20

STANDING COMMITTEE ON INFORMATION TECHNOLOGY
(2004-2005)

FOURTEENTH LOK SABHA

DEPARTMENT OF POSTS

FUNCTIONING AND EXPANSION OF POSTAL NETWORK

TWENTIETH REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

April, 2005/*Vaisakha*, 1927 *(Saka)*

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POSTAL NETWORK

Presented to Lok Sabha on ………………
Laid in Rajya Sabha on ………………

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NEW DELHI

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**nominated *w.e.f.* from 24.3.2005.

INTRODUCTION

I, the Chairman, Standing Committee on Information Technology (2004-05) having been authorised by the Committee to submit the Report on their behalf, present this Twentieth Report on "Functioning and Expansion of Postal Network" relating to the Department of Posts.

2. The Committee took oral evidence of the representatives of the Department of Posts on 16 May, 2002, 15 July, 2003, 13 September, 2003, 27 January, 2004 and 8 December, 2004. The Committee also took evidence of the representatives of Ministry of Finance (Department of Economic Affairs) and Insurance Regulatory and Development Authority (IRDA) on 8 February, 2005.

3. The Report was considered and adopted by the Committee at their sitting held on 9 March, 2005.

4. The Committee wish to express their thanks to the representatives of the Department of Posts, Ministry of Finance (Department of Economic Affairs) and Insurance Regulatory and Development Authority (IRDA) for appearing before the Committee and furnishing information in connection with the examination of the subject.

5. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in Part-II of the Report.

NEW DELHI;   M.M. PALLAM RAJU,
31 *March*, 2005   *Chairman*,
10 *Chaitra*, 1927 *(Saka)*   *Standing Committee on*
                                                 Information Technology.

CHAPTER I

REPORT

Introductory

The Department of Posts holds a very important place in the Indian set-up, as it is one of the oldest Departments of Government of India dating back to Indian Post Office Act, 1898. The Department is entrusted with the responsibility of ensuring availability of basic and affordable postal services in all parts of the country, including tribal, hilly and remote areas.

2. Since Independence Postal Network has grown sevenfold to become the largest Postal Network in the world with 1,55,837 Post Offices (POs) as on March 2004. Out of 1,55,837 Post Offices, 26,186 are Departmental Post Offices and 1,29,651 Extra Departmental Branch Offices (EDBOs). There are 7375 Panchayat Sanchar Sewa Kendras (PSSKs) mostly in rural areas. The Indian Postal Network *i.e.* Department of Posts forms a part of the Ministry of Communication and Information Technology.

3. Though the Department of Posts in recent times is stated to have positioned itself to address the pressures of a changing environment by expanding and reinventing the services and products it offers and by building on its already impressive countrywide network infrastructure, yet new market demands, liberalization and innovative technologies are affecting the postal industry all over the world. This changing environment presents enormous challenges for traditional postal business and creates a vast array of new business opportunities.

4. Speaking on the core competence of the Postal System in the sesquicentennial celebrations of the India Post the Hon'ble President of India had *inter-alia* stated:

"The strength of India-Post are three some *viz*. the trust of the people in the institution, its network and the human resources. This is a user friendly organisation in the country and they have earned this friendliness through delivery of information and money order to the clients. They help in providing connectivity of hearts.

By nature, it is an expanding and outgoing organisation. These strengths should be leveraged and a growing system should be developed which will serve the national development cause while optimising technologically the power of the post offices by becoming a partner in rural development. The completion of 150 years by India-Post brings it face to face with opportunities as well as threats 'y' the opportunities due to the newly emerging technologies and the threats due to the competitive forces. The post office in collaboration with institutions like NABARD can become a main source for disbursing rural credit at economic interest rates which appears to be the crying need of the hour for our rural population".

On the same occasion the Prime Minister of India had also *inter-alia* stated:

"Meeting these twin challenges of technology and competition would require the department to look minutely at the users of its postal service to ensure that they do get substantial value from its products and to prevent them from migrating to other communication channels. This exercise would also require innovation on a large scale in range of services and facilities that the postal service can provide. Customisation, value addition, flexibility and new products should be the key words to won and win the future. ....

Obviously, there is a lot of ground to cover. There is a need to modernize the infrastructure available at post offices to make them modernize the infrastructure vailable at post offices to make them compete with modern commercial banks. Computerisation, networking, automation, process re-engineering—all these are essential ingredients of the transformation required to make the Post Office a provider of multiple services. I am happy that the Honourable Minister is taking keen interest in this regard. It will be my endeavour to provide all possible assistance to ensure that the computerisation of post offices is completed in this plan period itself. I will also request the Minister to go beyond the current range of services provided and utilize this opportunity provided by the computerisation initiative to expand the services available in a post office to make it a truly competitive banking institution as well. The post office has the faith of the common man in operating the largest bank in our country and this should be the launching pad for future growth and consolidation".

5. The Secretary, Department of Posts during his evidence before the Committee on 8th December, 2004 had stated that the 'India Post' is a socially committed, technologically driven, entrepreneurally managed and self supporting institution. The Department of Posts was quite conscious of the fact that the technology was an important element when they faced competition. Today, technology was not only a competition but also a threat to their operations because a lot of new products were coming under technology components.

Functioning of Postal Network

6. There are two categories of post offices *viz*. Departmental and Extra Departmental Post Offices, the latter being part time offices. Departmental Post Offices include Head Post Offices and Sub Post Offices, while Extra Departmental Post Offices include sub Post Offices and Branch Post Offices. Head Post Offices are the accounting hubs in the postal system. They are created on the basis of workload, (dependent on the number of post offices to be placed under it) and are not opened with Plan support, or as per plan target. On the other hand, Sub Post Offices are opened under Plan through new creation, or by upgradation of Extra Departmental Branch/Sub Post Offices. Sub Post Offices have to fulfil a workload norm, in addition to distance and income norms (Appendix-I). Any Sub Post office in the urban area has to be financially self-sufficient from the date of its creation and earn 5% over cost after the first year. However, any Sub Post Office in the rural area receives a nominal subsidy of Rs. 2400 per year in normal rural areas, and Rs. 4800 per year in hilly, tribal, desert and remote areas, if it fulfils the related distance and workload norms.

7. The Extra Departmental system is a network of postal outlets that function only part time. Extra Departmental Post Offices function for a minimum of 3 hours and a maximum of 5 hours. Where the workload is more than 4 hours, the office can be upgraded into an Extra Departmental Sub Post Office. These Extra Departmental Post Offices are manned by part time employees, recruited locally, who are required to have an alternate source of livelihood. Extra Departmental Branch Post Offices are opened on the basis of distance, population and income norms (Appendix-II). The income norm has an in built subsidy up to $66^2/_3\%$ of the cost of the BO in normal rural areas and 85% in hilly, tribal, remote and desert areas.
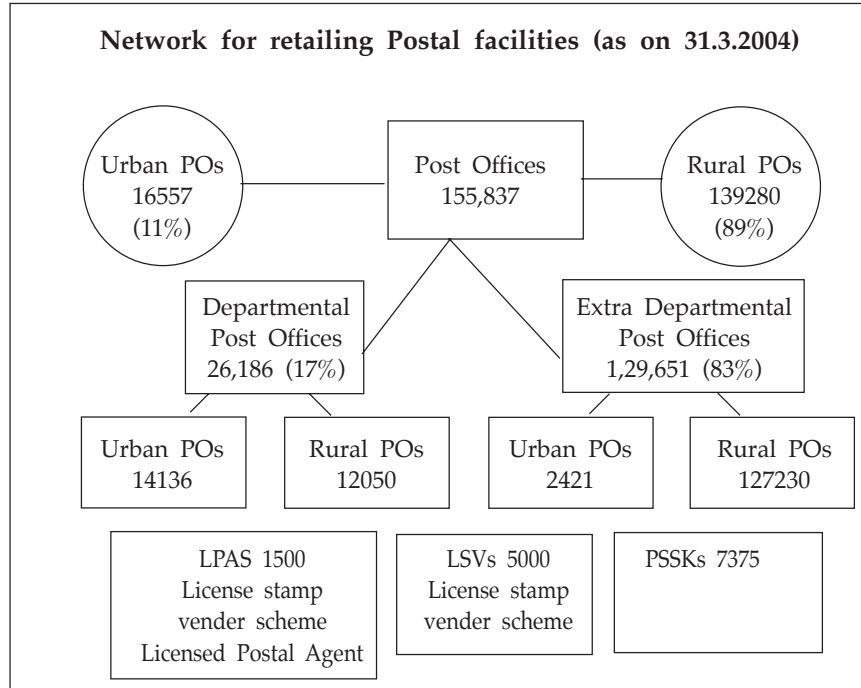
8. The Panchayat Sanchar Sewa Kendra is run on the basis of an agreement between (the Department and the Panchayat and the agent is appointed by the latter. The Panchayat is also required to oversee the day to day services provided by the agent while the Deptt. maintains an overall supervision through periodic visits by supervisory officers. The comparative chart of the functions of a PSSK and a BO is as under:—

PSSKs	BOs
1. Sale of postage stamps and stationary	1. Sale of postage stamps and stationary
2. Book of registered letters except V.P. and Insured articles.	2. Booking Registered, Insured and Value payable articles.
3. Grant of certification of posting	3. Rural Postal Life Insurance
4. Collection, conveyance and delivery of mail within G.P. Village, where feasible	4. Collection, conveyance and delivery of mail.
	Optional
1.	1. TRC collection
	2. Operating SB/RD schemes.

9. At the time of Independence, India had a network of 23344 post offices. From the First Five Year Plan onwards, plan support was made available to open post offices. Targets were allocated under Plan each year for opening post offices, and financial support was given for the non-recurring costs involved in opening a post office, as well as the recurring costs of maintaining the establishment of these new offices during the entire Plan period. Posts were also created to man the new post offices for the delivery and transmission of mails.

10. Today India Post has the largest Postal network in the world. This network of over 1,5,5,837 post offices has been created with Plan support over the last five decades, and it helps to provide daily delivery of dak, collection of mails through Letter Boxes and sale of stamps and stationery in any part of this vast country. The rural network has been created with the help of subsidy provided by Government. This subsidy enables the Department to fulfil its Universal Service Obligation

of providing affordable basic postal facilities in the country. The spread of the post offices is as under:

Network for retailing Postal facilities (as on 31.3.2004)

Urban POs 16557 (11%)	Post Offices 155,837	Rural POs 139280 (89%)
Departmental Post Offices 26,186 (17%)		Extra Departmental Post Offices 1,29,651 (83%)
Urban POs 14136	Rural POs 12050	Urban POs 2421 — Rural POs 127230
LPAS 1500 License stamp vender scheme Licensed Postal Agent	LSVs 5000 License stamp vender scheme	PSSKs 7375

11. According to the DoP, a post office serves on an average 6592 persons and 21.11 sq. kms of area. one in every two Gram Panchayat (GP) villages and one in every five inhabited villages has a Post Office. Out of 2,43,062 gram Panchayat villages, 123014 GP villages do not have Post Offices. Of these, only 3752 GP villages justify distance and population norms (as on Oct. 03) but have not been provided with Post Offices. 1070 single handed and double handed POs in 43 major urban centres having population of 7 lakhs or above are running at a loss. These POs are considered for relocation to other areas in a phased manner.

12. It has been stated that the Department does not have any mechanism of its own to identify the need for new POs unless there is some demand in writing. As and when requests for opening post offices are received from the public or from people's representatives, they are examined as per norms, including an assessment of their projected level of income, and the result is intimated to the sponsor

of the case. It is further stated that the proposals which are found to be justified for opening of post offices, are normally taken up in the same sequence as their receipt, in order to ensure that justified requests received earlier, are fulfilled first, given the limited number of targets given annually. As on 20.5.2003, there are 63 proposals pending in various Circles out of 175 requests for opening Post Offices, which are found to be justified as per the prescribed norms.

Services Offered by the Post Office

13. The Committee have been informed that all Post offices, Departmental or Extra Departmental, offer the same range of traditional services-*viz.* sale of stamps and stationery, facilities for registration, booking money orders, purchase of IPOs, booking of parcels and insured articles, Savings Bank and Insurance. Every Post Office offers retail facilities to customers, but delivery facilities are not extended through all post offices. There are many non-delivery post offices in urban areas and some in rural areas; the latter exists where more than one sub post office is located at the same station and the volume of mails do not warrant delivery facilities in all offices. Economies of scale and the distance factor are the two criteria which decide whether a post office in the urban area should have delivery facilities or not.

14. Premium products like Speed Post, Greetings Post or even Retail Post are offered only from select offices, which cater to certain segments of the population. Facilities like utility bill collection (telephone, electricity), sale of application forms (for UPSC, State Public Selection Commissions, Staff Selection Commission, Universities etc.), sale of Mutual Funds and Bonds, International Money Transfer, Passport service etc. are also offered only in identified post offices, depending on the demand for them. On the other hand, services like pension payments are extended on behalf of different organisations, both in the Central and State Governments, through any post office which provides delivery services. Similarly, though e-post service has been introduced in 655 post offices in the country, the facility can be obtained throughout the country, with the last mile coverage being offered through the conventional network.

