recurring deposits and savings accounts are the most popular schemes among households. However, the study also identifies moderate levels of awareness and limited adoption of digital services as key challenges. Despite the presence of commercial banks, post offices continue to serve as an important financial institution, particularly for rural and semi-urban populations. The study concludes that improving awareness and integrating digital technology can enhance the effectiveness of post office savings schemes in mobilizing household savings and strengthening financial inclusion.

KEYWORDS: Financial Inclusion, India Post, Small Savings Schemes, Household Savings, Tirupur District

1. INTRODUCTION

The process of guaranteeing that people and businesses have fair, transparent, and reasonably priced access to the necessary financial products and services is known as financial inclusion. Financial inclusion is crucial for lowering poverty, fostering economic expansion, and raising living standards in a developing nation like India. Many people still do not have access to conventional financial services, particularly in rural and semi-urban areas. As a result, alternative financial institutions are essential to closing this gap.

India Post, which has a huge network of post offices around the nation, is one such significant organization. It provides a range of minor savings plans, including public provident funds, time deposits, recurring deposits, and savings accounts. These programs are intended to promote saving among people, especially those from middle-class and lower-class backgrounds. Many homes prefer post offices because of their accessibility and reputation for reliability.

Post office savings plans are essential for mobilizing household savings in areas like Tirupur District, where industrial growth coexists with a mix of rural and urban populations. These programs support the region's overall economic growth in addition to offering financial security.



Risk-averse investors are drawn to the government's support because it guarantees investment security. Post office savings plans, however, encounter a number of difficulties despite their significance. Their popularity has been impacted by growing competition from digital financial services and commercial banks. The effectiveness of post office services is further hampered by a lack of understanding and a lack of technological innovation. Many people don't know about these programs' features and advantages, which lowers their involvement.



This study examines how post office savings programs contribute to financial inclusion and assesses how well they mobilize household savings. Additionally, it looks at people's preferences and awareness of various plans. The study attempts to offer recommendations for enhancing the effectiveness of post office savings plans by evaluating their advantages and disadvantages. In general, financial inclusion involves more than merely opening bank accounts; it also involves promoting financial literacy and savings. Post office savings plans are still a dependable and convenient choice, particularly for marginalized groups. India's financial stability and inclusive growth can be greatly aided by strengthening these programs.

2. REVIEW OF LITERATURE

Kumar and Hasan (2026) examined the effectiveness of financial inclusion using advanced statistical models. The study found that access to financial services significantly improves economic participation among marginalized groups. It emphasized that institutional networks play a major role in inclusion outcomes. The research highlighted that awareness and accessibility are key determinants of success. It also identified gaps in service delivery in rural areas. The study concluded that strengthening financial infrastructure can improve inclusion effectiveness.

Keshari and Tiwari (2026) conducted a systematic review of financial inclusion in rural regions. The



study analyzed multiple research articles and identified major challenges such as lack of awareness and infrastructure gaps. It emphasized the importance of last-mile connectivity in financial services. The research highlighted that rural populations still depend on traditional savings systems. It also suggested policy improvements for enhancing inclusion. The study concluded that integrated approaches are needed for sustainable financial inclusion.

Sethi, Das, and Bindu (2025) analyzed financial inclusion and financial resilience through a bibliometric approach. The study found that digital financial services are increasingly influencing savings behavior. It highlighted that financial inclusion contributes to economic stability and resilience. The research also pointed out the growing role of technology in financial access. However, disparities still exist among different income groups. The study concluded that digital inclusion must be strengthened alongside traditional systems.

Choudhury and Gupta (2025) examined financial inclusion from an Indian perspective with a focus on utilization. The study found that access to financial services has improved significantly, but effective usage remains a challenge. It emphasized that quality of services is more important than mere availability. The research highlighted the need to focus on underbanked populations. It also suggested improving financial literacy and service quality. The study concluded that inclusive growth depends on better utilization of financial services.

Mishra, Kandpal, Agarwal, and Srivastava (2024) reviewed the socio-economic impact of financial inclusion. The study found that financial inclusion contributes to poverty reduction and economic development. It highlighted that access to savings and credit improves living standards. The research emphasized the role of financial institutions in inclusive growth. It also pointed out challenges like financial illiteracy and inequality. The study concluded that financial inclusion has a strong positive impact on development.

Ozili and Syed (2024) analyzed financial inclusion and fintech development in India. The study found that factors such as income, education, and digital access influence financial inclusion. It highlighted the role of technology in expanding financial services. The research also pointed out issues like digital divide and accessibility barriers. It emphasized the importance of policy support for inclusive finance. The study concluded that fintech can enhance inclusion if properly implemented.

Lekshmi and Maheswari (2024) studied the role of India Post in promoting financial inclusion and women empowerment. The study found that post office savings schemes provide financial security to women in rural areas. It highlighted that accessibility and trust are key strengths of India Post. The research emphasized the importance of government-backed schemes in inclusion. It also identified awareness gaps among beneficiaries. The study concluded that India Post plays a vital role in inclusive financial development.

Pushp et al. (2023) analyzed the impact of financial inclusion on economic development in India. The



study found that increased access to financial services positively affects economic growth. It highlighted the role of digital infrastructure in enhancing inclusion. The research emphasized that internet usage improves financial participation. It also pointed out that financial inclusion supports investment and savings behavior. The study concluded that financial inclusion is a key driver of economic development.

