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**STANDING COMMITTEE
ON COMMUNICATIONS
(1996-97)**

ELEVENTH LOK SABHA

**MINISTRY OF COMMUNICATIONS
(DEPARTMENT OF POST)**

DEMANDS FOR GRANTS (1997-98)

TENTH REPORT



सत्यमेव जयते

**LOK SABHA SECRETARIAT
NEW DELHI**

April, 1997/Chaitra, 1919 (Saka)

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COMMUNICATIONS
(1996-97)

(ELEVENTH LOK SABHA)

MINISTRY OF COMMUNICATIONS
(DEPARTMENT OF POST)

DEMANDS FOR GRANTS (1997-98)

Presented to Lok Sabha on 22.04.1997

Laid in Rajya Sabha on 22.04.1997



LOK SABHA SECRETARIAT
NEW DELHI

April, 1997/Chaitra, 1919 (Saka)

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COMPOSITION OF STANDING COMMITTEE ON
COMMUNICATIONS
(1996-97)

Shri Somnath Chatterjee — *Chairman*

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2. Shri K.L. Sharma
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- *19. Shri Neil Aloysius O' Brien
20. Shri Dinesh Chandra Yadav
21. Shri T. Veera Bhadram
22. Shri R. Devadas

* Appointed as Member *w.e.f.* 26.2.1997 in place of Shri M.P. Veerendra Kumar, who ceased to be Member of the Committee on his appointment as Minister *w.e.f.* 19 February, 1997.

23. Dr. Shafiqur Rehman Barq
24. Shri V.P. Shanmuga Sundram
25. Shri Kothapalli Subbarayudu
26. Shrimati Geeta Mukherjee
27. Shri Budh Sen Patel
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Rajya Sabha

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38. Shri Shatrughan Prasad Sinha
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40. Dr. Ramendra Kumar Yadav Ravi
41. Shri Md. Salim
42. Shri S. Austin
43. Shri Ish Dutt Yadav
44. Shri Satish Pradhan
- *45. Vacant

SECRETARIAT

1. Dr. A.K. Pandey — *Additional Secretary*
2. Shri J.P. Ratnesh — *Joint Secretary*
3. Shri Ram Autar Ram — *Director*
4. Shri S.K. Sharma — *Deputy Secretary*

* Vacancy caused due to retirement of Shri R.K. Karanjia from Rajya Sabha
w.e.f. 10 January, 1997.

INTRODUCTION

I, the Chairman, Standing Committee on Communications (1996-97) having been authorised by the Committee to submit the Report on its behalf, present this Report, on the Demands for Grants, 1997-98 relating to Ministry of Communications (Department of Post).

2. The Standing Committee on Communications was constituted on 2 August, 1996. One of the functions of the Standing Committee as laid down in Rule 331 E of the Rules of Procedure and Conduct of Business in Lok Sabha, is to consider the Demands for Grants of the concerned Ministry/Department and make a Report on the same to the Houses.

3. The Committee considered the Demands for Grants pertaining to the Ministry of Communications (Department of Post) for the current year *i.e.* 1997-98 which were laid on the Table of the House on 18.3.1997. Thereafter the Committee took evidence of the representatives of the Ministry of Communications (Department of Post) on 1.4.1997.

4. The Committee wishes to express its thanks to the Officers of the Ministry of Communications (Department of Post) for placing before it detailed written notes on the subject and for furnishing the information, that the Committee desired in connection with the examination of the subject.

5. The Report was considered and adopted by the Committee at its sitting held on 15.4.1997.

NEW DELHI;
April 17, 1997

Chaitra 27, 1919 (Saka)

SOMNATH CHATTERJEE,
Chairman,
Standing Committee on Communications.

REPORT

Introductory

The Department of Post, which forms a part of the Ministry of Communications, is responsible for the planning, development, expansion, operations and maintenance of Postal Services in the country. It also discharges certain agency functions in respect of Savings Bank and other Small Savings Schemes of the Government, Collection of customs duty on Postal articles and disbursement of pension to Military and Railway pensioners, Family Pension to Industrial Employees of Coal Mines etc. The Department administers Postal Life Insurance Scheme also. For the implementation of the various programmes and activities, the Department has a network of 19 Postal Circles each under the charge of a Chief Post Master General besides 5 Postal Training centres.

2. The Department of Post has placed demands before the Parliament on 18.3.1997 as under :

Postal Services—Demand No. 13

(In thousands of Rupees)

	Revenue	Capital	Total
Voted	31,38,68,00	74,34,00	32,13,02,00
Charged	31,00	17,00	48,00
	31,38,99,00	74,51,00	32,13,50,00
	Plan	Non-Plan	Total
Voted	94,83,00	31,18,19,00	32,13,02,00
Charged	17,00	31,00	48,00
	95,00,00	31,18,50,00	32,13,50,00
Capital			
	—	—	—
Voted	69,84,00	4,50,00	74,34,00
Charged	17,00	—	17,00
	70,01,00	4,50,00	74,51,00

Performance under Eighth Five Year Plan

3. The 8th Plan envisaged the following major objectives:

- (i) Expansion of postal network to cover rural areas not yet having postal facilities;
- (ii) Transformation of the postal system into a modern one with necessary technological inputs;
- (iii) Emphasis on upgrading Estates Management; and
- (iv) Introduction of new services based on modern technology.

4. Keeping in view the above said major objectives of the 8th Plan Department of Post (DoP) had laid down the following physical targets for some of the major schemes during the Plan period:

Sl. No.	Particulars	Revised Targets 8th Plan (1992-97)	Actual achievements (1992-96)	Anticipated achievements (1996-97)
1.	<i>Opening of POs</i>			
(i)	EDBOs	1440	1310	211
(ii)	DSOs	650	315	151
(iii)	Panchayati Dak Sewa Kendras	2500	497	250
2.	<i>Modernisation/Mechanisation and Upgradation of Tech.</i>			
(i)	Multi-purpose Counter Machines	5000	(2758 upto 31.3.1997)	
(ii)	Franking Machines	310	40	250
(iii)	Stamp Cancelling Machines	270	270	—
(iv)	Hand Cancellers	25000	18053	
3.	Mail Motor Vehicles 390	284	—	

5. It will be seen from above that there had been major shortfall in the areas of expansion of Postal Network, modernisation and upgradation of technology and transportation of Mail. The targets for opening of Departmental Sub-Offices (DSOs) and Panchayat Sanchar (Dak) Sewa Kendras (PSSKs), 466 DSOs and 747 PSSKs, were opened against the targets of 650 and 2500 respectively. The Secretary DoP stated that the scheme of PSSKs has since been abandoned for want of enthusiasm on the part of Panchayats. Against the target of 5000 Multi-purpose Counter Machines only 2758 have been installed. Similarly, only 18053 hand cancellers (machines) have been provided against the target of 25000 which is less than seventy three per cent of the target.