Subsidy Factor

15. According to the estimates of the DoP, the overall subsidy amount exceeds Rs. 600 crore because this is the expenditure incurred on paying allowances to the Extra Departmental employees who are

predominantly employed in the rural areas. Further over 96% of the cost of running a rural post office is on its establishment. A study conducted by an Expert committee set up in 1995, to look into the Extra Departmental system, stated that 97% of these post offices have less than 3 hours of work. Therefore, there are many post offices in the rural areas that are being maintained with higher levels of subsidy than approved as per policy. 1819 PSSKs out of 7375 recorded nil transaction.

16. Similarly, although urban post offices are required to be financially self-sufficient and earn 5% over costs after one year, the position at the ground level does not meet this requirement. A study conducted by the Department two years ago in 16 Circles showed that over 54% of double handed post offices and 60% of single handed post offices are incurring loss. 66.9% of all Departmental post offices are either single or double handed, and they are located both in urban and rural areas.

Budgetary Deficit

17. The Department of Posts has a budgetary deficit ranging from approximately Rs. 1640 crore, which includes subsidy for the rural network. The Tenth Five Year Plan required the Department to reduce its deficit and become financially self-sufficient. The Fiscal Responsibility and Budget Management (FRBM) Act also envisages the reduction of the Revenue Deficit of the Government by 2009.

18. According to the DoP, they are currently receiving only Rs. 4000 per Branch Post Office and Rs. 10,000 per Sub Post Office, on a one time basis for expansion of the network during the entire Xth Plan period. Whereas the recurring cost of maintaining a Branch Office (BO) is Rs. 30,452 per year and a sub office Rs. 265,917 per year. The increasing budgetary deficit, and the fall in mail traffic due to the availability of alternate modes of communication, as a result of developments in technology has necessitated rationalisation of manpower in the postal network by redeployment for opening new post offices. The Expenditure Finance Committee has, therefore, decided to provide no plan support for meeting the recurring costs on newly opened post offices under the 10th Plan.

Talwar Committee Report

19. Justice Talwar Committee in its report gave a very grim picture regarding the workload of the Department of Posts which states that

only 3% of the Branch offices have workload of more than 3 hours, 36% have a workload of only 70 minutes, 19% have a workload of 1.5 hours and 39% have a workload between 1.5 hours and 2.5 hours.

20. Giving reasons for such a low workload in Branch offices (BOs) the DoP have stated that EDBOs are opened if it fulfills the three norms of population, distance and income prescribed for a given are and it is expected to function for a minimum 3 hours so that public can avail its facilities. It has further been stated that according to income criterion, an EDBO has to generate a minimum of $33^1/_3\%$ of its cost in normal areas and 15% of its cost in hilly, tribal and inaccessible areas. Thus, as a matter of deliberate policy, there is an element of subsidy to the extent of $66^2/_3\%$ (for normal areas) and 85% (for hilly, tribal and inaccessible areas) in built into the criteria prescribed for opening EDBOs.

21. It has been stated by the Department of Posts that the present workload in the 1,26,866 Branch Offices, mostly in the country's rural hilly and tribal areas, cannot be attributed to the presence of competitors providing communication and remittance facilities but to the low level of opportunities for income generating activities in these rural and tribal areas which does not help to promote any demand for postal services. The BOs are being maintained only with a view to fulfil the Department's Universal Service Obligation and to help socio-economic development in those areas.

22. The Committee enquired whether the DoP ever considered the idea of undertaking innovative additional activities to fully utilise workforce and also to generate additional revenue. The Department in their reply have stated that in the wake of economic liberalisation the network has potential for providing a host of retail communication and remittance facilities to the public in rural and remote areas and there is scope to further promote savings bank and RPLI in rural areas. The Department has been exploring means of harnessing the developments in technology and the infrastructure available with other sister Departments like DoT and DoE so that the digital divide could be bridged and the benefits of modern technology can be extended to the rural public through the post offices. The DoP has further added that post office has a unique advantage because of its presence and its acceptability to the local public-being manned by persons hailing from

the same locality and its existing role in rural economy will prove an ideal source of extending new services to the customers in these areas.

Status of the Department of Posts

23. Clarifying a point raised by the Committee during evidence on 8.12.04 on the status of the Deptt. In Financial terms there Secretary replied as under:

> "Sir, when we say that we are a Utility Department and we need to be funded for certain things because of Universal Service Obligation (USO), given the component that we are bearing, that is, Rs. 800 crore, they say it is a Commercial Department. When I say I would like to increase the rate, I have to ensure that more revenue is generated. We have to take the common cause. You cannot go beyond a point. I really do not know where we exactly stand. Recently, Joint Secretary (Finance) showed me a letter wherein the Ministry of Finance has said that we are a commercial entity. I am not very clear about that".

Expansion of Postal Network

National Postal Policy

24. The Committee have been informed that formulation of Postal Policy was taken up as early as in 1992 in pursuance of the discussion in the Consultative Committee of the Ministry of Communications. The need for the same was also highlighted in the 10th Report (1997-98) of the Committee on IT. A draft was discussed on 5 February, 1999 by the Consultative Committee in which various suggestions were made by the members relating to Expansion of Postal services in rural areas, induction of modern technology, private service participation in provision of postal services, remunerative pricing and giving enhanced functional autonomy to the Department. The then Minister of Communications had indicated that the policy paper would be reformulated. The needs for such a policy is felt to ascertain the customer needs for cost effective and efficient postal services.

25. The DoP have informed that it is currently in the process of formulating its strategies/policies in areas like expansion of postal services in rural areas, definition of USO, private sector participation in provisions of postal services, reduction of budgetary deficit and to attain financial self-sufficiency, enhanced functional autonomy to meet

the competition in the provisions of services, exploitation of retailing strength of the network and induction of technology and to provide reliable computerised postal services that would meet customers expectation. Action is being taken by the Department to formulate the National Postal Policy in consonance with the requirements of the revised legal framework and the roadmap is being prepared to achieve financial self-sufficiency.

Comparison with networks of other Nations

26. A comparison with similar networks in other countries as furnished by the DoP, shows that India has far more Post offices than even countries thrice its size and have more employees per POs and more traffic handled per person. A table showing comparison with other important Network is as under:

Comparison with other Networks

Country	Population (crores)	Area (lakh square km)	Population Density (Persons per sq. Km.)	Number of Post Offices (P.O.)	Popn. serviced per P.O.	Service Area per P.O. (square Km.)
USA	28.48	93.72	30	38,123	7,471	245.85
UK	5.95	2.44	244	17,633	3,377	13.84
Germany	8.24	3.57	231	13,000	6,335	27.46
Brazil	17.24	85.12	20	12,520	13,769	679.87
S. Africa	4.43	12.21	36	2,650	16,728	460.77
Nigeria	11.69	9.24	127	4,624	25,288	199.78
China	128.49	95.96	134	57,135	22,490	167.97
Australia	1.94	77.13	3	3,872	5,008	1,992.09
Japan	12.73	3.78	337	24,760	5,143	15.26
Egypt	6.79	10.01	68	5,399	12,575	185.49
India	102.70	32.88	312	1,55,295	6,613	21.09

Source: Universal Postal Union (UPU) Year 2001 figures for all countries except India Statistics Section, DoP for figures relating to India Year 2002

Comparative Position of Business with some Countries

Sl.No.	Country	Area (lakh sq. km)	Network (No. of posts)	Persons employed	Traffic (in millions)	Revenue (in lakh SDR*)	Expenditure (in lakh SDR*)
1.	USA	93.72	37.683	8,54,376	29,06,138.75	4,88,878.26	4,79,838.17
2.	UK	2.44	17,243	2,11,860	215,415.68	98,393.5	1,06,431.93
3.	China	95.96	76.358	4,95,000	352,084.22	45,320.70	45,231.66
4.	Brazil	85.12	12,277	98,015	99,638.22	11,236.38	7,424.25
5.	Australia	77.13	3,861	35,762	61,310.22	15,653.32	13,957.33
6.	India	32.88	1,55,837	5,65,922	90.940.7	6,726.70	8,846.85

*Rs. 64.83 = 1 SDR

27. In reply to a query the Department during evidence stated that, in four countries namely USA, UK, Brazil and Australia, the number of Post Offices were reduced as compared to the previous year. But in a country like China, the number had increased. So in each country there was nothing like cutting back the post offices or enhancing the number. Each country catered to its own requirements. The number of employee per post office in India was very small, the revenue earned was, much lesser. There was a scope for both consolidation and relocation to meet emerging needs without increasing the number of post offices. The roadmap of consolidation exercise was not yet complete and was still being laid.

The Department admitted that there was need to undertake comprehensive review of existing Post Offices in a time bound manner.

Xth Five Year Plan

28. Considering the importance and the need for an efficient and reliable Postal Network in the country and also developing competition from the private couriers which includes world renowned companies, the Committee enquired about the allocation of the Department and

the outlay proposed for 10th Five Year Plan. The Department in their reply have stated that it has proposed a financial outlay of Rs. 3,619.83 crores for the various schemes. However, Planning Commission has allocated Rs. 1350 crores only. The details of the financial outlay for each of the schemes is as under:

Sl.No.	Plan Scheme	Proposed Financial Outlay	
		Rs. 3619.83 Crores	Rs. 1350 Crores
1	2	3	4
1.	Expansion of postal network	41.25	324.35
2.	Computerization of post offices, postal accounts offices and administrative offices	1876.71	836.27
3.	Computerization and networking of mail offices	43.89	25.37
4.	Upgradation of customer care centres	47.80	11.57
5.	Modernization & upgradation of VSAT system	0.00	3.00
6.	Modernization of operative/working systems (improving ergonomics)	282.64	48.50
7.	AMPCs	45.00	71.05
8.	Mechanization/Modernization of mail movement	12.65	21.00
9.	Modernization/upgradation of premium products	44.60	41.09
10.	Upgradation and promotion of philately	10.80	7.31
11.	Training	112.68	61.30
12.	Development & Designing of work sites	585.00	115.40
13.	Modernization of circle stamp depots	2.52	2.52
14.	Computerization of international mail processing	6.04	3.33
15.	National data centre	10.00	10.00
16.	Research and development/studies/surveys	30.00	4.00

1	2	3	4
17.	Establishment of express parcel post centres	3.25	7.02
18.	e-post	10.00	5.00
19.	e-Bill Post	30.00	5.00
20.	New products and services	20.00	10.00
21.	Development of financial products and services	405.00	24.00
22.	Improvement of Quality of Services	—	4.835
	Grand Total	3619.83	1350.00

29. From the above table it is observed that whereas a moderate sum of Rs. 41.25 crores was proposed on expansion of postal networking scheme only Rs. 37.27 crore have been allocated. On computerization of Post Offices, Postal Account Office and Administrative Offices, which is a modernization scheme, the Department had proposed Rs. 1876.71 crores but the allocation was Rs. 836.27 crores only. Other major schemes on which drastic cuts have been made are computerization and networking of Mail Offices, upgradation of Customer Care Centres, Modernization of operative working systems (improving ergonomics), Training, Development and design of working sites, Research and development/studies/surveys, e-Post, e-Bill Post and development of financial products and services. This has resulted in re-adjustment in the programme content in each of the schemes by the Department.

30. The Secretary, during evidence have stated that out 16520 Departmental Post Offices in urban areas which are the prime targets of technology induction, 6861 offices were planned for technology induction during Xth Five Year Plan. However with reduced allocations, target has been brought down to merely 150 Post Offices. In the rural areas there has not been a substantial increase in the number of new post offices as in the last three years of IXth pan as the Department was asked to open Post Offices almost entirely by re-deployment of available posts and re-deployment of available manpower was impossible without adversely affecting the services in the existing post offices.

31. The Committee wanted to know as to how the Department would maintain the momentum of expansion with the reduced allocation and no Plan funds for expansion. In reply, the Department

stated that in the IXth Plan the target was to open 2500 BOs, 250 DSOs and 2700 PSSKs as against 1000 BOs 100 DSOs and 5000 PSSKs in the Xth Plan and since the expenditure on BOs is more than that on PSSKs, there is a consequent reduction in outlay. It has further been informed that more PSSKs were projected over EDBOs as the provisions of PSSKs are not limited by income norms and hence the momentum of expansion can be sustained.

32. When asked, whether any study had been made to assess the need for opening new POs, the department in their reply have stated that no study *per se* has been conducted. However, it has been stated that Circles have been data regarding all villages and Gram Panchayat Villages which fulfilled the 2 norms of distance and population and also the income details of potential parent offices from which it is possible for them to broadly identify the offices that need to be taken up on priority for opening/upgradation of Post offices.

Rural Post Offices

33. The actual traffic and business performed in Post Offices, especially in rural areas has not shown the expected increase. As a result of it, the number of Post offices incurring losses over and above the permissible subsidy has been increasing. A survey conducted in 29,276 villages in constituencies of the Members of the Consultative Committee attached to the Department of Posts, except in 5 constituencies where the average distance between Extra Department Branch Office (EDBO) was less than five kilometres, the average number of letters posted per day was less than 40. In 11 constituencies, no Money order was booked during the period of survey. The average number was only 4 per day. The number of EDBO's working beyond the permissible limit of loss was 3188 out of 7255 EDBO's covered during the survey. The average population serviced by a Post Office was 4439. 1393 Post Offices did not record any transaction.

