Journal of Science Engineering Technology and Management Science
Volume 02, Issue 07, July 2025 ISSN: 3049-0952
www.jsetms.com DOI:10.63590/jsetms.2025.v02.i07.240-255

THE ROLE OF INDIA POST PAYMENTS BANK TO DRIVE FINANCIAL INCLUSION IN INDIA– A STUDY

[1]Katroth Suresh, II MBA Student,Malla Reddy Engineering College(Autonomous),Hyd.
Email Id:sureshchitti1997@gmail.com
[2]Dr.S.Narender, Professor, Dept. of MBA, Malla Reddy Engineering College(Autonomous), Hyd.
Email Id: narendercommerce@gmail.com

To Cite this Article
Katroth Suresh, Dr.S.Narender, "The Role Of India Post Payments Bank To Drive Financial Inclusion In India– A Study", Journal of Science Engineering Technology and Management Science, Vol. 02, Issue 07, July 2025,pp:240-255, DOI: http://doi.org/10.63590/jsetms.2025.v02.i07.pp240-255
Submitted: 05-05-2025 Accepted: 12-06-2025 Published: 21-06-2025

ABSTRACT

The primary goal of this study is to assess how India Post Payments Bank (IPPB) promotes financial inclusion throughout India, particularly in underprivileged rural and semi-urban areas. Founded in 2018, IPPB uses India's extensive postal system to provide banking services, including digital payments, savings accounts, and Direct Benefit Transfers (DBTs), to those who have historically had limited access to traditional financial institutions. The study is to examine how IPPB provides doorstep banking through postmen and Grameen Dak Sevaks (GDS), bridging the gap between contemporary banking technologies and remote villages. Key financial variables like customer growth, deposit trends, mobile app usage, and digital transaction volumes from 2021 to 2025 have all been evaluated using secondary data. Liquidity, profitability, and asset utilization were measured using instruments such as ratio analysis. According to the findings, IPPB has demonstrated significant development in digital usage and outreach, but it still faces obstacles including low liquidity ratios and a limited range of services. In order to maintain growth, the report emphasizes the necessity of improved infrastructure, higher consumer awareness, and a wider range of financial products. All things considered, IPPB is becoming a key player in advancing inclusive banking and aiding governmental programs like PMJDY and Digital India.

Key Words: Financial Inclussion, Banking Sector, Digital India etc.

INTRODUCTION

With the aim of offering reasonably priced banking and financial services to India's unbanked people, India Post Payments Bank (IPPB) was founded in 2018 as a public sector organization under the Department of Posts, Ministry of Communications. Through the use of India's vast postal network, which is present throughout the nation, the IPPB seeks to promote financial inclusion.

By providing services including current and savings accounts, IPPB hopes to close the financial gap in line with its mission statement, "Aapka Bank, Apke Dwaar" (your bank, at your doorstep).

REVIEW OF LITERATURE

1. Harshad Kumar Patel (Nov-2022) The Govt. of India aims to achieve financial inclusion by bringing banking services to the homes of millions of Indians. By providing a full range of facilities and attractive programs, banks can meet diverse needs of customers.

2. Kanishk Shah (MAR-22) Payment banks focus on digital innovation and a country like India is also geared towards a cashless and digital economy, which is achievable and flexible in terms of the latest technological and economic conditions.

3. S. Saravanan (MAR-20) The study identifies that investors were overall satisfied with the post office financial saving schemes like post office saving deposit, Post office Recurring Deposit and Post office Monthly Income Scheme.

4. Srajan Kumar Singh (2023) Established in 2018, the Indian Post Payment Bank (IPPB) promotes financial inclusion by offering banking services via post office241s, especially in rural regions. It makes money transfers, digital transactions, and government programs like PMJDY easier. Although there is always opportunity for growth, IPPB is crucial to the development of India's cashless economy despite obstacles including poor awareness and limited services.

5. Dr. Kapil K Dave (Dec 2023) The study investigates the function of IPPB in promoting financial inclusion, particularly in rural regions. It provides home delivery services, digital banking, and savings accounts via the India Post network. Although it suffers operational difficulties, IPPB uses technology and government backing to help close the financial gap despite obstacles like competition, revenue problems, and low levels of digital literacy.

.

6. Afsana Sultana (2020) Afsana Sultana's (2020) essay describes how India Post helps people in rural areas get financial services through India Post Payments Bank (IPPB). Bill payment, money transfers, and basic banking are all offered by IPPB. Digital banking and the disbursement of public funds are encouraged by programs like DARPAN and MGNREGS wage payments. According to the article's conclusion, IPPB is increasing accessibility and will keep growing as technology advances.