6. Financial outlay of the Eighth Plan was Rs. 325 crores. Revised Outlay for the year 1995-96 was Rs. 85 crores while the actual expenditure was Rs. 79.18 crores. Plan Outlay (RE) for 1996-97 was again Rs. 85 crores and the DoP anticipated to achieve the financial target for the year.

7. On upgradation of technology, the Secretary DoP admitted in evidence that there was a set back during 1996-97. Against the target of 1500 for the year, they could install only 328 (Multi-purpose Counter Machines) upto mid-March, 1997. The matter was stated to be pending with the Ministry of Finance and the Secretary DoP was quite hopeful, in evidence, of achieving the targets upto 70 per cent during the remaining 15 days of the year. However, in reply to a query by the Committee, the witness added that orders were yet to be placed.

8. The Committee was informed that the Department has installed 73 VSAT for transmission of money orders from one place to the other all over the country to curtail the transmission period. Replying to a query from the Committee, in this regard, the Secretary, DoP stated that the real time lag so far as the rural areas are concerned is between the accounts office and the addressee. That was the bottleneck which was stated to be taking a lot of time to overcome.

9. The Committee drew attention of the witness to the complaints that in certain rural areas and even in cities like Mumbai a large number of Money Orders received through Satellite at the HO remained undistributed for considerable period and it took unusually long time to deliver Money Orders. The Secretary DoP expressed his ignorance about the delays in Mumbai. However, about rural areas, he stated that Department has taken action against erring officials. He further

stated that the capacity of VSAT built during the Plan period has remained under-utilised to a great extent. The traffic of MOs being transmitted through VSAT is stated to have grown from 40,000 in September, 1996 to about 2 lakhs in March, 1997 whereas the total number of money orders issued per year is stated to be around 10 crores per annum and the value of money orders issued in 1995-96 was to 3787 crores. The Secretary, DoP replying to a query from the Committee about the benefit to the people due to technological developments stated that VSAT system would be connected with major Account Offices which are linked to rural Post offices. This will considerably reduce the transmission time as well as the cost. However, he added that Satellite network was yet to be optimally utilised and that it was the area where DoP was concerned.

10. In reply to another query, the DoP has stated that instructions have been issued to ensure that payment of money order should be on the day of receipt in the post office of destination.

11. During the Plan, two Integrated Automatic Mail Processing systems have been installed and are operational in Mumbai and Chennai. Provision of such system for Delhi has been deferred and will be taken up along with Calcutta and Bangalore in the Ninth Five Year Plan.

12. In respect of introduction of new services, the shortfalls have been in the Hybrid Mail and Premium Savings Bank Service. In case of Hybrid Mail the customer response has been stated to be inadequate. Marketing of this new service needed to be done in a more focussed manner. The Premium Savings Bank Service has been introduced in Delhi with a pilot project and is yet to evoke sufficient customer response. For this service also greater emphasis on suitable marketing strategy is required.

Annual Plan 1997-98

13. The basic thrust of the Approach Paper to the Ninth Plan for the Department of Posts envisages consolidation and expansion of the programmes of modernisation initiated during the Eighth Five Year Plan, expansion of basic facilities in the rural areas and rationalisation and strengthening of appropriate area of activities with the aim of generating revenue and providing more relevant and responsive service to the customers and extending the benefits of technology to rural area. Keeping this basic objective in view the proposals for draft Annual

Plan 1997-98 was formulated. The DoP proposed Annual Plan Outlay of Rs. 148.84 crore for 1996-97. However, the Planning Commission allocated Rs. 85.00 crores.

For the year 1997-98, the DoP proposed Annual Plan of Rs. 141.42 crores and Outlay approved is Rs. 95 crores (BE) as detailed below:

Scheme	Proposed Outlay (Rs. crore) (1997-98)	BE (Rs. crore) (1997-98)	RE Plan Outlay for 96-97
1. Expansion of Postal Network	3.55	3.55	8.40
2. Upgradation of Technology	38.41	29.93	41.93
3. Human Resource Development	2.79	2.79	
4. Modernisation of Mail Processing	16.79	8.79	
5. Business Development & Marketing	5.87	3.85	
6. Computerisation of Savings Bank in Post Offices	1.19		1.19
7. Postal Life Insurance	4.27	4.00	1.73
8. Philately	0.85	0.50	
9. Postal Building & Staff Qtrs.	60.00	35.00	26.31
10. Streamlining of Administrative and Financial Management	7.70	5.40	
11. Training			2.56
12. Mail Motor Service Vehicles			0.15
13. Marketing			1.20
14. Railway Mail Service Vans			0.36
15. Speed Post Service			1.42
15. Material Management			0.96
Total	141.42	95.00	85 crores

14. It will be seen from above that the reduction of proposed Outlay in the Annual Plan 1997-98 by Planning Commission is mainly

on activities related to upgradation of Technology; Modernisation of Mail Processing; construction of Postal Buildings and staff quarters; Business Development and Marketing; Computerisation of Savings Bank in Post Offices; Postal Life Insurance; Modernisation and Development of Philately, Streamlining of Administrative and Financial Management. The total plan outlay for the year 1997-98 is Rs. 95 crores. The provision on Human Resource Development is only Rs. 2.79 crores, on Business development and Marketing Rs. 3.85 crores Postal Buildings and on staff quarters Rs. 35 crores. All these are the major postal activities.

15. The Committee pointed out that the expansion of postal network is the primary objective of DoP and enquired why such a small provision of only 3.55 percent of sanctioned outlay and less than 2 percent of the DoPs proposed outlay. With the financial outlay of Rs. 3.55 crore, DoP proposes to open 500 EDBOs and 50 DSOs in the year 1997-98 which happens to be the first year of the 9th Plan. During the Ninth Plan period, target is to open 2500 EDBOs and 250 DSOs.