34. Further, 1453 Post Offices opened on a non-returnable contribution basis including 256 Departmental Sub-Offices opened on the request of the States Government's are now unwilling to pay the non-returnable contribution to the Department of Posts. The total accumulated arrears in this respect have grown to Rs. 31.90 crore as

on 31 March. 2003 Circle-wise, details of Post Offices which did not record any transaction are as under:—

Sl.No.	Name of the Circle	Number of BOs without transaction
1.	Andhra Pradesh	268
2.	Chhattisgarh	270
3.	Himachal Pradesh	8
4.	Jammu and Kashmir	58
5.	Jharkhand	201
6.	Madhya Pradesh	79
7.	North East	340
	Arunachal - 36	
	Mizoram - 71	
	Manipur - 93	
	Nagaland - 140	
8.	Punjab	1
9.	Uttar Pradesh	97
10.	Rajasthan	1
11.	West Bengal	70
	Total	1393

35. Clarifying the position in this regard, the Secretary stated in the evidence that there was absolutely no work across the counter as there were no sale of stamps stationary, money orders and no insurance took place. In this connection the Committee further enquired as to whether any investigation has been conducted to ascertain the reasons for no transaction taking place in these 1393 EDBOs and whether post offices were opened at these places by undertaking a survey with regard to their viability. The representative of DoP stated in evidence that selection of the areas was based on the survey report of the constituencies wherein members of the Consultative Committee of the

Parliament had asked the Department to carry out the exercise. As regards the reasons for any transactions not taking place, DoP had not yet gone into the details and assured the Committee that the detailed examination would be carried out.

36. Asked to clarify the Non Returnable Contribution (NRC) of the Post Offices, the Department have stated that when a new POs is opened in general interest at the behest of a the sponser particularly overlooking financial norm, then it comes under the category of NRC. In such cases State Government is required to replenish the shortfall in revenue by which a new Post Office is falling short. The amount is replenished on an annual basis. The Secretary, DoP have further informed that a large number of States have stopped payment of NRC and no money is provided to them and the POs remain where they are running loss, as there is a policy of not closing down PO if opened.

37. In a note to the Committee, the DoP has furnished details of 1190 EDBOs, 7 EDSOs and 256 Departmental Sub-Post Offices opened under Non-Returnable Contribution (NRC) basis where NRC has been stopped. These have been opened in almost all the States except Delhi. According to the information furnished to the Committee, 160 Branch Officers (BOs) have been opened in Bihar, 103 in Chhattisgarh, 13 Box and I DSOx in Jammu and Kashmir, 103 and IDSOx Madhya Pradesh, 44 in Orissa and 337 BOS and 114 DSOx in Himachal Pradesh on NRC basis.

Panchayat Sanchar Sewa Kendras (PSSKs)

38. It has been stated by the Department of Posts that expansion work in the rural areas is done through EDBOs and third tier of the Postal service *i.e.* PSSKs which was introduced in 1994-1995 (IXth Plan) to provide access in far-flung and remote villages. The Planning Commission and the Ministry of Finance have also recommended that the DoP should replace EDBOs by PSSKs to ensure greater access to Postal services at lesser cost. However, the Department has no proposal to replace existing EDBOs with PSSKs but recognises the fact that PSSKs are a cost-effective option for expansion of the postal network, where BOs may not be justified as per norms.

39. On the performance of PSSKs, the Committee were informed that PSSKs are run on the basis of an agreement between the

Department and the Panchayats and the agent was appointed by the latter in which Panchayat was required to oversee the day-to-day services provided by the agent while the Department maintains an overall supervision through periodic visits by Supervisory officers. Incidentally the PSSKs were not performing well due to the lack of interest shown by the Panchayats. The other reasons for the non-performance of the schemes were stated as follows:—

    (i) Almost all Circles are unanimous on the issue that Gram Panchayats were not taking adequate interest in running the PSSKs and as a result quality of counter service provided by the PSSKs was substandard.

   (ii) The Gram Panchayats shed away from their responsibility of providing suitable accommodation and infrastructural equipment to the Panchayat Kendra.

  (iii) There were frequent changes in the incumbency of the Panchayat Sanchar Sewa Kendra Agents which were generally picked up from amongst relatives etc. of the Sarpanch/Gram Pradhan.

  (iv) Most Volunteers who opted for running the PSSKs do so for the mere allowance of Rs. 600/-and hardly take any interest in functioning of the PSSKs.

   (v) Lack of signboards indicating location of a PSSKs and also its working hours has led to lack of awareness among the populace regarding existence of PSSKs. As a corrective measure the Department had issued instructions in 2001 year that signboards be displayed in local language, at the location of PSSKs, also indicating the hours of business. A fresh feedback had been sought from the Circles if there had been any perceptible change in business after putting up of signboards in local language.

  (vi) Many Gram Panchayats were keener on opening of an EDBO on the plea that a branch post office had a wider array of Postal Services to offer.

 (vii) Even though the monthly allowances were paid to the Gram Pradhan the allowances and commission were not paid timely to the PSSKs agents. In some cases the entire amount did not reach the PSSKs agent.

(viii) In certain States of N.E. and Assam Gram Panchayat villages were keen on the scheme while in West Bengal there was a strong reservation about the scheme.

40. The Committee, therefore, enquired about the efforts made to revive the PSSK's. In reply, the DoP have stated that with effect from 1st March, 2001, the allowances have been increased from Rs. 300 to Rs. 600 for PSSKs agents besides, commission is also stated to be paid for each activity at rate of 5 per cent on the value of stamps and stationery purchases. Further, a commission of 50 paisa is also marked for booking and delivery of registered articles. The Department has further, stated that no alternative was planned for PSSKs at present and the Department believes that the scheme in its present format is well conceived and with the greater awareness among the beneficiaries, it will become more effective in operation.

Technology Upgradation

41. An Expert Committee on Excellence in Postal Services formed by the DoP has focused on the following issues:—

(i) Introduction of technology in various postal mail and agency functions with a view to transforming the traditional postal service into a modern high technology service;

(ii) Rationalization of postal operations in respect of handlings of domestic and international mail;

(iii) Rationalization of recruitment and training of personnel at various levels to promote excellence in service; and

(iv) Organizational changes including setting up of specialized units to handle services such as Speed Post, Electronic/ Satellite Mail, cash transfer of money, Postal Estates managements.

42. On the follow up action the Department has informed that they have state implementing the programme in a phased manner. Installation of Multi purpose counter machines in post offices, setting up of a satellite money order network with VSATs and ESMOs, introduction of electronic franking machines in large offices, computerisation of saving bank operation, Postal life insurance operation and improvement in stamps and seals with new technology were some of the measures taken in this direction.

43. In respect of the handling of Domestic and International mail the Department have stated that rationalization of sorting offices is being carried out and they are being computerized. District pattern of sorting has been introduced and by using faster means of conveyance transit time has been brought down. Norms in respect of first class mails have been laid down and pre-sorting of bulk mail by the bulk mailers have been made obligatory. Also the scheme of licensed postal agents in stated to have been revived and delivery system is restructured in accordance with the recommendations. A full-fledged customs-appraising unit is also stated to be in existance at all the Foreign posts.

44. when asked about the avenues and training facility given to the staff, the department have submitted in a note that the avenues for 'fast track' promotions has been provided to Group 'C' and Inspector cadres. The qualifications/requirements have been enhanced for postmen mail guard, postal/sorting assistant and inspector cadres. With regard to training, it has been stated that focused training was also being given to officials for providing them greater motivation and promoting the quality of excellence.

45. To meet the emerging challenges facing postal service in the wake of economic liberalisation, the Committee have been informed that separate directorates have been set up for promoting Postal Life Insurance and Business Development. A separate Technology Branch has also been stated to be set up in the office of Director General of Posts to coordinate all matters relating to induction of technology in the postal system.

46. When asked about the steps taken by the Department to implement the same, in reply, the Department have stated that during the VIII and IX Plans, the Department of Posts launched a programme of computerising front office operations of post offices by inducting computer based multipurpose counter machines. In the VIII plan, they have inducted stand-alone computers and from the later part of the IX plan, have migrated from stand-alone PCs to Local Area network (LAN) in the post offices to gain productivity from the system made available in the post offices.

47. The Committee further enquired about the number of POs connected through the LAN. In reply, the Department have stated that already more than 500 Head post offices have been placed in the LAN

environment up to the end of IX plan. During the X plan the Department have proposed to link these Post Offices as also the new set of post offices to be computerised through virtual private network to a centralized data Centre. By this, the plan is to enhance the web enabled services offered by the Department and to introduce value added services for the customers through Wide Area Network (WAN) apart from increasing the productivity of the post offices. The Department also stated that these computer machines provided in Post Offices counters apart from taking care of core postal transactions, such as booking of registered articles, money orders, acceptance of bills which are used for various financial services including Savings Bank operations.

48. When asked about the VSAT project of the Department of Posts for Satellite based money order transmission, in a written reply the Department have informed that they have established a network of 150 High Speed VSAT terminals with 64 kbps band width. During the X Plan, they have proposed to consolidate this network to cater to more traffic for money transfer. Besides this, the computers and other peripherals of the existing network is stated to the suitably upgraded with the latest available versions during the course of the X Plan. During the X Plan, computerisation of post offices would be continued along with computerisation of the Postal Accounts Offices and the administrative offices at the Circle/Region/Divisional level. A financial outlay to the extent of Rs. 836.27 crores have been proposed for this purpose.

49. Further when enquired about the details of Satellite Money Order Scheme and the steps to popularise the same. In reply, the Committee were informed that a Standing Committee on Excellence in Postal Services which was set up in 1988, to review the working of the Indian Postal system gave the specific recommendations that the Satellite based technology be used for transmission of money orders. A Pilot project—SATMO with ISL was executed during the VIII plan for the same by installing VSATs in Post Offices. The Technology adopted was a bandwidth of 1.2 kbps (VSATs upgraded to 9.6 kbps with CDMA technology).

50. Through the SATMO project, the Department have informed that they will introduce quick transmission of Money Orders across the country instead of traditional mode of physical transmission of money order for which the VSAT stations are linked with smaller POs

through PSTN lines on a dial-up network for extending the reach of each of the VSAT SATMO Stations. When asked about the percentage of MOs transmitted through VSATs, the Committee were informed that 10% of the Money Orders were transmitted through VSAT.

Human Resource Development

51. The in-service training organised by the Department is stated to be as follows:—

A. Management Development Programmes for Group "A" officers.

    (i) Executive Development Programme (EDP) for Group "A" officers of 7-10 years service.

    (ii) Management Development Programme (MDP) for Group "A" officers of 10-15 years.

    (iii) Advanced Management Development Programme (AMDP) for the officers of SAG and above.

B. In-service/Refresher Training for Inspectors and Postal/Sorting Assistants including Supervisors.

    (i) After completion of 5 years service in the grade of Inspector of Posts and Assistant Supdt. of Posts respectively.

    (ii) For Postal/Sorting Assistants between 6-11, 16-21 years of service and HSG officials including those promoted under BCR scheme having 2 years or more service left before retirement.

52. When asked about the details in computer training, the Committee have informed that the Department of Posts needs qualified staff in important operational units, administrative units and in Accounts Offices and to meet the need it has been stated that there are 39 Workplace Computer Training Centres at the Regional/Circle Headquarters in addition to the Postal Training Centres.

C. Computer Training for Inspectors and Postal/sorting Assisants including supervisors to familiarise them with the basic skills and departments softwares.

D. In service training for EOBPMs in the Distance learning method combined with group learning for two days at a nodal point near their work place.

53. To a further query, the Department have stated that they impart refresher training in Saving Bank operations to postal assistants and supervisors working in saving bank/saving certificate branches with a view to refresh their knowledge in the latest changes in the procedures. The details of the training activities during IX Five Year Plan are stated to be as under:—

Sl.No.	Training Activity 3201-02-003—Training	Physical Targets Fixed	Achieved
1.	In-service Trg. Gr. 'A' Officers	180	598
2.	In-service Trg. Gr. 'C' Officials including supervisors	15750	35470
3.	Computer Training	12000	47471
4.	Department-centralised training for ED BPMs	51000	54647

55. To a further query of the Committee on the total requirement of staff the Department has furnished the following figures as on 1.4.2002:

Group	Sanctioned Strength	Actual Staff Strength
Group A	668	654
Group B	3687	3612
Group C	231465	219294
Group D	56684	52496
Total	292504	276056

56. According to the DoP, in addition to this there were 306736 Gramin Dak Sewaks as on 31.03.02, who were employed to provide postal facilities primarily in the rural areas, or the period not exceeding 5 hours per day.

57. The Department have informed the Committee there were no general shortage of staff, but there were vacancies in circles arising due to promotion, resignation, retirement, death etc., from time to time. Work was being managed by redeployment of staff from one unit to another on the basis of assessment of workload in operational units.

Speed Post

57. Speed Post was introduced in 1986 linking 7 Metro Cities, with a view to provide time bound delivery services. The department has a network linking 157 major cities and towns in India in the National Network, in addition to 851 towns and district headquarters.