NEED AND IMPORTANCE

The financial landscape in India is witnessing a paradigm shift with an Increasing number of individuals opting for investment products that provideDual benefits—wealth accumulation and life protection. Among such products, Unit Linked Insurance Plans (ULIPs) have emerged as a powerful tool forachieving long-term financial goals. However, despite their potential, ULIPsContinue to face challenges in terms of market understanding, productComplexity, and customer confidence.ICICI Bank, through ICICI Prudential Life Insurance, is one of the prominentProviders of ULIP products in the country. It is essential to understand howthese products are perceived by customers, what motivates or discouragestheir adoption, and how effectively the bank's strategies align with customerExpectations. The need for the study arises from the growing importance offinancial literacy, transparent investment products, and risk mitigation optionsinan increasingly volatile market.

SCOPE OF THE STUDY

In order to better understand how India Post Payments Bank (IPPB) promotes financial incl usion, particularly for those living in rural and isolated areas, this study is required.Many pe ople still have trouble managing their finances because they have limited access to tradition albanks.Knowing IPPB's function makes it easier to evaluate how well it reaches the underp rivileged, fosters trust, and provides necessary services like digital transactions, mobile ban king, and savings at their doorstep.

OBJECTIVES OF THE STUDY

1. ToassesstheIndianPaymentBank(IPPB),wewillconsidertheabilitytopayshort-termdebt,
2. ToCreatedefinitiveprofitabilitymetricsforyourcompanyandcreateinsightsintoeffectiveandeffectivemanagementofcostsandprofits.
3. To Financialmetricsthathelpinvestorsandbusinessesunderstandtheprofitabilityandefficiencyoftheirinvestments.
4. Toachieveprofitsfrominvestmentinassets,itistooimportantasitprovidesimportantinsightintothePostalPaymentBank(IPPB)inIndia.

SOURCES OF DATA

SECONDARY DATA

Secondary data This study is based on secondary information data from various sources, including:

1 IndiaPostPaymentBank(IPPB)AnnualReport

2scientificarticlesandresearchjournals

3Reserve Bank of India Publications (RBI)

4 IPPB'sofficialwebsites

RESEARCH DESIGN

DESCRIPTIVE RESEARCH

A variety of fact-finding inquiries and surveys are included in descriptive research. Presenting current status is the main goal of descriptive research Descriptive research studies are sometimes referred to as "ex post facto research" in social science and business research. The primary One feature of this approach is that the researcher can only report what they can because they have no control over the variables. has occurred or is occurring. The research techniques used in surveys and descriptive studies techniques of various types, such as correlational and comparative techniques

ANALYTICAL RESEARCH

Analytical research is a specific type of study that requires the use of critical thinking skills and the assessment of data and facts related to the research conducted. During investigations, a range of individuals, including students, physicians, and psychologists, employ analytical research to identify the most pertinent data

TOOLS AND TECHNIQUES FOR ANALYSIS

The data collected was analyzed using:

1. Current Ratio
2. Quick Ratio
3. Gross Profit Ratio
4. Net Profit Ratio
5. Return on Investment Ratio
6. Return on Assets Ratio

LIMITATIONS

- Because the study only used data that was readily available, it may not accurately reflect th e state of affairs or people's present emotions.
- Direct client input, which may have provided more in-depth insights, was scarce.
- Because the study only examined a specific time frame, it cannot demonstrate the long-term effects.•

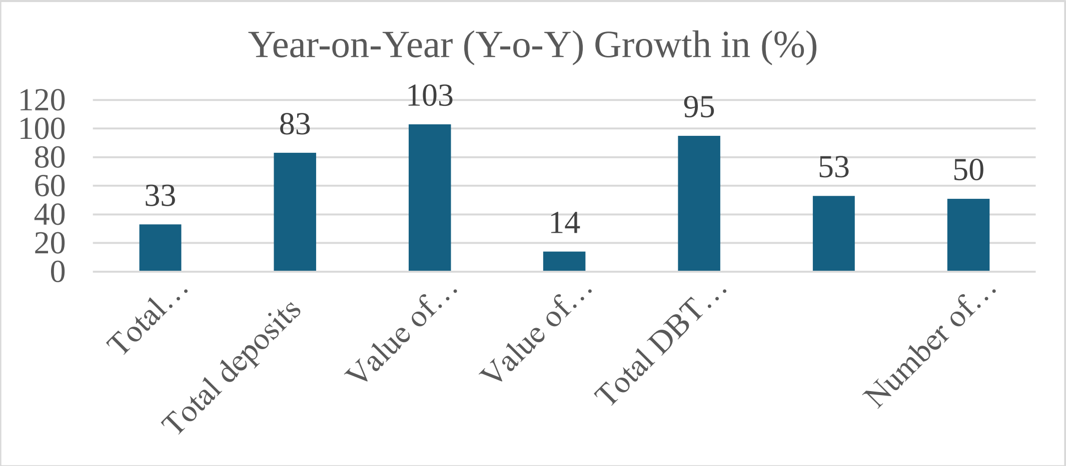
- The study uses secondary data, which can have drawbacks of its own.

