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**STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2005-2006)**

FOURTEENTH LOK SABHA

**MINISTRY OF COMMUNICATIONS AND
INFORMATION TECHNOLOGY
(DEPARTMENT OF POSTS)**

**DEMANDS FOR GRANTS
(2006-2007)**

THIRTY-FIRST REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

July, 2006/Sravana, 1928 (Saka)

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INFORMATION TECHNOLOGY
(DEPARTMENT OF POSTS)

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(2006-2007)

Presented to Lok Sabha on

Laid in Rajya Sabha on



LOK SABHA SECRETARIAT
NEW DELHI

July, 2006/Sravana, 1928 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON
INFORMATION TECHNOLOGY (2005-2006)

Shri Nikhil Kumar — *Chairman**

MEMBERS

Lok Sabha

2. Shri Nikhil Kumar Chaudhary
3. Shri Mani Charenamei
4. Shri Sanjay Shamrao Dhotre
5. Kunwar Jitin Prasad
6. Shri Kailash Joshi
7. Shri P. Karunakaran
8. Dr. P.P. Koya
9. Shri P.S. Gadhavi
- ***10. Vacant
11. Smt. Nivedita Sambhajirao Mane
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13. Shri G. Nizamuddin
14. Shri Sohan Potai
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- ***16. Vacant
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18. Shri Tathagata Satpathy
19. Shri K.V. Thangka Balu
20. Shri P.C. Thomas
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Rajya Sabha

22. Shri Vijay J. Darda
- *****23. Shri Rajeev Chandrasekhar
- ***24. Vacant
- *****25. Shri Praveen Rashtrapal

26. Shri Dara Singh
- **27. Shri A. Vijayaraghavan
28. Shri N.R. Govindraj
- ****29. Shri Ravi Shankar Prasad
30. Shri Motiur Rahman
31. Shri Ekanath K. Thakur

SECRETARIAT

1. Shri P. Sreedharan — *Joint Secretary*
2. Shri Raj Shekhar Sharma — *Director*
3. Shri Hoti Lal — *Assistant Director*

* Appointed *w.e.f.* 10.5.2006.

** Nominated *w.e.f.* 27 September, 2005.

*** Vice Shri Ajay Maken, Shri Chandra Sekhar Sahu and Shri Ashwani Kumar have been appointed as Ministers of State *w.e.f.* 29 January, 2006.

**** Nominated *w.e.f.* 6.6.2006.

***** Nominated *w.e.f.* 8.6.2006.

INTRODUCTION

I, the Chairman, Standing Committee on Information Technology (2005-06) having been authorised by the Committee to submit the Report on their behalf, present this Thirty-First Report on Demands for Grants (2006-07) relating to the Ministry of Communications and Information Technology (Department of Posts).

2. The Standing Committee on Information Technology (2005-06) was constituted on 5 August, 2005. One of the functions of the Standing Committee, as laid down in Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha is to consider Demands for Grants of the concerned Ministry/Department and make a Report on the same to the House.

3. The Committee considered the Demands for Grants pertaining to the Ministry of Communications and Information Technology (Department of Posts) for the current year *i.e.*, 2006-07, which were laid on the Table of the House on 13 March, 2006. The Committee took evidence of the representatives of the Department of Posts on 29 May, 2006.

4. The Report was considered and adopted by the Committee at their sitting held on 30 June, 2006.

5. The Committee wish to express their thanks to the Officers of the Department of Posts for appearing before the Committee and for furnishing the information, that the Committee desired in connection with the examination of the Subject.

6. 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;
18 July, 2006

27 Asadha, 1928 (Saka)

NIKHIL KUMAR,
Chairman,
Standing Committee on
Information Technology.

REPORT

PART I

I. Introductory

The Indian Postal System currently provides a number of services which can be broadly classified into the following four categories:

- (i) Communication services (Letters, Post Cards, etc.);
- (ii) Transportation services (Parcel, Logistics Post);
- (iii) Financial services (Savings Bank, Money Order, International Money Transfer Service, Public-Private Partnership for extending financial service outreach through the post office network, Postal Life Insurance) and
- (iv) Premium Value Added Services (Like Speed Post, Business Post, Retail Post).