I. Expansion of Postal Network

16. The RE for 1996-97 for Expansion of Postal Network was Rs. 8.40 crores. However, for the year 1997-98, the provision made are Rs. 3.55 crores. It will also be seen that the proposed outlay by DoP on this activity is also the same amount out of the proposed plan outlay of Rs. 141.42 crores.

17. In reply, the Secretary, Department of Post stated that this amount is plan target for 1997-98 and from next year onwards they would be increasing it. He further elaborated the point saying that the reason for putting a very modest target for expansion of postal network was due to difficulty in getting the posts. That was the only constraint. "Once the posts are sanctioned, there will be no problem in opening post office."

EDBOs & DSOs

18. The Committee has been informed that during the 8th Five Year Plan, 1546 Extra-Departmental branch Post Offices have been sanctioned for the rural areas of the country bringing the total number of rural Post Offices from 1,34,122 in 1992 to 136302 1996-97. There are, however, still 8041 villages including Gram Panchayat Villages which justify opening of Post Offices on the basis of distance and

population norms as laid down by the Department. A large number of them may justify establishment of a Post Office in the final analysis when income criteria would also be analysed.

19. With the opening of the proposed 2500 Extra Departmental branch Post Offices and 250 Departmental Sub-Post Offices during the 9th Plan, DoP contended that almost 1/3 of these eligible villages would be covered.

Panchayat Sanchar Sewa Yojana

20. After the mid-term review of the Eighth Plan, DoP formulated an innovative scheme, the Panchayat Sanchar Sewa Yojana, for extending basic postal service in Gram Panchayat Villages through a contractual system with less operating cost. Against a target of 500 PSSKs to be opened during 1995-96, 497 were actually opened. The target of opening 250 PSSKs during 1996-97 is likely to be achieved. However, the feed-back from field on the scheme is stated to be far from encouraging. In several PSSKs hardly any transaction reportedly took place.

21. During evidence it was supplemented that PSSKs were opened in five circles by 1995-96 on experimental basis. But the experiment did not evoke good response from the Gram Panchayats for which the scheme is likely to be abandoned. However, a review of the scheme after an indepth assessment by the Chief Postmasters General and Postmasters General is being carried out. It was against this background that no target for 1997-98 in respect of PSSKs has been fixed.

22. With Panchayat Sanchar Sewa Yojana thus having failed to take off, the two other schemes i.e. LSV and LPA are being given importance which can provide basic postal facilities in the villages where it is not possible open Post Offices.

Letter Box

23. The Committee has been informed in reply to a query that in accordance with the present policy of the Department, all villages with a population of 500 and more are provided with letter boxes. During evidence the Committee pointed out that in 1994-95 only 42175 letter boxes were supplied against the target of 56,000 and wanted to know the latest position in this regard. The Secretary DoP replied that at present there are 5,42,167 letter boxes in the country and the target has been achieved in this regard.

24. The Committee drew attention to the complaints that have been received alleging that at many places in remote and hilly areas one has to walk a distance of one to two kilometers to post a letter and that timings of clearance are not indicated on the letter boxes. The Committee enquired whether any sort of monitoring mechanism has been evolved in this regard. The Secretary DoP replied that monitoring was being done through Inspectors of Post Offices who have been attached to divisional offices and also to Head Post Offices.

25. When asked what constraints the Department faced in providing letter boxes to villages with a population less than 500 also, the Secretary replied that last time when they were reviewing the policy they had decided on providing Letter Boxes to villages with a population of less than 500 also. But it would be done in a graded manner.

26. As regards the maintenance of the letter boxes installed in the villages the Committee pointed out that many letter boxes especially in rural areas were found in a damaged condition. To this the Secretary responded that it might have happened in respect of a few specific letter boxes as monitoring is done regularly at the field level to ensure proper maintenance of the letter boxes. However, in reply to a further query about proper and effective monitoring to ensure proper maintenance of letter boxes, the Secretary DoP assured the Committee that the Department would put a special check on it percentage wise.

Work load and Manpower

27. In the context of complaints of abnormal delays in delivery of mail, the Committee desired to know the volume of work and the manpower deployed on mail and delivery services at the beginning of 8th Plan *vis-a-vis* and at the end of 8th Plan, the increase in the volume of mail, the following information was furnished to the Committee:—

	At the beginning of 8th plan-1992-93	At the end of 8th Plan 1996-97 (As on 31.3.96)	Net increase	% increase
Traffic	1,340 Crores	1,395,8 Crores	55.8 Crores	4.16%
Manpower	5,96,000	5,98,323	2,323	0.395

When asked how much additional manpower is required to cope with the increased workload the DoP replied that the following additional manpower is required :

Sorting Postmen	162
Postmen	2458

II. Upgradation of Technology

28. Since the emphasis in the Department's 8th Plan programmes was on transforming the postal service into a modern one through induction of appropriate technology, this Plan scheme is of critical importance of Rs. 325 crores total outlay of the Eighth Five Year Plan, Rs. 132.53 crore were provided for this scheme. The DoP had proposed outlay of Rs. 38.41 crores on it for 97-98. However, the Budget proposals are only for Rs. 29.93 crores which constitutes about 32 percent of the total plan outlay of Rs. 95 crores for 1997-98. The major activities proposed under this scheme are:—

(a) Supply of Machinery and Equipment

29. Under this activity the Department provides upgraded equipment like hand cancellers, stamp cancelling machines, tying and bundling machines, electronic franking machines etc. to operative offices. Against the 8th Plan target of 25000 hand cancellers and 270 stamp cancelling machines, 18053 and cancellors and 270 machines were supplied by 31.3.96. Upto 31.03.1996, 40 electronic franking machines had been supplied to post offices, though no target was set in the 8th Plan for this. Physical targets for 1997-98 under this head include 1000 PC based machines, 350 modems and peripherals for ESMOs, 20 stamp cancelling machines, 2,000 hand cancellors and 100 electronic franking machines.

(b) In House Computerisation

30. In the sphere of modernisation of postal service through upgradation of technology, the department's programme of computerising counter services with Multipurpose Counter Service (MPCMs) picked up momentum after the initial two years of slow progress.

31. Against the 8th Plan target to supply 5000 PC based multipurpose counter machines to post offices, 2300 machines were

installed in 670 post offices upto 31.3.96. With the installation of more machines during the current year (1996-97), upto February 1997 there are 2628 counter machines operating in 885 post offices in the country.