DATA ANALYSIS & INTERPRETATION

	AS of March 31, 2024 (in crore)	As of March 31,2025 (in crore)	Year-on-Year (Y-o-Y) Growth in (%)
Total number of customers	6.63	8.82	33
Total deposits	6,292	11,552	83
Value of digital financial transactions	3,20,579	6,51,759	103
Value of AEPS transactions	27,443	31,158	14
Total DBT beneficiaries	1.56	3.04	95
Transactional value of digital payments to DOP schemes	9,072	13,915	53
Number of mobile app downloads	1.99	3.09	50

TABLE: 1.Year on year growth in percentage (%)

FIGURE:1.Year on year growth in (%)



INTERPRETATION

From March 2024 to March 2025, the institution maintained strong growth across all areas. Customer numbers and total deposits saw impressive increases, reflecting greater user trust and financial inclusion. Digital transaction value doubled again, showing continued digital momentum. While AEPS growth slowed, it still increased, and DBT beneficiaries nearly doubled, indicating wider government scheme coverage. Mobile app downloads and payments to DoP schemes also grew steadily, reinforcing digital service adoption.

DATA ANALYSIS

Year	Total Deposits (?)
2020-2021	8,55,03,1,137.00
2021-2022	22,99,68,51,061.00
2022-2023	36,91,72,18,000.00
2023-2024	62,92,35,85,000.00
2024-2025	116,52,19,20,000.00

TABLE:2.Total deposits

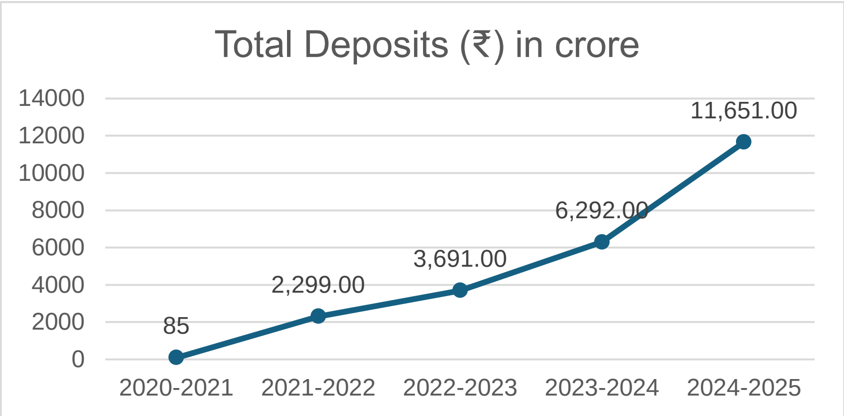


FIGURE:2. Total deposits

INTERPRETATION

From 2020-2021 to 2024-2025, total deposits grew significantly from ₹855 crore to ₹11,652 crore. This steady and sharp rise reflects strong financial growth and increasing public trust, with notable surges in 2023 and 2024 indicating accelerating momentum and widespread participation in the system.

TABLE:3.Other liabilities and provisions

Year	Total Deposits (?)
2020-2021	8,55,03,1,137.00
2021-2022	22,99,68,51,061.00
2022-2023	36,91,72,18,000.00
2023-2024	62,92,35,85,000.00
2024-2025	116,52,19,20,000.00