58. The following value added services are provided in speed post:

   (a) Door-to-door delivery

   (b) Book-now pay later facility

   (c) Guaranteed delivery

   (d) Information on Delivery status

   (e) Proof of Delivery

   (f) Insurance services

   (g) Volume discount

   (h) Delivery anywhere in India under contractual service

   (i) Speed Post Money Order Service

   (j) Speed Post Passport Service

   (k) 24 hrs. booking facility in metro cities

   (l) Speed Post International Service

   (m) Tailor-made solutions to suit the needs of customers.

59. When asked about the speed post business growth, the Department have submitted that during 2001-02, speed post revenue increased upto Rs. 196.53 crore as compared to Rs. 151.44 crore in 2000-01 which represents a growth rate of 29.77 per cent. Further during the last 3 years the growth rate has been of the order of 38 per cent during 1999-2000, 19.8 per cent during 2000-01 and 29.77 per cent during 2001-02.

61. The revenue figures of speed post for the past five years are stated to be as under:

Year	Revenue in crores of Rs.	Percentage of Growth
1997-1998	77.95	16.43
1998-1999	91.36	17
1999-2000	126.17	38
2000-2001	151.44	19.8
2001-2002	196.53	29.77
2002-2003	243.01	23.65
2003-2004	29.35	—

62. The present market share of speed post is only 9% to 10% and is growing at the rate of 25%.

63. When asked about the concrete steps being taken to upgrade speed post services in order to compete with the courier services, the Department of Posts in reply have stated that the following steps are being taken to improve the Speed Post Services:

a. **Business approach:** In order to manage Speed Post on commercial considerations, Speed Post centres have been established where three major activities are handled.

Speed Post Operations

Speed Post Customer Service

Speed Post marketing

b. **Inland Track and Trace System:** Speed Post has developed online track and trace system called Speed net, through which customer can ascertain delivery status of his consignment.

c. **International Track and Trace System:** For tracing international speed post articles, IPS 96 has been established at Mumbai, Chennai, Calcutta and the same is in testing stage in Delhi.

d. **Induction of technology:** Computers have been provided in all National Speed Post Centres and majority of booking offices and delivery offices under them. Efforts are on to computerise State Speed Post Centres gradually.

e. **Monitoring of quality:** Quality of service specially on delivery of speed post consignments is monitored by officers at all levels.

f. **Focus on customers:** As Speed Post operates in a competitive market, were DoP have been focusing on identifying the needs of the customers and providing services that meet their needs.

g. **Thrust on Marketing:** A marketing infrastructure to promote Speed Post and other premium services has been put in place. In major centres, Marketing executives have been entrusted with the task of seeking new customers and to service the existing customers efficiently.

h. **Book Now Pay Later Scheme:** The provision of credit facility to the Speed Post customers using Speed Post services on regular basis and for large volume of articles is a calculated policy to attract such customers. Under the scheme customers do not have to make payment at the time of booking. A monthly bill for Speed Post charges is prepared at the end of the month and sent to customer for payment within 7 days from date of receipt of bill.

i. **Discount to Corporate Customers:** In order to give incentive to corporate customers, special volume based discounts are offered to them as follows:

Monthly revenue in Rs.	Volume Discount
Upto Rs. 10,000	Nil
Rs. 10,001 to Rs. 50,000	Upto 5% of Speed Post free
Rs. 50,001 to Rs. 1,00,000	Upto 10% of Speed Post free
Rs. 1,00,001 to Rs. 2,50,00	Upto 15% of Speed Post free
Rs. 2,50,001 and above	Upto 20% of Speed Post free

k. **Free Pick Up:** Free Pick up is provided to Bulk Customers as well as those registered under BNPL Scheme.

63. When asked about the training for the staff, the Committee have been informed that they have trained speed post staff in the area of operation, customer service and marketing. 290 staff working in speed post centres has also been trained in marketing, operations and accounting procedures of premium product during last 3 years. 120-speed post managers are also stated to be exposed to speed post operation, track and trace and customer care training during last year.

64. Asked about the speed post charges, the Department of Posts have stated that speed post offer value for money and its rates are competitive and economical.

The chart showing the domestic tariff is as under:

Weight	Local	Upto 200 Km.	201 to 1000 Km.	1001 to 2000 Km.	Above 2000 Km.
Upto 200 grams.	Rs. 20	Rs. 25	Rs. 30	Rs. 50	Rs. 50
201 to 500 grams.	Rs. 20	Rs. 40	Rs. 45	Rs. 60	Rs. 60
Additional 500 grams. Or part thereof	Rs. 5	Rs. 750	Rs. 10	Rs. 20	Rs. 25

66. When asked about the constraints in the working of speed post, the DoP have stated that list of constraints in the operation of speed post are:

(i) Non-availability of dedicated transport for carrying of speed postbags. Speed post service is dependent on Indian Airlines, other private Airways and Railways for conveyance of bags. There are occasions when the speed postbags are off loaded by the Indian Airlines due to load constraints.

(ii) Speed Post functioning under the rules and regulations applicable to Govt. Departments cannot provide the flexibility required for operations in a competitive market. Speed Post should operate in an environment, which will allow flexibility in operations as per market situation.

(iii) Speed Post pricing is based on rpaid costing and is not flexible. There is need for outsourcing of speed post operations to the possible extent to keep the costs within reasonable limits.

67. When asked as to how the Department would face the challenges being posed by private courier, in reply, the Department stated that the main challenges posed by the couriers are flexible prices and the special pricing for the corporate customers. The Department also offers in respect of corporate customers/organisations/PSUs, Government etc. an attractive rebate structure.

Complaints/Grievances

68. According to the DoP, the complaints include delay in delivery/payments, non-delivery/payments. The details of the complaints for the years 1999-2002 is as under:

Nature of Complaints	Receipt			Pendency		
	1999-2000	2000-2001	2001-2002	1999-2000	2000-2001	2001-2002
Unregd. Mails	10346	10254	8747	895	706	733
Speed Post	24463	27143	33446	1059	769	808
Registered Letters	244276	214553	198101	16731	15356	13769
Insured Letters	4260	2702	3009	527	628	536
Parcels	16057	12339	10955	2236	1286	1069
Value Payable Articles	36045	20807	32457	7114	5425	6287
Telegraphic Money Orders	10678	12475	13887	1372	1232	1393
Money Orders	411730	226180	492501	23347	25514	31459

69. The system for redressal of public grievances, is stated to be a 4 tier mechanism:

(a) Post Office level,

(b) Divisional Level/Gazetted Post Office level,

(c) Circle/Regional level,

(d) Directorate level.

70. The Department during IX Five Year Plan have stated to have computerised 230 customer care centres. In 10th Five Year Plan, more than 886 computerised centres are proposed to be set up. Each post office maintains a complaint and suggestion book in the prescribed performa. With effect from 10.12.2001 the Department is making use of its website *www.indiapost.org/www.adminolign.html* for receiving and handling public grievances. In the field unit too one project officer is nominated in each region to ensure effective payment of money order and prompt handling of public complaints relating to money orders. The Department have taken various steps to talk to the public through citizens charter which was released on 12.07.2001. According to the DoP, 1116 computerised customer care centres, Dak Adalats, Post Forum, Public Grievances cell have been opened to provide on the spot redress of grievances.

Subsidy Given by DoP

71. It has been informed that subsidy given by Department of Posts for carrying of printed book, magazines and newspapers, and provided in 3 products *viz.*, Books packets (containing printed books), Books packet (containing periodicals), Registered News Papers (Single/Bundle).

72. The details of the traffic, average revenue, average cost, average subsidy and total subsidy born by the DoP for providing services are stated to be as follows:

2002-03 (Projection)

Service	Traffic (in lacs)	Average Revenue	Average Cost	Average subsidy	Total Subsidy (Rs in crores)
		Amount in Paise			
Book Pkts., containing Printed Books	258.99	335.69	1379.54	1043.85	27.03
Book Pkts., containing other periodicals	186.74	756.72	1241.20	484.48	9.05
Regd. News Paper—Single	730.91	36.86	891.08	854.22	62.44
Regd. News Paper—Bundle	180.60	85.44	1524.93	1439.49	26.00
Total	—	—	—	—	124.52

Jammu and Kashmir

73. The Committee were informed that 27 DSC's and 42 BOs were closed down in J&K during the years in 1992 & 1993 due to threats of security. All except 5 DSOs and 18 EDBOs have been reopened. Of the 5 DSOs, 2 are being relocated within Srinagar in the newly developed localities. In the case of 18 EDBOs, 2 are functionary from within Srinagar where other departmental POs are located nearby, hence there is no justification for opening these two EDBOs. Regarding, other EDBOs it is submitted that some are located near the Line of Control and the villages have been evacuated and people who had migrated have yet to return to these villages.

74. When asked about the vacancies in various POs and its direct effect in disbursing the Postal facilities and further in view the State Governments decision for making payment of pension through money orders, in reply, the DoP have stated that it is trying to make special provisions so that local people are recruited for these POs and people do not suffer for Postal Services.

75. The Committee further wanted to know as to whether the Department was in touch with the State Government and the Home Ministry. The Department in their reply have stated that it is having discussion with the appropriate authorities of the State Government and Central Government and they will be in a position to open these offices by the end of the year.

North-East

76. The Committee observed that every Ministry/Department of the Government has been directed to earmark 10% of the Budget for the development of the North-East Region. When asked above the implementation by the Department in this regard, it was informed that every effort is being made to identify the areas where investment under plan could be made.

Consolidation Exercise

77. In regard to a suggestion of the Committee on consolidation of various Branches of POs in the country, the Committee have been informed that consolidation is a concept which the Department have started looking at recently. Strictly speaking a road map is still being laid. The different ways in which consolidation is being approached

is: Firstly it would not be advantageous to reduce the network therefore consolidation could perhaps be by redeployment. The second plank would be to use this in undeserved areas like North-East where there is scope for expansion. Third face of consolidation is linked to financial variability. That is possible when either all couriers take some responsibility for rural areas also or a certain amount of money should be paid by them which will take care of Universal Service Obligation. Fourth element is Technology. If many of the POs are connected the requirement of more staff is reduced. Fifth one is franchising. But this has to be done in such a way that on the one side quality credibility is ensured and on the other there is no leakage of revenue in the process.

Postal Life Insurance/Rural Postal Life Insurance

78. The Postal Life Insurance provides life insurance cover to regular employees of the Government (Centre/State), Undertakings of the Central and States, National Banks, Railways, Government aided educational institutions, Universities, Defence and other government institutions, local bodies etc. The existing products available in the Postal Life Insurance are having a low premium element and high bonus element than those being offered by the Life Insurance Corporation of India. The Postal Life Insurance premium rates range from between 15 to 20 per cent lower than the LIC premium rates in its various plans. The revenue earnings of the Government from the Postal Life Insurance (PLI) is approximately Rs. 2,926 crores in the year 2003-2004 and for Rural Postal Life Insurance (RPLI) it is Rs. 6,520.68 crores. The achievement for RPLI in the year 1999 was Rs. 586 crores. Thus, there is an eleven-fold increase in the Rural Postal Life Insurance (RPLI) in a span of five years.

79. After liberalization of the insurance sector, the Insurance Regulatory and Development Authority (IRDA) has been put in place to regulate the insurance sector since 1999. Many new players and private companies have jumped into the insurance sector with many new schemes and products, which attract the public at large. The Life Insurance Corporation of India itself has more than 100 schemes for the public. The Postal Life Insurance and the Rural Postal Life Insurance have only 5 such schemes in the market.

80. In a bid to capture more of insurance, the Department of Posts have stated that it planned to introduce many more attractive schemes

in comparison to similar plans, which are available with the Life Insurance Corporation of India and other private bodies. The Department had referred one such case for introduction of group insurance scheme for the employees of BSNL to the Ministry of Finance in the year 2003. After IRDA came into existence, the control function of the insurance sector was transferred from the Ministry of Finance to the IRDA, however, PLI was not transferred and exempted from the purview of the IRDA Act, 1999. The Department further stated that the case of BSNL has been shuttling for necessary sanction between the Ministry of Finance and IRDA since its inception. The DoP has practically not been able to introduce any new product and is therefore losing its business to other private parties in the field.

81. The Committee, took evidence of the representatives of the M/o Finance, IRDA and Department of Posts on 8th February, 2005 to get a clear picture of the issue.

Giving a listing of Postal Life Insurance, the Secretary stated that PLI was exempted under Section 118(c) of the Insurance Act, 1938 and under section 44(d) of the LIC Act, 1956. On being asked about the implications of the exemption the Department clarified that through this exemption they are out of the purview of the IRDA. He stated:

"We are not under the IRDA. We are actually a Govt. Organisation. As or now whatever money is mopped up in the PLI is placed at the disposal of the Ministry of Finance for their own budgetary requirements. They are giving us a fixed return. It is a special deposit scheme. That is why it is not a part of the normal insurance machinery."

82. Speaking on the Rural Postal Life Insurance Scheme, the Department stated that:

"Rural PLI stated in March 1995 on the specific approval of the Finance Ministry which was a recommendation of the Malhotra Committee. The market share in the year 2002 was 0.27 per cent. We have got Rs. 830 crore and the balance is about 27 lakh policies in rural PLI whereas in PLI from the beginning, it is still 27 lakhs. RPLI is doing very well and 12,385 crore is the total sum assured upto 31.3.2004. We really want some more support, some more flexibility. That is one of the reasons why we really wanted to expand our product. Basically the problem with PLI and RPLI is

that we have reached a plateau in our clientele population because we are approaching the same type of people every year with the same product".