32. In the Performance Budget documents under major head Upgradation of Technology, against sub-head Research and Development (R&D) an expenditure of Rs. 9 lakhs has been reported. Clarifying the position in this regard in reply to a query by the Committee about development of technology, the Secretary, DoP stated in evidence that in that sense the Department did not have any R&D Centre. "We don't do pure research. We go for the adoption of a particular technology for our services." "There were only a few officers who decide which technology was to be adopted because there were various options available in respect of hardware and software. Asked if there has been any need for indigeneous development of technology, the witness stated that it was possible provided the Department has a full-fledged set up. He further clarified that there was a proposal about ten years back for it but it did not come out. "At present, the Department is in need of a technical cadre."

III. Integrated Mail Processing System (IMPS)

33. During the 8th Plan, the proposal was to provide Automatic Mail Processing Systems (AMPs) in Mumbai, Chennai and Delhi to expedite transmission of pincoded mails to and from metro cities through machine processing. The projects at Bombay and Madras have been completed while the project for Delhi stands deferred to the 9th Plan on the recommendations of the Planning Commission.

34. Committee has been informed that AMPs at Mumbai cost Rs. 20.5 crores while the other one at Chennai Rs. 21.0 crores. The rated capacity of each AMPs is stated to be about 12 lakh articles per day. However, the present work design at these Centres provide optimum capacity of 9 lakh articles of letter mail daily. The traffic of machineable mail handled at AMPs Mumbai ranged from 6 to 7 lakhs per day while at AMPC, Chennai the traffic of machineable mail handled is about 3 to 4 lakh articles per day. The DoP has stated that it has not been able to achieve full capacity utilisation of the AMPC for the following reasons :

- (i) Non-standardised mail specification of dimension, thickness quality etc.

- (ii) Lack of adequate quantum of machineable mail.
- (iii) Bulk Business Mail which is machineable is directly despatched mostly presorted to delivery offices.
- (iv) Relatively low speed of some of the coders at the coding desk.

35. It has been submitted that due to the steps taken to improve capacity utilisation, the volume of mail handled has steadily increasing from 1.55 lakh per day in April, 1993 to about 5 lakh per day in November, 1996 at Mumbai Centre.

36. In reply to a question whether adequate provision has been made in BE for 1997-98 for installation of AIMPS, the DoP stated that the outlay provided for 1996-97 for installation of AMPS was not adequate for implementing the project at Delhi, which has been clubbed with other two projects of installation of similar systems at Calcutta and Bangalore. Moreover, this has been deferred as per recommendations of the Planning Commission that all future projects of AIMPS should be clubbed together and processed on the basis of our experience with the two systems already installed at Mumbai and Chennai.

37. In reply to a question regarding what is the priority basis for this AMPS order of priority, the Secretary informed the Committee that it is a priority item and DoP shall carry out a proper survey before DoP install them.

38. The brief Summary of Demands for Grants for 1997-98 is indicated below.

(Rs. in crores)

	RE 95-96	Actuals 95-96	BE 96-97	RE 96-97	BE 97-98	% increase of col. 6 over col. 3	% increase of col. 6 over col. 5
1	2	3	4	5	6	7	8
<i>Revenue Section :</i>							
Postal Receipts	1315	1150.42	1388.00	1250.00	1300.00	13	4.00
Gross Expenditure	2398.62	2472.14	2616.29	3026.29	3138.99	27	3.272
Deduct Recoveries	659.00	662.31	654.00	1035.00	725.00	9	29.95

1	2	3	4	5	6	7	8
Net Expenditure	1739.62	1809.83	1962.29	1991.29	2413.99	33	21.22
Deficit	424.62	659.41	574.29	741.29	1113.99	69	50.28
<i>Capital Section :</i>							
Gross Expenditure	72.88	65.08	69.71	66.46	74.51	14	12.11
Recoveries	10.00	10.97	10.50	10.50	11.00		4.76
Net Expenditure	62.88	54.11	59.21	55.96	63.51	17	13.49

39. From the above statement, it would be observed that the DoP during 1995-96 incurred an expenditure of Rs. 2472.14 cr. against RE of Rs. 2398.62 incurring an excess expenditure of Rs. 73.52 cr. The reasons for excess expenditure are stated to be due to increase in DA, Interim Relief, Pensionary charges, OTA etc.

Again during 1997-98 also BE for Gross Expenditure is Rs. 3138.99 against Rs. 3026.29 (RE 96-97) i.e. 3.72 increase only.

Deficit

40. The deficit has been kept at Rs. 113.99 cr. (BE 1997-98) against Rs. 741.29 (RE 1996-97) an increase of 50.28%. The deficit is increasing inspite of increase in tariff for 96-97 and 97-98.

41. The Department in reply for increase in deficit inspite of increase in tariff stated that the reasons as follows:

- a. Approximately 80% of the Department Budget is towards Salaries, Wages and Pensions which is increasing every year due to increase in DA, IR and consequential increase in OTA, Bonus etc.
- b. Revenue receipts from Postal Operations registers only a marginal increase annually.
- c. Recoveries from other Government departments for Agency work performed by the Department is not commensurate with the cost of operations.

In reply to a question re: pension to freedom fighters, the Secretary, DoP informed the Committee that DoP is performing so many agency

functions but they are not remunerated for those agency functions properly.

42. Increase in tariff in respect of the various services rendered by the Department will go towards decreasing the deficit. However, the extent to which the tariff can be increased is limited and will therefore not be able to wipe out deficit totally. The Department has been making efforts to contain the expenditure and has taken up the issue of enhancing the agency charges with the respective Departments of the Government with a view to contain/reduce the deficit.

43. The Committee desired to know whether the Department have received any complaint(s) about leakage of postal revenue by theft pilferage etc. and if so, how many cases have been detected during the last three years and the amount involved each year.

44. The DoP in reply stated that the complaints have been received about leakage of postal revenue by theft, pilferage etc./yearwise position in respect of number of cases detected during last three years and amount involved is as follows :

Year	No. of Cases Detected	Amount Involved
1993-94	3302	Rs. 3,45,59,743.00
1994-95	3602	Rs. 3,83,84,687.00
1995-96	3943	Rs. 4,92,51,160.00
Total	10847	Rs. 12,21,95,590.00

The above cases relate to :

- (i) Loss, abstraction or pilferage of registered, value payable, ordinary and insured letters/parcels, value payable, ordinary and insured letters/parcels;
- (ii) Frauds in Moneyorders, Savings Bank, Savings certificates;
- (iii) Misappropriation of cash/stamps; and
- (iv) Loss by theft, robbery, fire and misuse of franking machines etc.