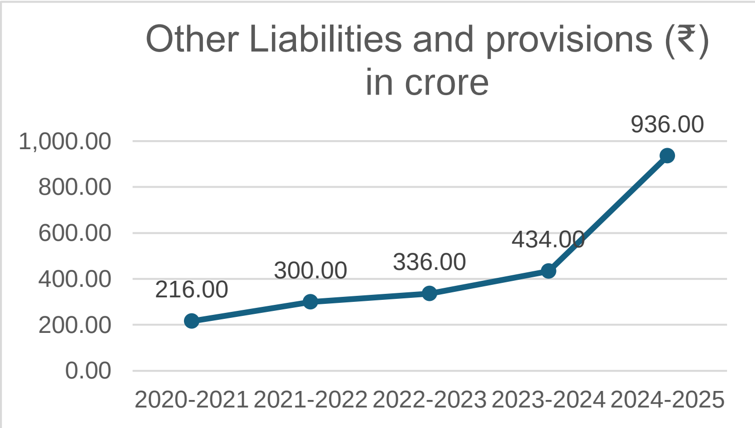


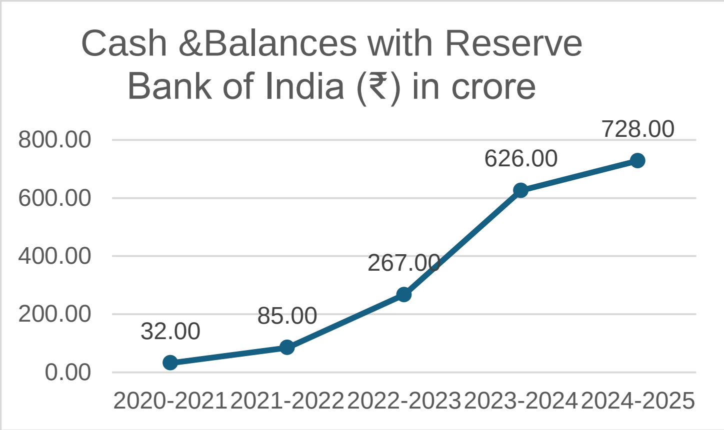
FIGURE:3.Other liabilities & provisions

INTERPRETATION

From 2020 to 2024, other liabilities and provisions steadily increased from ₹2,162 crore to ₹9,363 crore. This consistent rise indicates growing financial obligations, possibly due to expansion, increased provisioning, or risk management strategies, with a sharp jump in 2024 highlighting significant fiscal developments.

TABLE& FIGURE:4.Cash &Balances with reserve bank of india

Year	Cash &Balances with Reserve Bank of India (₹)
2020-2021	32,69,56,650.00
2021-2022	85,41,28,200.00
2022-2023	2,67,28,07,000.00
2023-2024	6,26,20,34,000.00
2024-2025	7,28,50,33,000.00

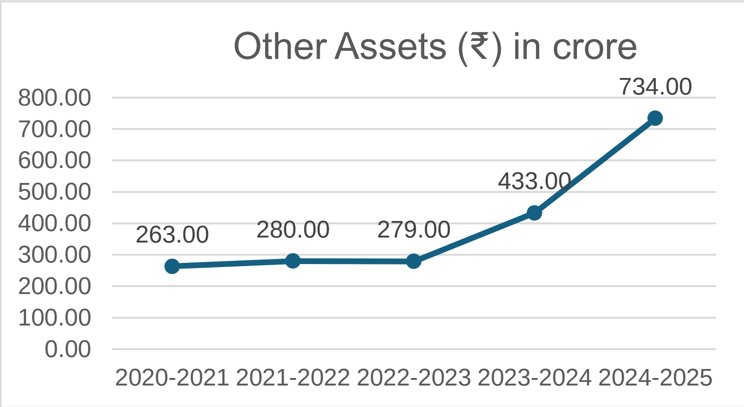


INTERPRETATION

Cash and balances with the Reserve Bank of India rose steadily from ₹32.7 crore in 2020 to ₹728.5 crore in 2024. This upward trend indicates improved liquidity management and reserve strength, with significant jumps especially after 2021, reflecting growing financial robustness and regulatory compliance.

TABLE & FIGURE:5.Other assets

Year	Capital and Liabilities		Assets				Current Ratio
	Deposits (?)	Other Liabilities and provisions (?)	Cash &Balances with Reserve Bank of India (?)	Balances with Banks& Money at call& short notice (?)	Loans and advance d (?)	Other Assets (?)	
2020-2021	8,55,03,1,137.00	2,16,22,38,607.00	32,69,56,650.00	4,54,62,91,831.00	-	2,63,24,09,712.00	0.700641552
2021-2022	22,99,68,51,061.00	3,00,44,36,717.00	85,41,28,200.00	6,29,45,43,972.00	-	2,80,03,92,834.00	0.382637387
2022-2023	36,91,72,18,000.00	3,36,32,40,000.00	2,67,28,07,000.00	9,73,06,53,000.00	1,56,20,000.00	2,79,44,26,000.00	0.377689503
2023-2024	62,92,35,85,000.00	4,34,53,65,000.00	6,26,20,34,000.00	19,00,93,66,000.00	98,00,000.00	4,33,89,25,000.00	0.441635030
2024-2025	115,52,19,20,000.00	9,33,35,64,000.00	7,26,50,33,000.00	29,94,96,75,000.00	-	7,32,62,75,000.00	0.366740295