83. Clarifying the need for specific training to sell RPLI & PLI products, the Department informed that:

"In today's era of professionalism in the insurance sector, we have embarked on the Agency System whereby Direct Agents with the same qualifications as prescribed by IRDA, have been recruited for selling PLI and RPLI products. We have also prescribed the mandatory 100-hour training and qualifying test for them as required by the Industry. But we have been facing problem in training them as IRDA has not permitted training PLI Agents in their accredited institutes.

84. The Chairman, IRDA during evidence stated that "as per section 118 of the Insurance Act, 1930, the Government in some specific cases had exempted Insurance activity by way of notification from the provision of the Insurance Act. That had been invoked in case of Postal Life Insurance because Postal Life Insurance has been in existence since 1884 and then exemption provisions had been extended to PLI because the Insurance Act had brought in a certain amount of restrictions with regard to the manner in which funds were to be collected and the manner in which they have to be invested".

85. When asked by the Committee, regarding the actuarial constraints before IRDA allowing new products to PLI and imparting training to PLI staff in IRDA accredited institutes the Chairman, IRDA stated:

"Sir, the first issue is whether the IRDA can clear the products, which are going to be met by the PLI funds. That is the main issue. We do not have such a jurisdiction. So, the IRDA has told the Postal Department and the Ministry of Finance that they do not come under the regulatory framework of the IRDA. Therefore, it is for the Finance Ministry to take decisions on them. It is because only the Central Government can take decisions with regard to the schemes floated by the Postal Department. Whatever schemes are cleared by the Central Government, they can be implemented by the Postal Department.

The second issue is with regard to training. When the IRDA came into existence, we wanted to introduce a certain amount of professionalism among the agents, who were going to enter into the insurance business. Earlier, there were no restrictions, except for some restrictions with regard to age. When the IRDA Act came into being, we not only prescribed restrictions with regard to educational qualifications but also provided that they should undergo a training of a hundred hour in an accredited institution. That training programme is not open to all. It is not like a normal training programme wherein people get a certificate and then seek employment. The procedure is like this. First of all, insurance companies identify the people to whom they would like to be trained. Then, such identified people are sent to the accredited institutions. Once, after a training conducted by the Insurance Institute of India and getting qualified in the examination, they are given a license by the IRDA in favour of a particular company. The restriction that we have is that an insurance agent can represent one life insurance company and one non-life insurance company. He cannot represent more than one. However, we cannot allow training of the postal agents through these institutions. It is because the postal life insurance is not regulated by us. Any postal agent, who undergoes this training programme and gets the certificate, may seek employment elsewhere. Then, he need not come back to the Postal Department. We had also a confusion, which has arisen in one of the Southern States, where they came to us and said: "Please give us certificates". They went through this. But we could not give them certificates. We said that only the companies registered by us can sponsor candidates for our training programme. The Insurance Institute of India has been conducting a number of examinations. In fact, as far as we are concerned, they are also the examiners. We suggest that the Insurance Institute of India can devise an appropriate module for training the people who can work as postal agents, and the Postal Department can give them certificates to this effect. If the certificate is given by the IRDA, there will be a certain amount of confusion. It is because that man may go to another insurance company and canvas for it, without even the knowledge of the Postal Department".

86. On a specific supplementary query on suggestions and the possibility of imparting training to postal agents, the Chairman, IRDA stated as under:

"I think that training could be given by any Institute. But, if it was an institute accredited by the IRDA, they had problems because

they could take only the sponsored candidates of the registered insurance company. But the Insurance Institute of India, which was also in the business of training and conducting various examinations, could organise a training programme for the selected candidates. It could also put them through a test and give a certificate for doing postal life insurance business"

88. The Committee then asked the representatives of Ministry of Finance to give their comments on according of sanction to DoP to introduce group insurance for the employees of BSNL under their PLI Scheme. The representative stated:

"The specific issue that was referred to the Ministry of Finance was the introduction of a customized product for the BSNL group. Now as the presentation has brought out the reason why they have got exemption under Section 118 of the Insurance Act and Section 44 of the LIC Act is a legacy issue that this Department and these insurance schemes have been in existence much before even the Insurance Act came into being and they had a target clientele. One target clientele for the PLI and subsequently for the RPLI target clientele was fixed. What they were seeking was that they provided customized product for the BSNL group which did not fall in the target clientele as originally conceptualised. The other was that this would be customised to start with for BSNL and subsequently for other PSUs. Now these obviously fall outside the target clientele. What the Ministry of Finance did was, we took two distinct opinions for this. One was the specialised opinion of the IRDA. As the Chairman explained, three issues came out of it. Firstly, there would be no level playing field. Secondly, this was not in the charter. That is why they fell between the Government and the IRDA as to who should regulate. They were providing an assured interest return of eight per cent. Now they were providing an assured return of eight per cent because this was coming from the Government kitty. This was one input we got. The other input we got was that if they are introducing a new product which is going to go beyond their targeted clientele, then the question is whether Government would be able to back up their product with this eight per cent assured return or not. I mean, even if it is deposited with the Government, market where everyone else is competing and being regulated, this is one product which—you call it subvention or subsidy—is giving an assured return of eight per cent. Earlier it used to be 12 per cent. Now it has come down

to eight per cent. Should the Government be seen as doing that when the Government is withdrawing itself from these functions and leaving it to the market forces? It is not in a position for technical reasons as well as for Budgetary reasons to be able to permit this product to be introduced. That is as regards this new products for a new target group. But within PLI or RPLI if they want to create a new product, then I do not think that the Government will have any objection to it".

Rent on Post Offices

88. The Department of Posts, which has approximately 1,55,837 Post Offices in the nation is functioning partially from the premises which are owned by the Department and partially from buildings which have been rented by the Department of Posts. The number of buildings that have been taken on rent is 22,610 and approximate rent that is shelved by the Department is Rs. 45 crores every year. About 92 Head Post Offices, 138 HSG-1 Sub-Post Offices and 215 HSG-2 Sub-Post Offices are functioning from rented buildings.

89. On the contrary, the Department of Posts has approximately 1,700 vacant plots, which are not being put to any use. It has been brought to the notice of the Committee that the Postal Service Board has recently taken a policy decision to construct these vacant plots up to maximum Floor Space Index (FSI) and rent out excess space for augmenting financial resources from non-tariff sources.

Non-Returnable Contribution (NRC) Post Offices

90. Non-Returnable Contribution Post Office is primarily opened in hilly, tribal and other inaccessible areas at the behest of a sponsor from the public or private sectors. The criteria adopted for opening such post offices is that in case the proposed post offices does not meet the income norm but the post office is badly required, then the sponsor should meet the gap between revenue and expenditure in the Non-Returnable Contribution (NRC) for the year.

91. According to the DoP, where a new post office or mail line is required solely to serve the interests of a small section of the public e.g. a factory or mill, or for the sole interests of a State Government,

or party, e.g. to meet the requirement of police, or a factory, and is unlikely to prove remunerative in the near future, it may be opened provided a non-returnable contribution to cover the whole of the estimated loss on the working of the office for one year is paid in advance.

92. For the second and subsequent years of the post office the non-returnable contribution should be equal to the amount of the loss on the working of the office for the preceding year, based on the value returns for four alternate months from among the first nine months of the preceding year 'Value returns in form Est-5 being maintained for each of these nine months'. This non-returnable contribution should be realized within the remaining three months.

93. As per the Department, when at any stage in the existence of a post office originally opened, or being retained, on a non-returnable contribution, such contribution ceases, the office should be considered as an ordinary experimental office. Further retention of the office should be governed exactly by the same conditions as those prescribed for the extension of the period for keeping open experimental post offices.

94. As on 31.3.2003 there are 451 such post offices in Himachal Pradesh, 14 in J&K, 401 in North-Eastern areas, 160 in Bihar, 104 in MP and a few in other States totaling to 1453 post offices of this category in the whole of India the amount due to the Department of Posts is Rs. 31.90 crores as on 31.12.2004 which is a part of the deficit.

PART II

RECOMMENDATIONS/OBSERVATIONS OF THE COMMITTEE

(Recommendation No. 1)

National Postal Policy

The Committee note that to provide cost effective and efficient Postal Services to the people at large a need for 'National Postal Policy' was felt by the Government as far back as in 1992, when in pursuance of discussions held in the Consultative Committee of the Ministry of Communications formulation of the Policy was taken up. In their Fourteenth Report (11th Lok Sabha), the Committee had adversely commented on the inordinate delay by the Government in formulation of the 'National Postal Policy'. Further, the Committee were informed that the Consultative Committee attached to the Ministry of Communications at their meeting held on 5th February, 1999 discussed the 'Draft National Postal Policy' and also made certain suggestions regarding expansion of postal services in rural areas, induction of modern technology, private sector participation in provision of postal services, remunerative pricing and giving enhanced functional autonomy to the Department. The Committee regret that the policy paper is still under reformulation.

The Committee are deeply concerned over the long delay in formulation of 'National Postal Policy' which is hanging fire since 1992. They also deplore the delay of more than 6 years in reformulating the draft policy in the light of the suggestions made in the Consultative Committee meeting held in February, 1999. In the opinion of the Committee, a comprehensive Policy will give a meaningful direction to the Department for fulfilling its obligation to the people at large as well as to the Nation, therefore they feel that it is all the more necessary to bring out the 'National Postal Policy' without further loss of time.

In view of the above and also the beautiful vision for Resurgent India Post outlined by the Hon'ble President during his address at the inauguration of the sesquicentennial celebration of India Post, the Committee strongly urge upon the Department to formulate the

policy at the earliest in order to meet the challenges of the modern day competitive environment, revenue deficit of the Department and Universal Service Obligation of the Department etc. They feel that the nation should not be further deprived of the benefits of the Policy, which will accrue to the people. The Committee would like to be constantly kept informed about progress made in regard to finalisation of the National Post Policy in a fixed time frame.

(Recommendation No. 2)

Talwar Committee Report

The Committee find that Justice Talwar Committee in their report have given a very dismal picture of the workload of the Department of Posts stating that only 3% of the Branch Offices have workload of more than 3 hours, 36% have a workload of only 70 minutes, 19% have a workload of 1.5 hrs. and 39% have a workload between 1.5 hrs. and 2.5 hrs. The reason advanced by the Department for the same was that EDBOs are opened if it fulfils the population, distance and income norms prescribed for a given area and it is expected to function for a minimum of 3 hours. In the opinion of the Committee, it is a matter of grave concern.

The Committee note that the Department has initiated some measures to meet the emerging needs and exploring means to harness the development in technology and the infrastructure available with other sister Departments like DoT and DoE in order to bridge the digital divide of modern technology, which can be extended to the rural public through post offices. The Committee further note that post offices have certain inherent unique advantages and by virtue of its existing role in rural economy, it can be an ideal source of extending new services to the customers in those areas. In this connection, the Department has already started its services with BSNL to provide mobile telephone facilities in selected rural areas on commission basis. However, the Committee feel that the steps taken by the Department in this regard are not adequate and trust that the Department will explore all the avenues to add new services, like disbursing of rural credit at economic interest rates in collaboration with NABARD through its postal network etc. The Committee would like to be apprised of the outcome of the initiative taken by the Department with other sister Departments.

(Recommendation No. 3)

Xth Five Year Plan

The Committee are concerned to note that Department of Posts (DoP) had proposed an outlay of Rs. 3689.13 crore for the Tenth Plan period and the same has been drastically reduced to Rs. 1350 crore, as a result of which the Department has been forced to curtail the outlay on almost all its important schemes. Outlay for the Expansion of Postal Network has been reduced to Rs. 32.435 crores from the projected outlay of Rs. 41.25 crore which itself was miserly projected *vis-a-vis* the task ahead. On computerization of Post Offices, projections have been reduced by more than fifty percent *i.e.* from Rs. 1,876.71 crore to Rs. 836.27 crore, which made the DoP to scale down the computerization process to merely 150 post offices against original projection of 6861 post offices. Similarly on important schemes like upgradation of customer care centers, modernization of operative/working systems, upgradation and promotion of philately, training, development and designing of work sites, substantial reduction has been made in the proposed outlay which is bound to affect the schemes adversely.

The Committee in their earlier reports on Demands for Grants pertaining to DoP have been very emphatic about providing adequate financial allocation to the Postal Department, as it has remained one of the most neglected Department. According to the Committee, such allocations have become more imperative for the Department in order to move at a rapid pace of modernization and technology upgradation. The Committee feel that absorption of the modern technology by the Department in the present competitive, liberalized and technologically advanced scenario, would greatly assist the Department to come over their huge revenue deficit quickly, which is accumulating over the years.

The Committee therefore, impress upon the DoP to take up the issue of adequate financial support to them with the Government at the highest level so that it is able to achieve twin benefits of modernizing itself speedily to face the competition confidently and maintaining its confidence with the people by serving them in a qualitative manner.

(Recommendation No. 4)

Utilization of Retailing Capacity

The Committee observe that there are 1,39,280 Rural Post Offices in the country as on 31.3.2004. They are mostly in rural, hilly and tribal areas. The impact of technology and the presence of competitors for providing communication and remittance facilities in these Branch Offices is either marginal or non-existent. The Department has justified that the low level of opportunities for income generation activities in these rural areas does not help to promote any demand for postal services and the Department continues to open the BOs with a view to fulfil its universal service obligation to help socio-economic development.