National Postal Policy

45. The Committee note that Department of Post has prepared Perspective Plan for Postal Network in pursuance of its earlier recommendation and submitted a copy of the same. However, a formal document incorporating the national Postal Policy is yet to be finalised, the Committee will consider it separately at a subsequent date.

Speed Post

46. The Secretary, DoP in evidence stated that Department is still worried about the private courier service because of the fact that even though DoP has got monopoly on letters yet it does not have monopoly over transmission of documents and therefore, private courier service has been growing. All the private couriers are registered under Company's Act. So they are free to carry on this service. They even carry letters but don't openly admit it. Because of it, Department of Post has been losing although, the Speed Post service is still the leader.

47. He further submitted that Department has extended Speed Post service to 72 centres in the country.

48. Asked whether the Department has any plan to extend it to more cities/towns, the witness submitted that it would depend on the volume of traffic.

49. Postal revenue from Speed-Post service is reported to have gone up from Rs. 3.85 crores when it was started to Rs. 65 crores this year.

Mahila Samridhi Yojana

50. Mahila Samridhi Yojana which is aimed at promoting self-reliance and economic independence amongst rural women is reported to have 1.69 crore accounts with progressive amount of Rs. 172.41 crores of deposits. The Committee learnt that people particularly in rural areas after having opened accounts under this scheme have been facing certain problems in depositing the money.

51. The Department of Post under the Ministry of Communications is responsible for planning, development, expansion, operation and maintenance of postal services in the country besides performing certain agency functions such as small saving schemes, disbursement of pensions etc. on behalf of the other

Government departments. The Demand No. 13 of the Postal Department has projected an expenditure of Rs. 3213.50 crores for the year 1997-98 against Rs. 2686 crores in the previous year showing an increase of Rs. 527.50 crores which is about 19 percent higher than previous year's demands. The increase has mainly been on the Non-Plan expenditure. The Plan expenditure has been increased only by 12 percent from Rs. 85 crores in 1996-97 to Rs. 95 crores in 1997-98 which is also first year of the Ninth Plan. Keeping in view the priorities of the Department and task ahead in expansion of postal facilities to non-covered areas particularly in rural, hilly and remote areas, transformation of the postal system into a modern one with necessary technological inputs to give the country an efficient growth oriented postal system as has been brought out in the following paragraphs, the Committee feel that increase in the Plan expenditure is too modest. It ought to be supplemented in course of time.

52. The Committee finds that Department of Post (DoP) has failed to achieve the Eighth Five Year targets of almost all the major schemes. No doubt the Department has succeeded in opening 1546 Extra-Departmental Post Offices (EDBOs) against the revised target of 1440 for the Plan period mostly in rural areas, yet it is no consolation in view of the fact that only 750 Panchayat Sanchar Sewa Kendras have been opened against the target of 2500. Obviously, more than 1700 villages which were likely to get postal facilities could not get their demand fulfilled. More disturbing is the fact that this scheme which had raised the hope of rapid expansion of postal network in rural areas for its merit of being inexpensive has been given a silent burial. The reasons for its failure require to be probed in depth for future planning. Perhaps ground realities were not properly assessed before introduction of the scheme or there was something wanting on the part of those entrusted with the implementation of this scheme. Again only 466 Departmental sub-offices (DSOs) have been opened against the target of 650. Under the modernisation scheme 5000 Multi-purpose counter-Machines were targetted but only 2758 could be installed upto 31.3.1997. DoP had set the target of 1500 such machines whereas the achievements this year was only 458. The Committee are not impressed by the enthusiasm of the Secretary, DoP that he was quite hopeful of achieving targets upto 70 percent in this regard in the remaining 15 days of the financial year 1996-97 when even the tendering process was not initiated. The Department should keep the Committee informed of the progress made.

53. In providing stamp cancelling hand machines also, the Department could achieve only 18053 cancellers against the target of 25,000. The Committee expresses its grave concern at the tardy progress of above mentioned major schemes. It desires that schemes of technological upgradation should be expedited all over the country with a view to improve the conventional image of the Department and to make available to the people fruits of technological development.

54. One area which brings some consolation in achieving the target is setting up of V-SAT stations which are expected to revolutionalise transmission of money orders and addition of other value added services like electronic mail, hybrid mail etc. Department has set up 74 V-SAT stations during the plan against the target of 75. However, the Committee find that there are certain bottlenecks like linking of V-SAT stations with major accounts offices and dereliction of duty by erring officials etc. which have been causing abnormal delay in delivery of money orders. The Committee desire that these factors should be identified and appropriate steps taken without loss of time to streamline the procedure. The delinquent officials should be identified by surprise checks and dealt with appropriately.

55. The Committee is deeply concerned to note that V-SAT stations set up at enormous cost to the nation during 8th Plan are not being put to the optimum use. It is distressing to note that these stations have remained under-utilised to a great extent. No doubt the traffic of money orders has picked up from forty thousand in September, 1996 to two lakhs in March this year, yet considering the total volume of money order traffic of ten crores a year, the achievements are not at all satisfactory. The Committee urge the DoP to make utmost efforts to utilise the capacity optimally more so considering the fact that money order transactions involve huge sum to the extent of Rs. 3787 crores. Benefits of technological upgradation must reach the people as early as possible.

56. The Committee notes that of the 3 Integrated Mail Processing Systems (IMPS) proposed during the Eighth Plan, only two have come up at Mumbai and Chennai. The proposal for the third one proposed to come up at Delhi has been shifted to Ninth Plan on the advice of Planning Commission. The Committee will like to be apprised of the specific reasons for not taking up this important project during the Eighth Plan.

57. The Committee observes that 3 IMPS are proposed to be set up during Ninth Plan at Delhi, Calcutta and Bangalore. In view of the rapid growth of mail and consequent delays in delivery in these metropolis, early setting up of Integrated Mail Processing System should be undertaken.