INTERPRETATION

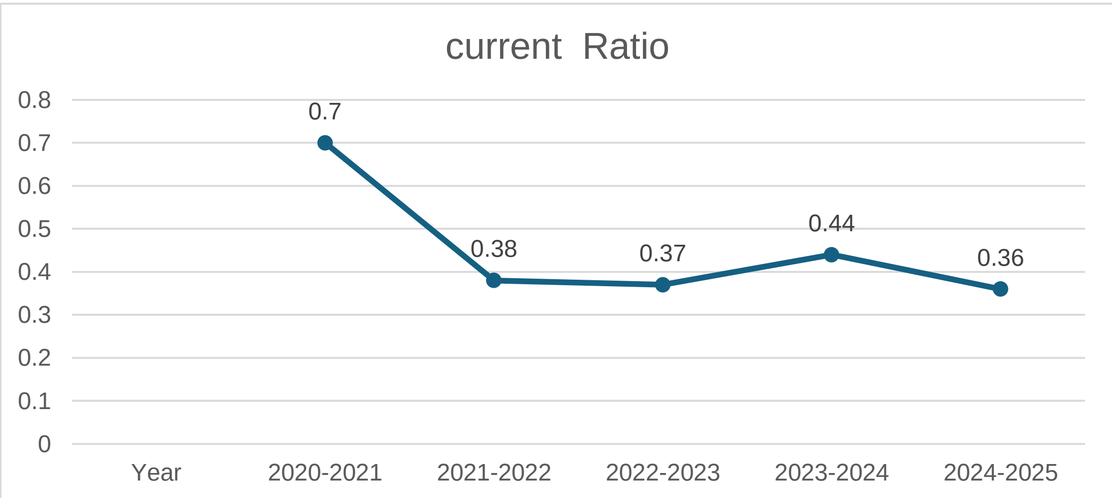
Other assets rose steadily from ₹263 crore in 2020 to ₹734 crore in 2024. After marginal fluctuations between 2020 and 2022, there was a sharp increase from 2023 onwards, indicating growing investment in miscellaneous or non-core resources by the entity.

CURRENT RATIO

TABLE: 6. Current ratio

Year	Other Assets(?)
2020-2021	2,63,24,09,712.00
2021-2022	2,80,03,92,834.00
2022-2023	2,79,44,26,000.00
2023-2024	4,33,89,25,000.00
2024-2025	7,34,62,75,000.00

FIGURE: 6.Current ratio

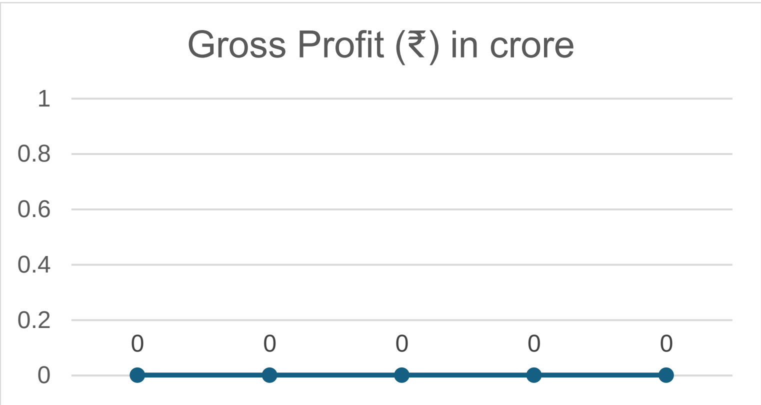


INTERPRETATION

It shows that current ratio 0.70) is higher in 2020 and it is decrease in the corresponding years. The current year (2024) found that the current ratio is (0.356) which is less than one. It indicates that the company struggles to meet its short-term obligations.