The Committee are not at all impressed by the justification given by the Department of Posts in this regard and feel that there is enough potential for income generation in the villages which needs to be explored. The Committee are of the opinion that the non-existence of other competitors makes the job of the Department all the more easy and responsive to the needs of Postal and allied services in the rural areas. The Government is implementing the 'Common Minimum Programme' at present, and is constantly focusing on providing more facilities and services to the rural areas. The postal network is the ideal delivery mechanism, which can render services right upto the doorsteps of the customers. According to the Committee, this concept is not new with the postal Department. The Committee are of the strong conviction that the Branch Offices can do much more with little initiative by the Department by seriously planning and co-ordinating with other Government Departments and get the business through strategic alliances. The Post Office should become a hub for dispensing variety of services to the people in the far-flung areas. The Committee, therefore, desire that new avenues in all the 1,39,280 Rural Post Offices be explored and a fresh environment be created wherein officials are motivated and made sensitive to the issues of developing more business for the Post Offices. The Committee also feels that DoP should elicit public opinion from Panchayats and village's to know the actual requirements of the people with regard to the variety of services rendered by the Post Offices at the grass root-level which will help them in the optimal and efficacious utilization of the network. Thus, the postal department can achieve the goal of

becoming a commercial organization doing good business alongwith enabling the DoP to come out of the debt trap and also fulfilling its universal service obligation in rural areas with pride. The Committee would like to be kept informed of the progress made in this regard periodically.

(Recommendation No. 5)

Universal Service Obligation

The Universal Service Obligation that the Government has to fulfil through the Postal activities *via* the Department of Posts is to provide basic postal services throughout the country, irrespective of terrain at an affordable price. In meeting this requirement the Department has set up 1,55,837 Post Offices in 1,20,048 Panchayats. Another 1,23,014 Gram Panchayats are awaiting that vital link today.

In fulfilling the USO the Government have been providing subsidy continuously and will do so in future. A large work force constituting 5,65,922 employees is serving the nation to provide postal & allied services. According to the Department, the cost of running these establishments consumes upto 96% of the budgeting provisions of the Department. The Department's revenue deficit for 2004-05 is stated to be approximately Rs. 1600 crore. The Committee feel that one of the commendable measures adopted by the Department for expansion of further POs is the redeployment of manpower and demanding no plan budgetary support for extra manpower. The other measure being adopted is making genuine efforts to downsize the work force and simultaneously technologically upgrading the Department to meet the competition from communications.

According to the Committee steps should be taken by the Department to include the private couriers in discussions and evolve a process by which the private courier could help the Government in meeting the universal service obligation in an effective manner.

(Recommendation No. 6)

Consolidation/Review

The Committee are informed that out of 26,186 departmental post offices in urban areas and rural areas, approximately 57% i.e. 14,926 departmental post offices are running at losses. Out of these 14,926

post offices 1,030 single handed and double handed branch post offices in 43 major urban centres with a population of over 7 lakhs are running at losses. The major reason attributed by the Department of Post to these losses are fall in mail traffic and availability of alternative modes of communication.

The Post Offices in the urban sector are incurring losses even though they are required to be financially self-sufficient alongwith earning some profit. Many of the Post Offices for historical reasons are located at less than the distance allowed as per policy for setting up of the post offices in urban areas. As regards the post offices situated in rural areas, particularly extra departmental post offices which are located in close proximity to each other than permissible under the norms for various historical reasons are also going into losses.

The Committee are of the opinion that single handed or double handed branch post offices are incurring losses because sufficient business is not available to them in their area of operation to cover for the salary of the employees, rents, taxes and other overheads. It is, therefore, necessary that such post offices in the rural as well as urban areas should be located and merged into other post offices which are in their close proximity. In other words, consolidation of post offices in the rural and urban areas is the order of the day. In this connection, the Committee would like to be informed about the roadmap to the process of consolidation and also like to be provided with a list of post offices which have been merged into other post offices in the urban as well as in the rural areas.

The Committee feel that Department should realize the need of the hour as new environment is coming up with new technological advancements. They therefore, trust that Department will come up with a clear-cut consolidation plan keeping in view the reliability of the postal networks, aspirations of the urban customers needs by not compromising with the quality and reliability of the services. The Committee, therefore, desire that the major issues like re-deployment, use of technology, outsourcing and franchising and serving to underserved areas with financial viability will also be rightly addressed in the consolidation plan of which roadmap is to be completed by the Department of Posts. The Committee would like to be apprised of the progress made by the Department in this regard.

(Recommendation No. 7)

Technology Upgradation

The Committee note that the 'Expert Committee on Excellence' in Postal Services has emphasized the need for the induction of technology in various Postal mail and agency functions with a view to transform the traditional Postal Services into a modern high technology service. The Committee are happy to note that the Department has taken the recommendation of the Expert Committee in the right spirit and has allocated 79% of its 10th Plan Budget towards modernization and upgradation of technology. In the implementation process the Department have started installing Multi Purpose Counter Machines, Satellite money order network with VSATs and ESMOs in the Post Offices. The Department have also introduced electronic franking machines in large offices, computerized saving banks operation, postal life insurance operations and has improved stamps and seals in a phased manner.

The Committee further note that in the wake of economic liberalization and competition, the Department has set up separate directorates for promoting PLI, Business Development and Parcel and Logistics. More than 500 Head POs have been placed in the LAN environment upto X Plan. During X Plan the Department has a proposal to link these POs and also the set of new POs to be computerized through virtual private network to a centralized data center. The Department has computerized 506 Head Offices, 1266 sub POs and 69 Centres etc. apart from taking care of core postal transactions, such as booking of registered articles, money orders, acceptance of bills. These machines are also used in various financial services including savings bank operations. The Committee further note that a pilot project for satellite Money Order Scheme-SATMO was executed in the VIII Plan by installing VSATs in POs which is a quick transmission of MOs instead of traditional mode of payment/ transmission of money order, but this facility has not made much headway as only 10% of the MOs are transmitted through VSATs. The Committee feel that there has been dismal feedback regarding the reliability of the VSAT transmission facility and desire that the Department should take concrete steps to popularise and streamline the scheme so that VSATs are utilized to their optimum capacity.

(Recommendation No. 8)

Speed Post

The Committee note that there have been substantial growth in the Speed Post business of DoP from 1997-98 onwards. The revenue of Rs. 77.95 crore earned in 1997-98 has increased to Rs. 298.00 crores in 2003-2004. Although, the projected revenue of DoP for the year 2004-05 is 514.29 crores, but the overall market share of the Speed Post Business is only 10% (aprox.), which according to the Committee is abysmally poor as compared to the express market.

The Committee are highly perturbed to note that inspite of the efforts made by the Department like upgradation of the Speed Post Services through internal track and trace system, induction of technology, mechanization of delivery, monitoring of quality, focus on customers, book now pay later scheme and discount to corporate customers and major chunk of the business, i.e. ninety percent of the express market is still being controlled by the courier services. The Committee feel that with such a huge network alongwith other facilities available with the Department, it should be able to capture a larger share by introducing better marketing strategies. The Committee further feel that Speed Post Services can be made self-sustaining by prudent handling and with the help of technology induction, the Department of Posts can further improve the business products by enhancing the quality of service and providing customized service to different segments of the population.

The Committee also find that the charge of the Speed Post for local mails and long distance mails are almost at par, whereas the private couriers charge less for local mails. Further, the Department is facing problem of securing assured transportation for their mail, which may be the reason for the business going to the private couriers. In the opinion of the Committee the Department should explore possibilities of partnerships with the private sector for assured transportation or look into the possibility of having their own dedicated transport for increasing efficiency and optimising costs.

The Committee, also desire that the flexibility in operation alongwith quick decision-making with regard to the fixation of price through delegation of power to the circle levels may be looked into.

(Recommendation No. 9)

Subsidy Given by DoP

The Committee are happy to note that the DoP is doing a commendable service by carrying printed books, registered newspapers to the mofussil areas at a cheaper rate. It is also giving subsidy on letter cards, registered articles, money orders, etc. In this regard, the total subsidy borne by the DoP is stated to be Rs. 124.52 crore and the scheme is running at a deficit of Rs. 27 crore. The Committee appreciate the subsidy being provided on postcards which is primarily for the benefit of common man but at the same time they desire that the Department should conduct a study for optimal and credible use of subsidy and prevent its misuse. The Committee would like to have a detailed break-up of the subsidy, the services on which it is being provided by the Department and the effective steps suggested to rationalize the subsidy.

(Recommendation No. 10)

Panchayat Sanchar Sevak Kendras

The Committee note that the Panchayat Sanchar Sevak Kendras (PSSKs) were opened with the sole purpose of providing cheap means of postal facilities in rural areas. they also observe that the opposition of staff unions to this scheme was not the sole reason for its failure. The major reason for failure of the PSSKs Scheme a appears to be the lack of interest shown by the panchayats.

The Committee are informed that in pursuance of an intensive exercise carried out by the Department, they have been able to pin-down some of the reasons for the failure of PSSKs. Amongst these reasons, are the lack of interest of the gram panchayats, lack of providing suitable accommodation and infrastructure equipment to the Panchayat Kendras, frequent changes in the PSSKs agents which are generally amongst relatives of the Sarpanch/Gram Pradhan, lack of adequate publicity and misappropriation of the entitled allowance to the volunteer who are running the PSSKs, are some of the reasons of its failure.

The Committee are informed that out of 7,375 PSSKs, 1819 PSSKs have given nil transactions during the year. This tantamount to 25% of the PSSKs not being in business throughout the year.

The Committee are constrained to note the dismal performance of PSSKs as well as the reasons on account of which the PSSKs fail. The Committee desire that the Department should initiate a dialogue with the gram panchayats and come out with an effective model of the last mile delivery mechanism. The Department should also consider associating women organisations/mahila mandals in these discussions.

(Recommendation No. 11)

Franchising

The Committee have been informed that the Department has a proposal for introducing franchising as a strategy for future expansion of the network. This model will focus on unemployed youths in rural areas, while in the urban and semi-urban areas the scheme will cover the retired employees of the Department among other eligible categories. Such POs will be centered around basic postal services, including value added services, bill collection facilities as well as retailing services on behalf of other organisations. The concept of franchising has evolved because the whole gamut of services could not be provided in the PSSKs which dealt with limited services ranging from stamp and stationary sale to registration of letters only. Further, space is a major constraint in newly emerging urban areas where post offices are not justified as per norms. Franchising would help revenue earning to the Department on the one side as well as giving employment to youth in these areas.

As regards the rural areas the department have stated that it will help cater to segments which do not justify a post office on population and income norms, despite fulfilling distance norms. It would speed up the computerization process in the rural areas because the franchisee could avail of credit facilities from institution and also from other resources like the USO Fund of the DoT, the provision of urban facilities in rural areas (PURA) scheme which will otherwise take a long time if the DoP goes about it on its own.

The Committee are informed that the proposal of franchising is before the Ministry of Communications & I.T. (DoP) for approval. The Committee are happy that the DoP has shown great interest in the scheme and is finding out ways to earn more revenue and get out of the deficit by thinking purely on commercial lines.

The Committee at the same time desire that DoP in coordination with DoIT should explore the avenues of setting up of Franchisee Post Offices in Information kiosks in the States. In this connection, the Committee would only put in a word of caution that before taking a plunge in to franchising the DoP should weigh all the pros and cons in this regard. The Committee would also like to be apprised of the views of the Department before they actually go in for implementing the scheme.

(Recommendation No. 12)

Opening of Post Offices in Rural Areas

The Committee learn that the Department has no mechanism of its own to identify the need of post office in the rural areas and rely totally on the requests or demands received in the circle offices. The Committee have been informed that at present there are 63 applications which fulfil the norms out of 175 requests received and these post offices will be opened as per the targets fixed for various circles annually.

On the one hand the Department of Posts has a universal service obligation (USO) to fulfil by providing basic postal facilities at all the gram panchayats in India, whereas, on the other hand the Department has a demand of setting up of only 63 post offices which fulfil the norms laid down. The above two aspects simply show that there is a lack of information within the gram panchayats, as regards requirements for setting up a post office by sending in a demand.

The Committee feel that that the Department of Posts should take the responsibility to identify viable rural locations for setting up of Post offices instead of waiting for a demand. The Department should also create awareness among gram panchayats regarding norms laid down for opening of post offices.

(Recommendation No. 13)

Postal Life Insurance/Rural Postal Life Insurance

It has been brought to the notice of the Committee that the Department of Posts would like to introduce many more attractive schemes in comparison to similar schemes which are available with

the LIC and other private insurers to enable the Department of Posts to get varied and greater business. Whereas the Life Insurance Corporation has more than 100 schemes for the public, the Department of Posts has only 5 schemes in the PLI and RPLI sectors. The Committee have also been informed that the difficulty lies in the sanction of the new products because the Ministry of Finance governs the Postal Life Insurance and the Rural Postal Life Insurance Schemes and all other insurance schemes are regulated by the Insurance Regulatory and Development Authority (IRDA).