58. Again, suitable steps be taken to make optimum utilisation of already installed IMPS.

59. The Committee notes that the modernisation of counter service programme has been implemented in 468 post offices upto 31.3.1996 and 350 more post offices were targetted during 1996-97. The Committee expects that DoP has been able to achieve the target during 1996-97. The Committee desires DoP to accord greater emphasis towards modernisation of counter service programme, during the Ninth Plan, which will help towards transformation of the Postal System into a modern one.

60. The Committee is concerned to note that there have been shortfalls in achieving the target in Hybrid Mail Service and Premium Savings Bank Service due to what is alleged to be inadequate customer response. The Committee urges upon DoP to immediately start a suitable marketing strategy in a more focussed manner for making these services more attractive to the customers.

61. The Committee takes serious note of the fact that though DoP had proposed a modest outlay of Rs. 141 crores for the year 1997-98, yet the Planning Commission/Ministry of Finance have approved an inadequate outlay of only Rs. 95 crores. It is pertinent to note that in previous year also, the DoP had proposed outlay of Rs. 148.84 crores but could get only Rs. 85 crores. Because of these financial constraints DoP has been forced to project modest targets of various important schemes. As a result, proposed outlay of Rs. 38.41 crores on such an important scheme as upgradation of technology has been reduced to Rs. 29.93 crores in Budget Estimates. Similarly, Mail Processing Scheme could get only Rs. 8.79 crores against the proposal of Rs. 16.79 crores—almost fifty percent reduction. Scheme of Business Development and Marketing which has assumed added importance in view of the introduction of new value added services during Eighth Plan have been allocated only Rs. 3.85 crores against the proposed outlay of Rs. 5.87 crores. Postal Buildings and staff quarters could get only Rs. 35 crores while the proposal was for Rs. 60 crores. The Committee is convinced that

such a drastic reduction to the extent of 33 percent in Plan proposals for a Department like DoP which is involved in basic infrastructure is totally uncalled for. In fact, the Committee desires that Plan outlay requires to be suitably stepped up in consonance with the needs of the Department.

62. The Committee is anguished to observe that a meagre allocation of Rs. 3.55 crores has been made in the Budget Estimates for such an important scheme as Expansion of Postal Network. The Committee fails to understand how such a meagre outlay has been proposed by the DoP and accepted by the Planning Commission altogether ignoring the ground realities that there are still more than 8000 villages in the country which qualify as per the norms of the Department for opening of a post office not to speak of the policy objective of covering all the Panchayat Villages with post offices. The allocation is abnormally low, in the context of allocation made to the tune of Rs. 8.40 crores in 1996-97. The reasoning of the Secretary, DoP that from next year onward they would be increasing it fails to give any consolation. The Committee strongly recommends higher allocations at least in tune with the allocations made in 1996-97 on this scheme.

63. One of the reasons advanced by the Secretary, DoP for meagre allocation on Expansion of Postal Network Scheme is that Department is not getting sanction from the Ministry of Finance for opening of new post offices. It is highly disturbing. The Committee had expressed its concern earlier also in its First Report on Demands for Grants (1996-97) of this Department on abnormal delay in sanctioning of posts of postmen by the Ministry of Finance. While the matter relating to posts of deliverymen and sorters has been dealt with in the succeeding paragraphs, the Committee strongly feels that delay in sanctioning of posts for opening of EDBOs should in no way be allowed to hamper the progress of opening of new post offices. Ministry of Finance should take a realistic view and the matter may be sorted out at the highest level.

64. The Committee finds that with Budget outlay of Rs. 3.55 crores, DoP proposes to open 500 EDBOs and 50 DSO all over the country during the year. The target for the Ninth Plan period is opening of 2500 EDBOs and 250 DSOs. Considering the fact that there were, more than 8000 villages which qualify for opening of

post offices not to speak of the upcoming urban conglomerates extensions and settlements, the Committee feels that targets are very low. Even during Eighth Plan, DoP had targetted for 4590 Post Offices (1440 EDBOs + 650 DSOs + 2500 Panchayat Dak Sewa Kendras). The reasons for toning down the growth of postal network are not comprehensible. The Committee therefore, strongly urges the DoP to make realistic targets in the light of their avowed objective of ensuring availability of basic postal services in all parts of the country.

65. In the light of the facts stated in the preceeding paragraph, the Committee is of the opinion that Panchayat Dak Sewa Yojana may be remodelled and given a fair trial on the basis of experience gained. Since Panchayati Raj set up has been established all over the country it can be safely presumed that elected representatives of people at Panchayat level will not be wanting to make it a success unless there are constraints beyond their control. The Committee feels that being economical, this scheme can help expand postal network rapidly. With this end in view, the indepth assessment of the scheme being carried out by the Chief Post Masters General and Post Masters-General may be expedited and remedial action taken.

66. The Committee notes that in accordance with the present policy of the Department all the villages having population of more than 500 have been provided with letter boxes. During the Eighth Plan 42175 letter boxes have been provided against the target of 56000. The Committee is at loss to understand why target of 56000 letter boxes was fixed when actual requirement to achieve policy objective was only 42175.

67. The Committee find that even after installation of letter boxes in all the villages with population of more than 500, people have to cover a distance of about 2 Kms. to post letters and that letter boxes are not properly maintained such as timings of clearance are not indicated on them. Instances have also come to the notice where letter boxes are badly damaged and require to be replaced. The Committee therefore, desires that criteria of 500 population in a village for providing letter box may be reviewed with a view to cover all villages so that the people may not have to walk longer distances. The monitoring machinery should also be streamlined through surprise checks by higher officers and better inter-action with the elected representatives for proper maintenance of letter boxes and clearance of mail.

68. The Committee finds that volume of mail has been steadily growing over the years. Postal traffic is stated to have increased from Rs. 1340 crores at the beginning of the Eighth Plan to 1396 crores as on 31 March 1996 i.e. over a period of four years. Growth in the manpower of the Department has only been 0.395 percent during this period against 4.16 percent growth in traffic which itself is rather low. DoP required additional manpower of 162 sorting postmen and 2458 postmen to handle the increased workload. The Committee feels that for an efficient and reliable delivery system of mail all over the country, DoP's proposal of additional posts of postmen/sorting postmen should be favourably considered and approved.