TABLE & FIGURE: 7 Gross profit

Year	Gross Profit (?)
2020-2021	32,15,74,589.00
2021-2022	34,53,50,000.00
2022-2023	57,33,16,000.00
2023-2024	1,85,0306000.00
2024 -2025	4,39,83,99,000.00



INTERPRETATION

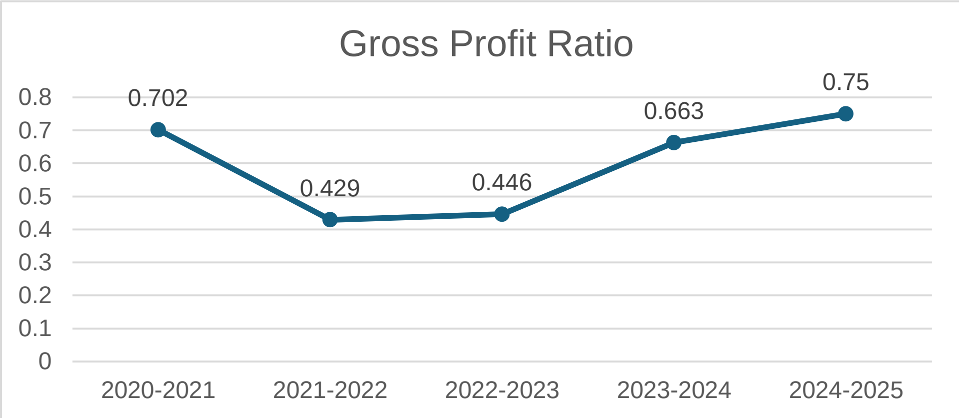
The gross profit figures show fluctuations from 2020 to 2024. After modest growth until 2022, profits dropped significantly in 2023. However, there was a sharp recovery in 2024, reaching ₹4,398.30 crore, indicating a strong business rebound.

GROSS PROFIT RATIO

TABLE & FIGURE: 8 Gross profit ratio

Year	Interest Earned (₹)	Interest Expended (₹)	Gross Profit (₹)	Gross Profit Ratio
2020-2021	45,75,67,936.00	13,59,93,347.00	32,15,74,589.00	0.702
2021-2022	80,44,30,000.00	45,90,80,000.00	34,53,50,000.00	0.429
2022-20232	1,28,45,59,000.00	71,12,43,000.00	57,33,16,000.00	0.446

2023-2024	2,79,05,22,000.00	94,02,16,000.00	1,85,0306000.00	0.663
2024-2025	6,09,57,59,000.00	1,70,73,60,000.00	4,39,83,99,000.00	0.750

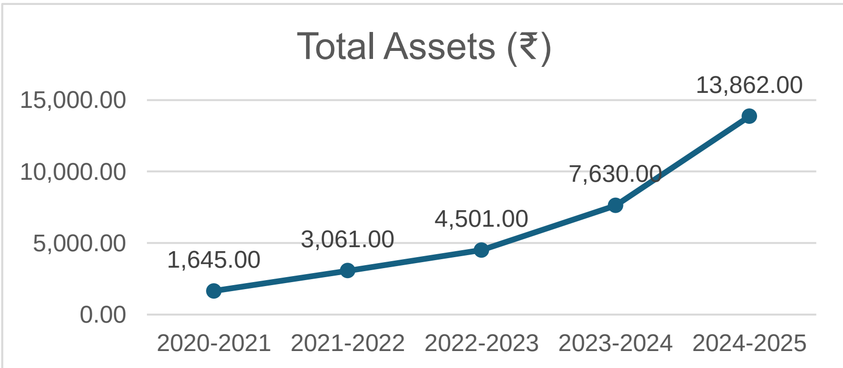


INTERPRETATION

The Gross Profit Ratio measures profitability. It shows that Gross Profit Ratio (0.720) is higher in 2024, indicating better earnings and cost management. The ratio fluctuated over the years in 2021-2022 but improved significantly in 2023-2024.It shows that the decrease and increase in profit margins indicates a highly competitive market.