The Post Office Savings Bank is the largest Bank in India in terms of network, accounts and annual deposits.

2. The role of the Post Office is undergoing transformation the world over, as electronic mail and new technologies supplement traditional postal activities. Every where, the Post Office is increasingly exploring new areas to optimise its retailing strength, by providing a range of public utilities and new financial services that are relevant to the socio-economic needs of the country. It is also simultaneously upgrading traditional services through induction of technology, and introducing new products and services in order to meet the challenges of providing faster, more reliable, and more user responsive service in the face of increasing competition from the private courier industry and continuing advances in communication technology.

3. In this connection, the Committee have been informed that India Post is committed to fulfilling the Government's Universal Obligation in terms of providing basic postal services throughout the country, irrespective of terrain, at an affordable price. For meeting this requirement it has set up a network of 1,55,516 Post Offices as on 31st March, 2005 of which 1,25,148 Branch Post Offices are catering

exclusively to the rural areas. Through these offices it ensures daily delivery of dak at the doorstep of every customer anywhere in the country, collection of letter through Letter Boxes, and also sale of Stamps and stationery through village postmen at the doorstep of customers in rural areas. Post Offices in urban and rural areas provide a range of basic postal services to the customers, including banking and insurance services. Bill collection facilities are being extended through all Post Offices in urban areas, and identified Post Offices in rural areas, while certain value added services are being provided in selected office in urban areas.

4. The objectives of the Department of Posts are to:

- Ensure availability of basic postal services in all parts of the country, including tribal, hilly and remote areas.
- Provide efficient, reliable and economic service.
- Provide value-added services according to market requirement.
- Modernise the services to handle the growing volume of work with efficiency and thereby enhance customer and employee satisfaction.
- Be a forward-looking organization, and
- Generate more resources and improve financial performance.

II. Implementation Status of Recommendations contained in the Sixteenth Report of the Committee on Demands for Grants (2005-06) of the Department of Posts

5. The Standing Committee on Information Technology presented their Sixteenth Report on Demands for Grants (DFG) relating to the Department of Posts for the year 2005-06 on 21st April, 2005. The Twenty-Sixth Report on Action Taken by the Government on the recommendations contained in the Sixteenth Report on DFG (2005-06) was presented to Lok Sabha on 23rd December, 2005. Out of 39 recommendations, 23 recommendations (Recommendations at Sl. Nos. 111-112, 114, 118, 120, 122-125, 127-135, 140-142, 147-148) were accepted by the Government. The Committee did not desire to pursue 13 recommendations (Recommendations at Sl. Nos. 110, 117, 119, 121, 126, 136-139, 143-146) in view of the satisfactory reply given by the

Government. The replies of the Government in respect of recommendations at Sl. Nos. 113, 115 and 116 were not accepted by the Committee. The Committee reiterated these recommendations in their Twenty-Sixth Report. The Twenty-Sixth Report was sent to the Ministry for furnishing Action Taken Statement on the recommendations made by the Committee. Subsequently, the Minister made a statement in Lok Sabha on 26 December, 2005 regarding the status of implementation of the recommendations contained in the 16th Report of the Committee on Demands for Grants (2005-06) under Direction 73A of the Directions by the Speaker, Lok Sabha. The information made available to the Committee in regard to implementation of recommendations made in their Report has been critically analysed and is appended in the form of *Annexure-I*.

III. Budgetary Analysis

(i) Demands for Grants for 2006-2007

6. The Department of Posts have presented Demand No. 13 for Grants to Parliament for the year 2006-2007 on 13 March, 2006 as under:

Postal Service—Demand No. 13

(Rupees in crore)

		Revenue	Capital	Total
Voted	Plan	31.53	364.77	396.30
		5.51*	17.19	22.70
	Non-Plan	6496.60	4.01	6500.61
	Total	6533.64	385.97	6919.61
Charged	Plan	—	—	—
	Non-Plan	0.05	—	0.05
	Total	6533.69	385.97	6919.66

*Allocation of North-Eastern Region.