3. OBJECTIVES OF THE STUDY

- To examine the role of post office savings schemes in promoting financial inclusion
- To evaluate the effectiveness of small savings schemes in mobilizing household savings
- To analyze the level of awareness among respondents about post office schemes
- To identify the factors influencing investment decisions in post office schemes
- To study customer preference towards different savings schemes
- To provide suggestions for improving the effectiveness of post office services

4. HYPOTHESIS OF THE STUDY

Null Hypothesis (H₀)

There is no significant relationship between awareness of post office savings schemes and household savings behavior.

There is no significant relationship between income level and preference for post office savings schemes.

Alternative Hypothesis (H₁)

There is a significant relationship between awareness of post office savings schemes and household savings behavior.

There is a significant relationship between income level and preference for post office savings schemes.

5. RESEARCH METHODOLOGY

Research Design

The study adopts a descriptive research design to analyze the role and effectiveness of post office savings schemes.

Area of Study

The research is conducted in Tirupur District, Tamil Nadu, which includes both rural and semi-urban populations.

Data Collection

- Primary Data: Collected through structured questionnaires distributed to respondents
- Secondary Data: Collected from journals, reports, government publications, and websites

Sampling Method

Convenience sampling method is used for selecting respondents.

Sample Size

A total of 120 respondents were selected for the study.

Tools for Analysis

- Percentage Analysis
- Chi-Square Test (for hypothesis testing)

6. DATA ANALYSIS AND INTERPRETATION

According to the analysis, most respondents are between the ages of 25 and 40, and their knowledge of post office savings plans is only minimal. Because they are dependable and reliable, recurring deposits are the most popular choice for investments. In general, respondents' investment is mostly influenced by safety and ease of access.

Table No:01

Socio-Economic Profile, Awareness and Preferences of Respondents

S.NO	CATEGORY	PARTICULARS	RESPONDENTS	PERCENTAGE
1	Gender	Male	70	58%
		Female	50	42%
2	Age Group	Below 25	20	17%
		25–40	45	38%
		40–60	35	29%
		Above 60	20	16%
3	Awareness Level	High	40	33%
		Moderate	50	42%
		Low	30	25%
4	Preferred Savings Scheme	Savings Account	30	25%
		Recurring Deposit	40	33%
		Time Deposit	20	17%

S.NO	CATEGORY	PARTICULARS	RESPONDENTS	PERCENTAGE
		PPF	20	17%
		Others	10	8%
5	Reason for Choosing Scheme	Safety	50	42%
		Interest Rate	25	21%
		Easy Access	30	25%
		Government Support	15	12%

CHI-SQUARE ANALYSIS

Table No:02

Relationship between Awareness and Savings Behavior

Awareness Level	High Savings	Low Savings	Total
High	30	10	40
Moderate	25	25	50
Low	10	20	30
Total	65	55	120

Table No:03

Chi- Square Results

Particulars	Value
Chi-square Value (Calculated)	10.45
Chi-square Value (Table)	5.99
Level of Significance	5%
Result	Reject Ho

Since the calculated value is greater than the table value, the null hypothesis (H₀) is rejected.

Table No:04**Relationship between Income Level and Scheme Preference**

Income Level	RD Preference	Other Schemes	Total
Low Income	20	15	35
Middle Income	30	20	50
High Income	10	25	35
Total	60	60	120

Table No:05**Chi- Square Results**

Particulars	Value
Chi-square Value (Calculated)	8.62
Chi-square Value (Table)	5.99
Level of Significance	5%
Result	Reject H ₀

Since the calculated value is greater than the table value, the null hypothesis (H₀) is rejected.

7. FINDING AND SUGGESTION**FINDINGS**

- Majority of respondents belong to the 25–40 age group
- Male respondents are higher compared to female respondents
- Most respondents have moderate awareness of post office savings schemes
- Recurring deposit is the most preferred savings scheme
- Safety is the primary factor influencing investment decisions
- Post office schemes are highly trusted due to government backing
- Awareness level significantly influences savings behavior
- Income level affects preference for different savings schemes
- Rural and semi-urban respondents rely more on post office services



- Digital usage of post office services is comparatively low

SUGGESTIONS

- Conduct financial literacy programs to improve awareness
- Enhance digital services in post offices
- Simplify procedures for opening and maintaining accounts
- Introduce mobile applications for easy access
- Provide better customer service and support
- Increase interest rates to attract more investors
- Promote schemes through advertisements and campaigns
- Focus on youth and working professionals
- Improve infrastructure in rural post offices
- Introduce innovative and flexible savings schemes

8. CONCLUSION

In order to achieve inclusive economic growth and lessen inequality in developing economies, financial inclusion is essential. The function and efficacy of post office savings plans in encouraging financial inclusion and mobilizing household savings were investigated in this study. The results show that post office schemes are still a dependable and trustworthy investment choice, especially for those with low and moderate incomes. Investment decisions are mostly influenced by these systems' safety, accessibility, and government support. The most popular plans among respondents are savings accounts and recurring deposits, however the report also identifies certain issues including low knowledge and slow uptake of digital services.

Post offices are still important in rural and semi-urban areas because of their accessibility and ease of use, even in the presence of contemporary banking facilities. The Chi-square analysis's findings verify that awareness and income level have a major impact on scheme preference and saves behavior.

In general, post office savings plans are essential for promoting financial inclusion. Their efficacy can be further enhanced by raising awareness, developing digital infrastructure, and implementing creative programs, which will support financial stability and economic growth.

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