TABLE & FIGURE: 9 Total assets

Year	Total Assets (₹)
2020-2021	16,45,26,68,000.00
2021-2022	30,61,73,96,000.00
2022-2023	45,01,10,81,000.00
2023-2024	76,30,72,05,000.00
2024-2025	1,38,62,76,28,000.00

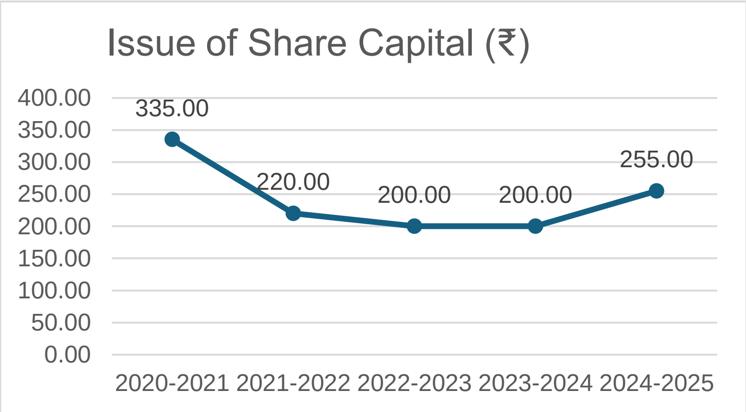


INTERPRETATION

From 2020 to 2024, the company witnessed a consistent and substantial increase in total assets, rising from ₹16,45 crore in 2020 to ₹1,38,62 crore in 2024. This nearly eightfold growth indicates aggressive asset expansion, likely driven by capital infusion and improved profitability in the later years. The sharp rise in assets from 2022 onwards aligns with the shift to positive net profits, suggesting effective utilization of funds for growth and operational strengthening.

TABLE & FIGURE: 10.Issue of share capital

Year	Issue of Share Capital (₹)
2020-2021	3,35,00,00,000.00
2021-2022	2,20,00,00,000.00
2022-2023	2,00,00,00,000.00
2023-2024	2,00,00,00,000.00
2024-2025	2,55,00,00,000.00



INTERPRETATION

From 2020 to 2024, the company consistently raised capital through the issue of share capital, indicating reliance on equity financing to support operations and growth. The highest capital infusion occurred in 2020-2021 at ₹3,35 crore, gradually reducing in the following years. A slight increase in 2024-2025 (₹2,55 crore) suggests renewed investor confidence, likely due to improved financial performance in recent years.

FINDINGS

- India post payments bank (IPPB) experienced a significant rise in customer base, digital transactions, and deposits between 2021-2025, showing a good performance and every year increasing reach.
- IPPB with the help of postal employees (like postmen and GDS) helped bring banking services to rural and remote regions, ensuring accessibility.
- Digital financial services such as mobile apps, Aadhaar enabled Payment System (AePS), Direct Benefit Transfers saw continuous growth, proving IPPB's impact on digital banking.
- Current and quick ratios were consistently below 1, it is suggesting that the IPPB is facing difficulty in meeting its short-term obligations.
- Poor internet connectivity in some areas posed challenges for digital banking growth of the India Post Payments Bank (IPPB).
- IPPB doesn't provide loans and credit cards to customers due to which it is facing high competitiveness with traditional and private banks.
- The company's gross profit ratio is (0.720) in 2025 which indicates that the company's profitability improved, through fluctuations in earlier years suggests a competitive market.
- The company's net profit ratio is initially very low (-7.29) in 2021, after that the ratio has gradually increased steadily, turning profitable in 2024-2025 as a result of better financial management.
- The company's return on investment ratio is initially negative i.e. (-2.65) in 2021 and after that it slowly improved its return on investment ratio to (-0.505) in 2025 showing signs of recovery.
- Return on assets ratio showing improved profitability and asset utilization, return on assets ratio improved from (-2.303) in 2021 to a positive (0.2506) in 2025.
- The interest earned by the IPPB bank has been increasing steadily over the years, from 2021-2025 every year there is improvement in the interest earned by the bank.
- The net profit/net loss of the bank has been fluctuating over the years. In 2021 the net profit/net loss value is in negative and in the year 2024 and 2025 it became positive. It is indicating that the net profit/net loss is slowly improving from negative to positive.

SUGGESTIONS

- To increase knowledge and use of digital banking, regular training sessions and awareness campaigns should be held, particularly in rural regions.

- To guarantee seamless online transactions, improve internet connectivity and install cutting-edge technology infrastructure in isolated locations

- If the bank offers its clients credit cards and personal loans, this will contribute to the business's expansion.

- Increasing the daily transaction and deposit limitations of the accounts will enable users to experience uninterrupted, more flexible, and seamless banking.

- To enhance customer interaction and service delivery, offer postal employees additional skill development training. Get client input to pinpoint issues, address them, and raise customer satisfaction levels.

- Make effective use of firm resources to boost earnings and sustain business expansion.