The Committee are further informed that, whereas, the DoP can change the scope of the PLI and RPLI Schemes, which the Ministry of Finance should not have any reservations to approve while the introduction of entirely new products viz., Group Insurance of BSNL employees which is regulated by the IRDA will have to have the approval of IRDA. Further, since the DoP has got exemption under section 118(c) of the Insurance Act, 1938 and under section 44(d) of L.I.C. Act, 1956, it cannot introduce new products coming under the jurisdiction of IRDA.

The Committee have noted with great surprise that in spite of the exemptions that DoP enjoys the market share of PLI and RPLI in the year 2002 is only 1.25% and 0.27% respectively of the insurance market. This, the Committee note is abysmally low and a lot of work can still be done for the promotion of these two schemes, especially in RPLI.

The Committee are of the opinion that with the penetration available with the DoP in Rural India and the advantage it is gaining through the Special Deposit Rates through the exemption, DoP should concentrate on increasing their business in the PLI and RPLI with greater zeal. DoP should have suitable variations in their schemes of PLI and RPLI and get their agents to generate greater business in the field. As the DoP by virtue of its large reach has decided to get into financial services business, it should explore the possibility of floating a new SPV (Special Purpose Vehicle) to tap the available insurance market.

As regards training of PLI agents in IRDA accredited institutes all over the country, the Committee are of the opinion that DoP should work out a scheme with IRDA wherein its agents go through a specialized training which will meet the requirements of DoP.

(Recommendation No. 14)

Rents

The Committee feel that a huge amount of revenue which is drained off by the Department on renting buildings for accommodating Post Offices could be saved by constructing buildings on 1700 vacant plots (approx.) already available with the Department throughout India on a maximum floor space index basis and renting out such additional space created to legitimate/credible parties exercising adequate legal safeguards to protect the assets.

(Recommendation No. 15)

Revenue Deficit

During examination of Demand for Grants (2004-05) the Committee were informed that the Department of Posts is facing a revenue deficit of approximately Rs. 1640 crores during the current year. The Committee are further informed that an amount of Rs. 600 crore every year goes as subsidy mostly to the rural post offices from where the returns are very poor. The other sources from where the revenue deficit is accumulating is the pay, salary, allowances and pensions to the employees of the Department and the remuneration paid by Ministry of Finance for Post Office Saving Bank (POSB) work done on their behalf which is paid less than the rates agreed for payment to the Department by the Ministry of Finance. The Committee have also been informed that the Department of Posts have been categorised as revenue earning Department and not a utility Department and hence it has to earn what it spends and simultaneously make profits.

The Committee are of the strong opinion that service, whether it is public or to the Government goes at a price. They are also of the opinion that if an agreement has been reached between the two departments, it should be honoured, specially in the case of Department of Posts, which have been declared to be a revenue earning Department. The Committee feel that the Ministry of Finance should abide by its agreement in letter and spirit. The Committee would also impress upon the Department to work on commercial lines and improve upon the services, technology, multiplicity of services etc. and earn sizeable profit so that its deficit is wiped out at the earliest.

(Recommendation No. 16)

Complaints/Grievances

The Committee are constrained to note that the number of complaints received in respect of Registered letters and Money Orders is quite high and the rate of disposal of the complaints is quite low. The complaints received with regard to registered letters during the years 1999-2000, 2000-2001 and 2001-2002 were 244276, 214553 and 198101 and the pendency for the same years were 16731, 15356 and 13769 respectively. The complaints received in regard to Money orders for these same years were 411730, 226180 and 492501 and the pendency were respectively 23347, 25514 and 31459.

The Committee feel that to be successful and competitive in business the rate of complaints should be very low. The DoP has a grievance redressal machinery set up at the Post Office level, divisional level, circle/regional level and the Directorate level, but still the pendency of complaints is quite high. There should be an accountability mechanism put in place to have a check on the number of complaints received and their disposal. The Committee, therefore, desire that DoP should make all-out efforts to check the number of complaints as also to dispose of these complaints/grievances expeditiously.

(Recommendation No. 17)

Human Resource Development

The Committee note that the Department has conducted in-service-training/management development programmes for the Group 'A' officers during 9th plan and Refresher training for inspectors and postal/sorting Assistants including Supervisors. Keeping in mind that it is a service oriented organisation the Committee desire that the training should be fine tuned to reducing the number of complaints and re-enforcing the good image of reliability and service that the Department enjoys.

(Recommendation No. 18)

Jammu and Kashmir

The Committee are constrained to note that the 27 DSOs and 42 BOs were closed in J&K due to militant activities during 1992-93.

Out of these 5 DSOs and 18 DBOs have been reopened. The Committee trust that the Department will give utmost attention to the people so that the closed post offices can be re-opened again. It also becomes imperative in the wake of the announcement made by the State Government regarding payment of pensions through Money Orders. The Committee therefore feel that the needful be done at the earliest in best interest of the people of J&K.

(Recommendation No. 19)

North-East

Keeping in view that a 10% of the budget has been earmarked for the development of the North-East the Committee feel that close monitoring for the optimal use of the funds may be done so that efforts made by the Department for providing better postal facilities in these areas could yield desired results.

(Recommendation No. 20)

Non-Returnable Contribution (NRC) Post Offices

The Committee are informed that there are in all 1453 Non-Returnable Contribution (NRC) Post Offices in the whole of the country. They also understand NRC Post Offices are opened on special conditions of payment and request either by the State Governments or the party, which desires the retention of a post office.

The Committee are constrained to note that arrears to tune of Rs. 31.90 crore are still with these Post Offices that are situated in the States of Gujarat, Haryana, Himachal Pradesh, J&K, Maharashtra, Madhya Pradesh, Chhattisgarh, North-Eastern States of Arunachal Pradesh, Manipur, Mizoram, Nagaland, Tripura and Meghalaya, Orissa, Punjab, Uttar Pradesh and Uttaranchal. The Committee are further surprised to note that the further retention of a NRC Post Office, which does not pay its contribution is extended for the period for which experimental post offices are kept, but however, in these post offices which are having arrears, the Department of Posts have failed to take any concrete and strict action against the party that too even after the expiry of the experimental period. The Committee would like to be apprised of the action taken, if any, by the Department of Posts against those erring State Governments/

individuals to recover the amounts. A detailed list may also be forwarded for the amounts that are pending as arrears against each of such post office and the dates on which the erring post office was converted into an experiment post office.

The Committee would also like the Department of Posts to forward the recommendation of the Committee to the erring State Governments and impress upon them to clear all the arrears as early as possible. In the case of individual post offices which were opened on the request of individual/factory/mill/party, the Committee would recommend that these post offices may be shut down immediately as it would not be prudent to bear the burden of these post offices year after year without any signs of recovery.

New Delhi;
31 *March,* 2005
10 *Chaitra,* 1927 *(Saka)*

M.M. PALLAM RAJU,
Chairman,
Standing Committee on
Information Technology.

NORMS FOR CREATION/EXPANSION OF THE NETWORK-I

I. Departmental Sub Post Offices

A. In Rural Areas

Parameters	Normal Areas	Hilly, Tribal, Desert, and Inaccessible Areas
Workload	Exceeding 5 hrs	Exceeding 5 hrs
Permissible Levels of Loss	Rs. 2400/year	Rs. 4800/year

Distance & population norms—same as for BO

Level of loss in parent PO cannot exceed permissible limit due to opening a new PO

B. In Urban Areas

Income	Should be financially self-sufficient Earn 5% over-cost by first annual review for further retention
Distance	1.5 kms in cities with 20 lakh or more population 2 km in all other urban centers 5 kms in case of Delivery PO (minimum of 7 postmen's beat required) Distance relaxable by Head of Circle in 10% of cases

NORMS FOR CREATION/EXPANSION OF THE NETWORK-II

I. Extra Departmental Branch Post Offices

Parameters	Normal Areas	Hilly, Tribal, Desert, and Inaccessible Areas
Population	3000 in a group of villages	500 in an individual villages or 1000 in a group of villages
Distance	3 kms—not relaxable	3 kms—relaxable under special circumstances
Income	Minimum of $33\frac{1}{3}\%$	Minimum of 15%

Level of loss in present PO cannot exceed permissible limit due to opening a new cannot exceed permissible limit due to opening a new P.O.

II. PSSK

Distance	Same as per BO	Same as per BO
Population	,,	,,
Income	Not being considered	Not being considered

MINUTES OF THE TWENTY FIFTH SITTING OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2002)

The Committee sat on Thursday May 16, 2002 from 1500 hours to 1630 hours in Committee Room 'B', Parliament House Annexe, New Delhi.

PRESENT

Shri Somanth Chatterjee—*Chairman*

MEMBERS

Lok Sabha

2. Shri K.A. Sangtam

3. Rajkumari Ratna Singh

4. Shri Pawan Kumar Bansal

5. Shri C.N. Singh

6. Shri Bhartruhari Mahtab

7. Shri Vanlal Zawma

8. Shri G. Mallikarjunappa

9. Shri Vinay Katiyar

10. Dr. Bikram Sarkar

Rajya Sabha

11. Shri K. Rama Mohana Rao

12. Shri Kartar Singh Duggal

SECRETARIAT

1. Shri S.K. Sharma   —   *Deputy Secretary*

Department of Posts

1. Shri S.C. Dutta, Secretary
2. Ms. Aparna Mohile, Member (I&FS)
3. Shri S.B. Bhattacharya, Member (P)
4. Shri L.K. Puri, Sr. DDG (CP)
5. Shri R.K. Singh, DDG (MM&TS)
6. Col. V. Sadasivam, DDG (Tech.)
7. Shri Gurmel Singh, DDG (PAF)
8. Ms. Devika Kumar, DDG (Phil.)

2. At the outset, the Chairman welcomed the representatives of the Department of Posts to the sitting of the Committee and invited their attention to the provisions contained in Direction 58 of the Directions by the Speaker.

3. The Secretary, Department of Posts then briefed the Committee on the subject "Functioning & Expansion of Postal Network" and other matters relating thereto.

4. The Committee, then, sought certain clarifications on the issues relating to "Functioning and Expansion of Postal Network". The Representatives of the Department of Posts replied to the queries of the Members. The Committee asked them to furnish written clarifications on certain points raised in the meeting to the Secretariat at an early date.

5. A verbatim record of proceedings has been kept.

6. The witness, then, withdrew.

The Committee, then adjourned.

MINUTES OF THE TWENTY SECOND SITTING OF THE STANDING
COMMITTEE ON INFORMATION TECHNOLOGY (2003)

The Committee sat on Tuesday, 15 July, 2003 from 1430 hours to
1600 hours in Committee Room No. '139', Parliament House Annexe,
New Delhi.

PRESENT

Shri Somnath Chatterjee—*Chairman*

MEMBERS

Lok Sabha

2. Shri Pawan Kumar Bansal
3. Shri Rama Mohan Gadde
4. Shri T. Govindan
5. Shri K.K. Kaliappan
6. Shri K. Balrama Krishna Murthy
7. Shri Bhartruhari Mahtab
8. Shri Amarsinh Vasantrao Patil
9. Shri Sheeshram Singh Ravi
10. Shri K.A. Sangtam
11. Shri C.N. Singh
12. Rajkumari Ratna Singh
13. Shri Nikhil Kumar Chowdhary
14. Shri Vanlal Zawma
15. Shri Amir Alam Khan
16. Shri Charanjit Singh

Rajya Sabha

17. Shri S.S. Ahluwalia
18. Shri K. Rama Mohana Rao
19. Shri Rajeev Shukla
20. Shri Kartar Singh Duggal

Secretariat

1. Shri S.K. Sharma — *Joint Secretary*
2. Shri S.K. Sharma — *Deputy Secretary*
3. Shri B.D. Swan — *Under Secretary*

Representatives of the Department of Posts

Sl.No.	Name	Designation
1.	Smt. Padma Balasubramanian	Secretary (Post)
2.	Shri R.S. Natrajamurthy	Member (Personnel)
3.	Shri R. Ganesan	Member (Development)
4.	Ms. Rekha Gupta	JS&FA
5.	Ms. Anju Das Gupta	Sr. DDG (PO&I)
6.	Smt. Padmini Gopinath	DDG (Estates)
7.	Shri R.K. Singh	DDG (MM&TS)
8.	Ms. Rameshwari Handa	DDG (FS)
9.	Smt. Shoba Koshy	DDG (CP)
10.	Shri I.M.G. Khan	CGM (BD)
11.	Shri S.C. Sarma	CGM (PLI)
12.	Shri Vasumitra	Director (E&PN)

2. At the outset, the Chairman welcomed the Secretary, Department of Posts and other officials accompanying her.

3. Thereafter, the representatives gave a brief presentation on Functioning & Expansion of Postal Network. The Committee then, sought certain clarifications on the subject. The representatives replied to the queries of the Members. However, on certain issues, the Secretary (DoP) assured to furnish written replies subsequently.

4. The Chairman, then thanked the representatives of the Department of Posts for appearing and furnishing valuable information to the Committee.

5. The evidence remained inconclusive and a copy of the verbatim record of the sitting has been kept.

The Witnesses then withdrew.

The Committee, then adjourned.