69. The Committee observes that plan outlay on upgradation of technology scheme has come down to Rs. 29.93 crores in Budget Estimates against Rs. 38.41 crores in the previous year. Perhaps the reason for it has been slow progress made in 1996-97 in achieving physical targets. Consequently, physical targets for all the major items have been lowered. Only 1000 PC based machines have been targeted for 1997-98 against 1500 in 1996-97. 2000 hand cancellors have been proposed against 3000 in the previous year. The Committee takes a serious note of this and would like to be convinced that lowering of targets would not adversely affect functioning of DoP during the year.

70. The Committee is surprised to note that DoP does not have any Research and Development programme to keep pace with the technological development. A small provision of Rs. 9 lakhs has been made for R&D which only enable a small cell to select a few equipments and machinery for postal services. The Committee feels that such neglect of R&D is not in national interest. No thought has been given to indigenous development of R&D though the Department feels the need of a technical cadre. It is high time that concrete plans are formulated for indigenous development of technology and all financial support should be provided.

71. The Committee notes that operations of DoP during 1996-97 resulted in a deficit of Rs. 741.29 crores (RE 96-97). During the current year, deficit is expected to go upto Rs. 1113.99 crores (BE 97-98) i.e. 50.28% above the RE of 96-97, inspite of increase in tariff for 1996-97 and 1997-98. The reasons for increase in deficit are stated to be increased DA and IR and consequential increase in OTA, Bonus etc. and inadequate realisation of Agency charges in respect of activities performed on behalf of other Departments. The

Committee does not find any reason why DoP has not recovered fully its dues from Departments/State Governments/UTs and recommends that these issues should be taken up at the highest level with all concerned authorities for realisation. The Committee also feels that DoP should take up with the Departments/State Governments/Union Territories, the question of revising upward the rates of agency changes.

72. The Committee notes that Revenue receipts from postal operations have been registering a marginal increase annually. The Committee also notes that 10847 cases of leakage of postal revenue by theft, pilferage etc. have been detected during the last three years and amount involved is Rs. 12,21,95,590.00 The Committee desires that most stringent steps should be taken to avoid such loss of revenue and to bring the erring officials to book.

73. The Committee also desires DoP to find ways to augment postal revenue and economise expenditure by proper utilisation of its valuable assets.

74. The Committee notes that Department of Post has prepared perspective Plan for Postal Network in pursuance of an earlier recommendation of the Committee and a formal document has been submitted to the Committee. The Committee will consider it separately at a later date.

75. The Committee reiterates its earlier recommendations that Department should finalise the National Postal Policy without further loss of time.

76. The Committee is concerned to note that private courier service providers are encroaching on the territory of Department of Post by carrying letter mail in the grab of transmission of documents on which DoP has no monopoly jurisdiction. The growing volume of traffic handled by private couriers has caused loss of revenue to the Department of Post and quite possibly it may be one of the reasons for lower growth of postal revenue. While this tendency on the part of private couriers is required to be checked for healthy growth of Department of Post, the Committee desires that Speed Post service should be extended at a faster rate to cover more and more district headquarters and important industrial towns all over the country. The efficiency of this service should be improved further so that it may withstand the challenges of private courier service.

77. The Committee is disturbed to note that there are a lot of complaints about the functioning of Mahila Samridhi Yojana. The Committee, therefore, recommends that DoP must ensure that the customers operating this scheme particularly in rural areas do not face any problem. Utmost efforts should be made to achieve the objectives of the Yojana.

NEW DELHI;
April 17, 1997
Chaitra 27, 1919 (Saka)

SOMNATH CHATTERJEE,
Chairman,
Standing Committee on Communications.

APPENDIX I

MINUTES OF THE TWENTY-NINTH SITTING OF THE COMMITTEE ON COMMUNICATIONS (1996-97)

The Committee sat on Tuesday, the 1 April, 1997 from 11.00 to 13.00 hrs. in Committee Room 'B', Parliament House Annexe, New Delhi.

Shri Somnath Chatterjee — *Chairman*

MEMBERS

Lok Sabha

2. Shri K.L. Sharma
3. Dr. S.N. Jatiya
4. Prof. Rasa Singh Rawat
5. Smt. Sheela Gautam
6. Shri Harpal Singh Sathi
7. Shri Tarachand Bhagora
8. Smt. Sukhbuns Kaur
9. Shri Somjibhai Damor
10. Shri Mrutyunjaya Nayak
11. Shri Thomas Hansda
12. Shri Neil O' Brien
13. Shri Dinesh Chandra Yadav
14. Shri R. Devadas
15. Dr. Shafiqur Rehman Barq
16. Shri V.P. Shanmuga Sundram
17. Shrimati Geeta Mukherjee
18. Shri Budh Sen Patel
19. Shri Joachim Baxla
20. Shri Churchill Alemao

Rajya Sabha

21. Shrimati Veena Verma
22. Shri Iqbal Singh
23. Shri S.S. Ahluwalia
24. Shri Govindram Miri
25. Shri Shtrughan Prasad Sinha
26. Shri Narendra Pradhan
27. Shri Md. Salim
28. Shri S. Austin
29. Shri Ish Dutt Yadav
30. Shri Satish Pradhan

SECRETARIAT

- | | | |
|-----------------------|---|-----------------------------|
| 1. Dr. A.K. Pandey | — | <i>Additional Secretary</i> |
| 2. Shri Ram Autar Ram | — | <i>Director</i> |
| 3. Shri S.K. Sharma | — | <i>Deputy Secretary</i> |

REPRESENTATIVES OF DEPARTMENT OF POST

- | | | |
|--------------------------|---|---------------|
| 1. Shri R.U.S. Prasad | — | Secretary |
| 2. Shri K. Diesh | — | Member (O) |
| 3. Shri V. Radhakrishnan | — | Member (D) |
| 4. Shri D. Parthasarthy | — | Member (P) |
| 5. Shri S.C. Dutta | — | Sr. DDG (CPT) |
| 6. Shri K.S. Menon | — | J.S. & FA |
| 7. Shri A.V.B. Menon | — | DDG (M&TS) |
| 8. Smt. Aparna Mohile | — | DDG (PO) |
| 9. Shri Gurmel Singh | — | DDG (PAF) |
| 10. Shri Vijay Bhushan | — | CGM (BD) |
| 11. Shri L.K. Puri | — | OSD (Tech.) |

2. At the outset, the Chairman welcomed the Secretary, Department of Post and officials accompanying him.

3. The Committee sought certain clarifications on the issues relating to the Demands for Grants for 1997-98 as well as points arising out of the written replies to the questionnaire furnished by the Department on Demands for Grants 1997-98.