CONCLUSION

According to this report, the India Post Payments Bank has improved financially, especially in terms of profitability, but its liquidity problems persist. While adapting to market competition and preserving the bank's long-term growth, the bank should prioritize better cash management, cost reduction, and appropriate asset use.

- Improvement of short-term liquidity position: the company needs to improve improvements short-term liquidity position, increasing his short-term assets or assets, or Reducing short-term debt. This can be done through an effective implementation Cash management technology and reduced unnecessary costs.
- Monitor interest costs: Increased interest It is being monitored to maintain a sound gross profit relationship. You can explore the company Options such as debt refinance and low interest rate efforts from lenders To reduce interest costs.
- Analyze operating costs: A company should analyze the company Costs and businesses impose the steps necessary to reduce them. This includes Identifying areas of inefficiency and implementing measures to reduce costs.

REFERENCES

BOOKS

1. Bhole, L. M., & Mahakud, J. (2011). Financial Institutions and Markets. Tata McGraw-Hill.
2. Khan, M. Y. (2013). Indian Financial System (9th Ed.). Tata McGraw-Hill.
3. Mishkin, F. S., & Eakins, S. G. (2015).Institutions and Financial Markets, Eighth Ed.
4. Sundaram, K. P. M., & Varshney, P. N. (2020). Banking and Financial System. Sultan Chand & Sons.

RESEARCH ARTICLES

1. Dave, K. K. (2023, December). IPPB's contribution to the advancement of financial inclusion in rural areas. Journal of Banking and Finance Innovations, 15(4), 67-75.

2. D'Souza, S. (2018, October). India Post Payments Bank and financial inclusion: A digital leap. International Journal of Financial Services, 9(3), 45–54.

3. Kumar, H. P. (2022, November). Government-led financial inclusion through IPPB initiatives. International Journal of Management and Social Sciences Research, 11(2), 88–95.

4. Karthik, N. (2022, October). Digital transformation through IPPB: Reaching the last mile. South Asian Journal of Finance and Development, 13(3), 120–127.

5. Malakar, D. (2013, January–February).India Post's contribution to financial inclusion: A guide to banking in rural areas.India's Journal of Economics and Development, 9(1), 35–40.

6. Minj, M. (2021, January). Banking the unbanked: India Post Payments Bank's success and challenges. Journal of Inclusive Finance, 6(1), 14–22.

7. Neelakandan, M. (n.d.). Enhancing financial literacy through IPPB in Karnataka: A case study. Journal of Rural Economic Empowerment, 10(2), 90–98.

8. Patel, H. K. (2022, November). Bringing banking to doorsteps: The vision of IPPB in India. Government Policies & Development Studies Journal, 12(4), 41–48.

9. Prakash, N., & Sampath. (2021, December).IPPB financial empowerment: closing the access gap.. International Journal of Rural Banking, 10(3), 55–62.

10. Reena, F. (2019, February). Strengthening rural banking via IPPB services. Journal of Socio-Economic Development Studies, 8(1), 30–36.

12. Saravanan, S. (2020, March). Performance analysis of post office financial saving schemes and customer satisfaction. Journal of Public Administration & Policy Research, 11(1), 55–64.

13. Shah, K. (2022, March). Digital innovation in payment banking: India's road to cashless economy. Journal of FinTech & Policy, 14(2), 101–108.

14. Singh, S. K. (2023). India Post Payments Bank and digital empowerment in rural India. Journal of Financial Technologies & Rural Inclusion, 5(4), 50–58.

15. Srinivas, G. S. (2017, January). Enabling last-mile connectivity through payment banks: The IPPB approach. Rural Banking Journal, 9(1), 12–18.

WEBSITES:

• ICICI Bank. (2025). Unit Linked Insurance Plans (ULIPs). Retrieved June 2025, from https://www.icicibank.com/insurance/ulip-products¬

• IRDAI. (2024). Annual Report on Insurance Penetration in India.Retrieved May 2025, from https://www.irdai.gov.in/annual-reports¬

• Moneycontrol. (2025). Understanding Unit Linked Insurance Plans (ULIPs). Retrieved June 2025, from https://www.moneycontrol.com/ Financial-planning/insurance/ulip-explained-10349.html¬

• Economic Times. (2023). How ULIPs Compare with Traditional Insurance Plans. Retrieved June 2025,from https://economictimes.indiatimes.com/wealth/insurance/ulip-vs-traditional-plans

• India Post Payments Bank. (2023). Annual Report 2022–23. Retrieved from https://www.ippbonline.com/documents/annual-r