ABSTRACT
Majority of the Indian population are living in rural areas. They have no access to the formal banking services. To make them a part of financial services government introduced a new concept called Indian post payment bank. It integrates the functions of core banking and payment bank. IPPB provides services like basic banking services, payment of direct benefit transfer, utility bills, collection of taxes and fees, remittances, easy access to loans, collect EMIs, and provide insurance, pension, investment opportunities, forex etc in tie up with third party service providers. IPPB will generate employment opportunities; reduce poverty which leads to reduce the gap between urban and rural areas.

Keywords: inclusive growth, financial inclusion, payment bank, Indian post payment bank.

INTRODUCTION
The biggest challenge faced by Indian economy is the inequality in the distribution of financial services in various sectors of the economy. The best way to mould Indian economy into a fully fledged one is inclusive growth. Inclusive growth and financial inclusion are two sides of a coin. Both are interrelated and interdependent. Inclusive growth is a concept that advances equitable opportunities for economic participants during economic growth with benefit incurred by every section of society. Financial inclusion is an important step towards inclusive growth. Financial inclusion is the delivery of financial services at affordable cost to vast section of disadvantaged and low income groups. Financial inclusion aims at creating a platform for inculcating the habit to save money, providing formal credit avenues, filling the gap and leaks in public subsidies and welfare programs, also helps the financial institutions to penetrate their services into unbanked areas and thereby attaining profit. RBI has introduced financial inclusion in various financial service sector. RBI plays an important role in this. As a part of this RBI has introduced several programs like opening of no frill accounts, use of technology, relaxation of KYC norms, opening of branches in unbanked rural areas, DBT, PMJDY. Nowadays the post offices are also entering into the financial inclusion.

Majority of the Indian population are living in rural areas. They have no access to the formal banking services. They fulfil their financial requirements through unorganised sectors which lead to exploitation. At the same time there are 154000 post offices are operating in India of which 90% are located in rural areas. Which shows that wide network of post offices are operating in rural areas, but don’t have banking license. Therefore to bridge this gap new low cost, lean, modern technology based
delivery model were needed to further financial inclusion with differentiated cost of activities as laid out payment banks. As a result, the union cabinet in June 2016 cleared the proposal to postal payment with a corpus of Rs800 crores. The new bank is expected to begin their operation by March 2017 and will set up 650 branches and 5000 ATMs across the country. Hence the India Post Payment Bank can become largest payment bank in the world.

OBJECTIVES

- To understand the concept of Indian Post Payment Bank.
- To know the benefits of Indian Post Payment Bank

Indian Post Payment Bank (IPPB)

Payment bank is a type of bank which can accept deposit of Rs 1 lakh per customer account. It can issue services like ATM card, Debit card, online banking except loans and credit cards. IPPB is a new model of banking which integrate the functions of core banking and payment bank. Indian post payment bank, a banking service provided by the postal department which is going to be introduced from next year onwards. It would collect a deposit up to Rs 1 lakh per customer. The proposal to include the post office network in the field of banking was made as these services are not available in more than 6 lakh villages. Initial cost to set up a post payment bank is 800 cr. In the first stage, the government has declared Rs 400 cr as equity and similar amount as grant. Post payment bank helps in financial inclusion by utilising the vast postal network, also helps in rural development by converting unproductive savings into productive investment. IPPB boost the employment opportunities in the country. It offers basic banking services, payment of direct benefit transfer, utility bills, collection of taxes and fees, remittances. It will also provide easy access to loans, collect EMIs, and provide insurance, pension, investment opportunities, forex etc in tie up with third party service providers.

Why we need Post Payment Bank?

The bank plays an important role in financial inclusion, but most of the rural areas are not served by the commercial bank. Majority of the rural population is out of formal financial services. So to bring them into financial inclusion is possible only through post offices. However rural population faces various challenges. They are;

1. Lack of financial inclusion
2. Delay in payment and remittances
3. Difficulties in procuring loan and exorbitant high interest rates if loan is procured
4. Lack of economic awareness.

To tackle this situation, India government introduced new concept called “India Post Payment Bank”. The tentative roll out plan is as follow:

<table>
<thead>
<tr>
<th>Network component</th>
<th>2017-18</th>
<th>2018-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment Bank Branches</td>
<td>200</td>
<td>250</td>
</tr>
<tr>
<td>Linked Post Offices</td>
<td>60000</td>
<td>95000</td>
</tr>
</tbody>
</table>

Benefits of India Post Payment Bank

1. Wide network of postal service helps to reach the benefits to every nook and corner of India which are very far from formal banking services.
2. It offers Direct Benefit Transfer.
3. It provides quality financial services at low cost.
4. It facilitates various banking services like acceptance of demand deposit, person to person remittance, collection of utility bills etc.

5. The trust of people in postal service helps the IPPB to penetrate their business easily in rural areas.

6. It provides services at minimum cost without any additional infrastructure.

7. Strengthen financial inclusion.

8. Offering debit card and credit card facilities contribute towards cashless economy.

9. The vast experience of employees and postal department in rural area helps to attract rural people.

10. Timely payment and remittance to rural people.

11. Increase in saving habit leads to reduction of poverty and thereby contribute towards economic development.

12. Helps to mobilise local savings and enhance liquidity in rural economy.

13. Create more employment opportunities.


15. Simplifies KYC norms.

CONCLUSION

Now a days in addition to the traditional services like postal and courier service, recurring deposit, payment of bills, demand draft etc.. Postal department has widened their area of operation into banking services with the help of core banking and payment bank The latest payment and banking technology, qualified and experienced staff, availability of post office in rural areas, trust of people will strengthen Indian Post Payment Bank. It can provide innovative services to customers at door step. It will also extend services for MSMEs, senior citizens, students, migrant population, low income households, unorganized sector and other groups with special service requirements. In addition to its own products, the payments bank will partner with third parties to offer a wide range of financial and banking services to cater to the needs of its target segments. It helps the postal department to gain additional fee based income, also the post men would get an extra income. IPPB will generate employment opportunities; reduce poverty which leads to shorten the gap between urban and rural areas. So Indian post payment bank will be a game changer in semi urban and rural areas

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