MINUTES OF THE TWENTY-SIXTH SITTING OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2003)

The Committee sat on Friday, the 12 September, 2003 from 1100 hours to 1238 hours in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Somnath Chatterjee—*Chairman*

Members

Lok Sabha

2. Shri Pawan Kumar Bansal
3. Shri A. Krishnaswamy
3. Shri K. Balrama Krishna Murthy
5. Shri Bhartruhari Mahtab
6. Shri Sheeshram Singh Ravi
7. Shri Saroj Tufani
8. Shri C.N. Singh
9. Rajkumari Ratna Singh
10. Shri Nikhil Kumar Chowdhary
11. Shri Vanlalzawma
12. Shrimati Kanti Singh
13. Dr. Bikram Sarkar

Rajya Sabha

14. Shri S.S. Ahluwalia
15. Shri Balbir K. Punj
16. Shri Dina Nath Mishra
17. Shri K. Rama Mohana Rao
18. Shri Rajeev Shukla

SECRETARIAT

1. Shri S.K. Sharma	—	*Joint Secretary*
2. Shri S.K. Sharma	—	*Officer on Special Duty (IT)*

WITNESSES

Sl.No.	Name	Designation
1.	Smt. Padma Balasubramanian	Secretary (Posts)
2.	Shri Vijay Bhushan	Member (Operation)
3.	Shri R.S. Natarajamurthy	Member (Personnel)
4.	Shri R. Ganesan	Member (Development)
5.	Ms. Rekha Gupta	JS & FA
6.	Ms Anju Das Gupta	Sr. DDG (PO&I)
7.	Smt. Padmini Gopinath	DDG (Estates)
8.	Shri R.K. Singh	DDG (M&TS)
9.	Shri Subhashish Sarkar	DDG (Technology)
10.	Ms. Rameshwari Handa	DDG (FS)
11.	Smt. Shoba Koshy	DDG (CP)
12.	Shri I.M.G. Khan	CGM (BD)
13.	Shri S.C. Sarma	CGM (PLI)
14.	Shri Vasumitra	Director (E&PN)

2. At the outset, the Chairman welcomed the Secretary, Department of Posts and other representatives of the Department to the sitting of the Committee. The Committee then took evidence of the representatives of the Department of Posts on "Functioning and Expansion of Postal Network". The representatives attended to various queries raised by the Members on the subject.

3. The Chairman thanked the witnesses for appearing before the Committee as also for furnishing the desired information on various aspects of the subject.

4. The Witnesses then withdrew.

5. A verbatim record of the proceedings has been kept.

The Committee, then, adjourned.

MINUTES OF THE SECOND SITTING OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2004)

The Committee sat on Tuesday, 27, January, 2004 from 1500 hours to 1630 hours in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Shri Somnath Chatterjee—*Chairman*

MEMBERS

Lok Sabha

2. Shri Rama Mohan Gadde
3. Shri K.K. Kaliappan
3. Shri Arun Kumar
5. Shri K. Balrama Krishna Murthy
6. Shri K.A. Sangtam
7. Shri C.N. Singh
8. Rajkumari Ratna Singh

Rajya Sabha

9. Shri Suresh Pachouri
10. Shri Sanjay Nirupam
11. Shri Rajeev Shukla

SECRETARIAT

1. Shri P.D.T. Achary	—	*Additional Secretary (P)*
2. Shri S.K. Sharma	—	*Officer on Special Duty (IT)*
3. Shri B.D. Swan	—	*Under Secretary*

Representatives of the Department of Posts:

1.	Smt. Vijay Bhushan	Secretary (Posts)
2.	Shri R.S. Natarajamurthy	Member (Personnel)
3.	Shri R. Ganesan	Member (Development)
4.	Ms. Rekha Gupta	JS&FA
5.	Smt. Padmini Gopinath	DDG (Estates)
6.	Ms. Kaveri Banerjee	DDG (M&TS)
7.	Shri Subhashish Sarkar	DDG (Technology)
8.	Smt. Shoba Koshy	DDG (CP)
9.	Shri P.T.S. Kumar	GM (BD)
10.	Shri M.S. Bali	GM (BD)
11.	Shri S.C. Sarma	CGM (PLI)
12.	Shri Vasumitra	Director (E&PN)

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

3. Thereafter, the representatives gave a brief presentation on the subject "Functioning & Expansion of Postal Network". The Committee, then, sought certain clarifications on the subject. The representatives replied to the queries of the Members.

4. The Chairman, then thanked the representatives of the Department of Posts for appearing and furnishing valuable information to the Committee.

5. A verbatim record of the sitting has been kept separately.

6. The Witnesses then withdrew.

The Committee, then, adjourned.

MINUTES OF THE FIFTEENTH SITTING OF THE STANDING
COMMITTEE ON INFORMATION TECHNOLOGY (2004-2005)

The Committee sat on Thursday, 8 December, 2004 from 1500 hours
to 1730 hours in Committee Room No. 'G-074', K-Block, Parliament
Library Building, New Delhi.

PRESENT

Shri M.M. Pallam Raju—*Chairman*

MEMBERS

Lok Sabha

2. Shri Sanjay Dhotre
3. Shri Kailash Joshi
4. Shri P. Karunakaran
5. Dr. P.P. Koya
6. Smt. Navedita S. Mane
7. Col. G. Nizamuddin
8. Shri Tathagata Satpathy

Rajya Sabha

9. Shri Vijay J. Darda
10. Smt. Sarla Maheshwari
11. Shri K. Rama Mohana Rao
12. Shri Motiur Rahman

SECRETARIAT

1. Shri Raj Shekhar Sharma — *Deputy Secretary*
2. Shri K.L. Arora — *Under Secretary*
3. Shri D.R. Shekhar — *Assistant Director*

Representatives of the Department of Posts (Department of Posts)

1. Shri R. Ganesan, Secretary (P)
2. Shri G. Mohan Kumar, Member (P)
3. Dr. U. Srinivasa Raghavan, Member (D)
4. Smt. Rekha Gupta, JS & FA
5. Shri Raghav Lal, CGM (BDD)
6. Shri S.C. Sarma, CGM (PLI)
7. Smt. Anju Dasgupta, Sr. DDG (PO&I)
8. Smt. Kalpana Tiwari, DDG (PG)
9. Smt. Devika Kumar, DDG (MM&TS)
10. Smt. Rameshwari Handa, DDG (Estate)
11. Shri S. Sarkar, DDG (Tech.)
12. Smt. Padmini Gopinath, DDG (FS)
13. Smt. Shoba Koshy, DDG (CP&PLG)
14. Shri P.K. Gopinath, DDG (Vigilance)
15. Shri A.K. Sharma, DDG (Estt.)
16. Ms. Manjula Prasher, DDG (P)
17. Ms. Divya Malhotra, DDG (PAF)
18. Ms. Kavery Banerjee, DDG (Phil.)
19. Shri Vasumitra, Dir. (PO)
20. Shri Amitabh Kharakwal, Dir (CP, PN)

2. At the outset, the Chairman welcomed the Secretary, and other Officers of the Department of Posts (DoP) to the sitting of the Committee and requested them to make a brief presentation on the subject "Functioning & Expansion of Postal Network".

3. Thereafter, the Secretary, highlighted the present status and the vision of the Department on the Functioning and the Expansion of the Postal Network, which was followed by a power point presentation.

4. The Members, then, sought clarifications on consolidation, franchising, subsidy, universal service obligation, location of Post Offices etc. which were replied to by the representatives of the Department. On certain issues the Department assured to furnish written replies.

5. The Chairman thanked the witnesses for appearing before the Committee and furnishing valuable information, on the subject.

A verbatim record of the proceedings has been kept separately.

The Committee, then, adjourned.

MINUTES OF THE TWENTIETH SITTING OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2004-2005)

The Committee sat on Tuesday, 8 February, 2005 from 1500 hours to 1730 hours in Committee Room 'G-074, K-Block, Parliament Library Building, Parliament House, New Delhi.

PRESENT

Shri M.M. Pallam Raju — *Chairman*

MEMBERS

Lok Sabha

2. Shri Sanjay Dhotre
3. Dr. P.P. Koya
4. Smt. Nivedita S. Mane
5. Col. G. Nizamuddin
6. Shri Ashok Kumar Rawat
7. Shri Tathagata Satpathy
8. Shri K.V. Thangka Balu
9. Shri P.C. Thomas

Rajya Sabha

10. Shri Ashwani Kumar
11. Shri Balbir K. Punj
12. Shri Dara Singh
13. Shri N.R. Govindarajar
14. Shri Motiur Rahman

SECRETARIAT

1. Shri P.D.T. Achary   — *Secretary*
2. Shri Raj Shekhar Sharma — *Deputy Secretary*
3. Shri K.L. Arora   — *Under Secretary*
4. Shri D.R. Shekhar   — *Assistant Director*

Representatives of the Department of Posts

Sl.No.	Name of the Officer	Designation
1.	Shri R. Ganesan	Secretary (P)
2.	Shri G. Mohan Kumar	Member (P)
3.	Dr. U. Srinivasa Raghavan	Member (O)
4.	Smt. Rekha Gupta	JS&FA
5.	Shri Raghav Lal	CGM (BDD)
6.	Shri S.C. Sarma	CGM (PLI)
7.	Smt. Kalpana Tiwari	DDG (PG)
8.	Smt. Devika Kumar	DDG (MM&TS)
9.	Shri S. Sarkar	DDG (Tech.)
10.	Smt. Padmini Gopinath	DDG (FS)
11.	Smt. Shoba Koshy	DDG (CP)
12.	Shri M.S. Bali	GM (BD-I)
13.	Shri P.T.S. Kumar	GM (BD-II)
14.	Shri V. Pati	Addl. GM (PLI)

Ministry of Finance
(Department of Economic Affairs)

1. Shri Vinod Rai   — Addl. Secretary (FS)
2. Dr. K.B.L. Mathur   — Economic Advisor

Insurance Regulatory and Development Authority (IRDA)

1. Shri C.S. Rao   — Chairman
2. Shri P.A. Balasubramanian   — Member

2. At the outset, the Chairman welcomed the representatives of the Department of Posts, Department of Economic Affairs and Chairman, IRDA to the sitting of the Committee and stated that recently when the Committee was considering the replies of the Government on the recommendations/observations of the Committee contained in the 2nd Report on Demands for Grants (2004-2005) of the Department of Posts, the Committee observed that whereas the Department would like to introduce new schemes/products in the postal insurance sector

to be in comparison with other Insurance providers e.g. LIC, MAX etc. DoP could launch its new products because of the lack of clear definition of responsibilities between the Ministry of Finance and the Insurance Regulatory and Development Authority (IRDA) to sanction such introduction of schemes. DoP had stated that whereas the Life Insurance Corporation had more than 100 schemes for the public, the Department of Posts had only 5 schemes in the PLI and RPLI sectors. The Chairman clarified that it was to study this aspect that the joint meeting of the representatives of the Ministry of Finance, IRDA and DoP had been called.

3. Thereafter, the Secretary gave a brief background of the History of Postal Life Insurance, which was followed by a brief power point presentation on the same. The representatives of IRDA and Department of Economic Affairs put forth their new points and also clarified the reasons for non-implementation of new products in Postal Life Insurance.

4. The Members sought certain clarifications on related issues. The representatives of the Ministry of Finance, Department of Posts and IRDA responded to the same.

5. The Chairman thanked the witnesses for appearing before the Committee and furnishing valuable information, in connection with the Postal Life Insurance and Rural Postal Life Insurance.

A verbatim record of the sitting has been kept separately.

The Committee, then, adjourned.

MINUTES OF THE TWENTY-THIRD SITTING OF THE STANDING
COMMITTEE ON INFORMATION TECHNOLOGY (2004-2005)

The Committee sat on Thursday, 9 March, 2005 from 1500 hours
to 1900 hours in Committee Room 074, K-Block, Parliament Library
Building, New Delhi.

PRESENT

Shri M.M. Pallam Raju — *Chairman*

MEMBERS

Lok Sabha

2. Shri Nikhil Chaudhary
3. Shri Mani Cherenamei
4. Dr. P.P. Koya
5. Shri P.S. Gadhavi
6. Smt. Nivedita S. Mane
7. Shri Chander Shekhar Sahu
8. Shri Tathagata Satpathy

Rajya Sabha

9. Shri Vijay J. Darda
10. Shri Ashwani Kumar
11. Shri K. Rama Mohana Rao
12. Shri Motiur Rahman

SECRETARIAT

1. Shri Raj Shekhar Sharma — *Director*
2. Shri K.L. Arora — *Under Secretary*
3. Shri D.R. Shekhar — *Under Secretary*

2. At the outset, the Chairman welcomed the Members to the sitting of the Committee. The Committee then took up the following Draft Reports for consideration:—

   (i) Draft Report on "Functioning & Expansion of Postal Network" relating to Department of Posts.

   (ii) ***   ***   ****

3. After elaborate discussions on draft report "Functioning & Expansion of Postal Network" the Committee adopted the same with certain amendments/modifications. During deliberations the Committee desired that they may discuss the issue of Universal Service Obligation and the role of the private couriers in a separate sitting of the Committee. The Committee then considered the draft report on "Working of Registrar of Newspaper for India (RNI)" which was then adopted with certain amendments/modifications.

4. The Committee, then, authorized the Chairman to finalize and present the above-mentioned Reports to the House on convenient date.

The Committee, then, adjourned.