4. A verbatim record of sitting has been kept.

5. The Chairman thanked the officials for furnishing valuable information to the Committee and for free and frank views given on various points raised by the Members.

The Committee then adjourned.

APPENDIX II

MINUTES OF THE 32ND SITTING OF THE COMMITTEE ON COMMUNICATIONS (1996-97)

The Committee sat on Tuesday, the 15 April, 1997 from 15.00 to 16.00 hrs. in Committee Room 'B', Parliament House Annexe, New Delhi.

PRESENT

Shri Somnath Chatterjee — *Chairman*

MEMBERS

Lok Sabha

2. Shri K.L. Sharma
3. Shri Harin Pathak
4. Prof. Rasa Singh Rawat
5. Smt. Sheela Gautam
6. Shri Pankaj Chaudhary
7. Shri Harpal Singh Sathi
8. Shri Th. Choaba Singh
9. Shri Girdhar Gamango
10. Smt. Sukhbuns Kaur
11. Shri Neil O' Brien
12. Shri Dinesh Chandra Yadav
13. Shri R. Devadas
14. Shrimati Geeta Mukherjee
15. Shri Joachim Baxla
16. Shri Churchill Alemao

Rajya Sabha

17. Shrimati Veena Verma
18. Shri S.S. Ahluwalia

19. Shri Ahmed Patel
20. Shri Govindram Miri
21. Dr. Ramendra Kumar Yadav Ravi
22. Shri Md. Salim

SECRETARIAT

1. Shri Ram Autar Ram — *Director*
2. Shri S.K. Sharma — *Deputy Secretary*

2. The Committee took up for consideration Draft Report on Demands for Grants (1997-98) relating to the Ministry of Communications—Department of Post and adopted the same with some modifications/amendments (as shown in Annexure).

3. Thereafter, the Committee authorised the Chairman to finalise and present/lay the Report in both the Houses of Parliament.

The Committee then adjourned

Sl. No.	Page	Para No./Line	For	Read
1.	19	47/19		<i>Add at the end: 'The Department should keep the Committee informed of the progress made'</i>
2.	20	49/13		<i>For "identified by surprised checks"severely. read "identified by surprised checks and dealt with appropriately."</i>
3.	20	50/11		<i>For "sume of 37870 crore rupee" Read "sums to take extent of Rs. 3787 crore."</i>
4.	21	52/4-5		<i>For "System merit consideration" Read "Systems should be undertaken"</i>
5.	21	54/7		<i>For "which is an inevitable aspect" Read "which will help"</i>
6.	21	55/3		<i>After " Service due to" add "what is alleged to be"</i>
7.	21	55/5-7		<i>For "focussed manner setback" Read "focussed manner for making these services more attractive to the customers"</i>
8.	22	56/17		<i>Delete "which project the image of century old Department"</i>

Sl. No.	Page	Para No./Line	For	Read
9.	23	57/5	<i>For</i> "The allocation look ridiculously low when seen"	<i>Read</i> "The allocation is abnormally low"
10.	24	60/5	<i>Delete</i> "after holding elections last year."	
11.	25	63/6	<i>After</i> "growth in traffic"	<i>Add</i> "which itself is rather low"
12.	25	63/10-11	<i>For</i> "merit consideration"	<i>Read</i> "should be favourably considered and approved."
13.	26	65/5	<i>After</i> "Postal Services"	<i>Add</i> "The Committee feels that such neglect of R&D is not in national interest."
14.	26	65/8	<i>After</i> "development of technology."	<i>Add</i> "and all financial support should be provided."
15.	26	66/9-10	<i>For</i> "for central"	<i>Read</i> "Why DoP has not recovered its dues from"
16.	26	66/12	<i>For</i> "all these concerned"	<i>Read</i> "all concerned authorities for realisation. The Committee also feels that DoP should take up with the Department/State Governments/Union Territories, the question of revising upwards the rates of agency charges."

Sl. No.	Page	Para No./Line	For	Read
17.	27	67/5-9	<i>For</i> "The Committeethree years."	<i>Read</i> "The Committee desires that most stringent steps should be taken to avoid such loss of revenue and should bring the erring officials to book."

ADDANDA TO THE DRAFT REPORT ON DEPARTMENT OF POST RELATING TO DEMANDS FOR GRANTS (1997-98)

Add on Page 17 after para 45

Speed Post

46. The Secretary DoP in evidence stated that Department is still worried about the private courier service because of the fact that even though DoP has got monopoly on letters yet it does not have monopoly over transmission of documents and therefore, private courier service has been growing. All the private couriers are registered under Company's Act. So they are free to carry on this service. They even carry letters but don't openly admit it. Because of it, Department of Post has been losing although, the Speed Post service is still the leader.

47. He further submitted that Department has extended Speed Post service to 72 centres in the country.

48. Asked whether the Department has any plan to extend it to more cities/towns, the witness submitted that it would depend on the volume of traffic.

49. Postal revenue from Speed-Post service is reported to have gone up from Rs. 385 crores when it was started to Rs. 65 crores this year.

Mahila Samridhi Yojana

50. Mahila Samridhi Yojana which is aimed at promoting self-reliance and economic independence amongst rural women is reported to have 1.69 crore accounts with progressive amount of Rs. 172.41 crores of deposits. The Committee learnt that people particularly in rural areas after having opened accounts under this scheme have been facing certain problems in depositing the money.

Add on page 27 after para 70

76. The Committee is concerned to note that private courier service providers are encroaching on the territory of Department of Post by carrying letter mail in the grab of transaction of documents on which DoP has no monopoly jurisdiction. The growing volume of traffic

handled by private couriers has caused loss of revenue to the Department of Post and quite possibly it may be one of the reasons for lower growth of postal revenue. While this tendency on the part of private couriers is required to be checked for healthy growth of Department of Post, the Committee desires that Speed Post service should be extended at a faster rate to cover more and more district headquarters and important industrial towns all over the country. The efficiency of this service should be improved further so that it may withstand the challenges of private courier service.

77. The Committee is disturbed to note that there are a lot of complaints about the functioning of Mahila Samridhi Yojana. The Committee, therefore, recommends that DoP must ensure that the customers operating this scheme particularly in rural areas do not face any problem. Utmost efforts should be made to achieve the objectives of the Yojana.