7. It is observed that out of the proposed Annual outlay for the year 2006-07 of Rs. 6919.61 crore. Plan outlay being Rs. 419 crore and Non-Plan outlay being Rs. 6500.61 crore.

8. The Summary of Demand for Grants 2006-07 as compared to previous years as submitted by the Department of Posts are given in following table:—

(Rupees in crore)

	Actuals 2003-04	Actuals 2004-05	B.E. 2005-06	R.E. 2005-06	B.E. 2006-07	%age inc/ dec of Col. 5 over Col. 3	%age inc/ dec of Col. 6 over Col. 5
Revenue Section							
Gross Expenditure	5736.06	5964.54	6274.59	6236.06	6528.18	6.06%	3.20%
Deduct: Recoveries	103.91	150.85	111.25	133.60	155.75	-11.44%	16.58%
Net Expenditure	5632.15	5813.69	6163.34	6192.46	6372.43	6.52%	2.91%
Postal Receipts	4256.93	4431.85	4713.70	5046.70	5998.71	13.87%	-0.95%
Deficit	1375.22	1381.84	1449.64	1145.76	1373.72	-17.08%	19.90%
Provision for North East Region under M. Head 2552	0.00	0.00	5.27	5.50	5.51		0.18%
Capital Section							
Gross Expenditure	48.36	126.29	308.23	350.66	368.78	177.66%	5.17%
Deduct: Revenue	0.00	0.00	0.00	0.00	0.00		
Net Expenditure	48.36	126.29	308.23	350.66	368.78	177.66%	5.17%
Provision for North East Region under M. Head 4552	0.00	0.00	9.96	16.79	17.19		2.38%

(ii) Revenue Section (Gross Expenditure)

9. It is observed from the above table that the Gross Expenditure of the Department of Posts from the year 2003-04 to 2006-07 is constantly increasing year after year *i.e.*, from Rs. 5736.06 crore in 2003-04, Rs. 5964.54 in 2004-05 Rs. 6326.06 (RE) and Rs. 5174.23 crore (Actual Jan., 2006) in 2005-06 to Rs. 6528.18 crore which is anticipated gross expenditure for the year 2006-07. The Committee wanted to know the reasons for the increasing trend in gross expenditure over the years from 2003-04 to 2005-06. The Department in their written reply stated as under:

“As far as Gross Expenditure of the Department of Posts from year 2003-2004 to 2005-06 is concerned, it is a fact that the expenditure has shown a rising trend. The rise in expenditure has

been largely due to expenditure incurred on mandatory items such as salaries, pensionary charges and also due to normal increase in DA and merger of 50% DA with basic pay. Based on the trend of expenditure during the previous years, projections to the tune of Rs. 6326.06 crores have been made in Revised Estimate 2005-06."

10. In this connection, the Committee desired to know the steps taken to check the growing tendency of expenditure during the last four years. The Department submitted the following:

"The Department of Posts is making concerted efforts to control expenditure by not only reducing its staff strength thereby curtailing the establishment expenditure, but also by observing economy measures strictly on the basis of guidelines issued by the Ministry of Finance (MoF) from time to time. Also the expenditure is being monitored and reviewed on a monthly basis at the level of Secretary (Posts). Though the total expenditure of the Department has been increasing, the actual scope for controlling the expenditure in the Department of Posts is limited to only 3 to 5% of the total expenditure as 90 to 95% of the expenditure is on mandatory items such as pay and allowances, pensionary charges and conveyance of mails etc."

11. The cost of postal services were increasing steadily due to dependence on manual operation and rising cost of manpower. The Committee wanted to know the steps taken by the Government to bring down the expenditure and generate additional resources in the coming years. The Department of Posts in their reply informed as under:

"It is a fact that the operation of the Department of Posts is predominantly labour intensive and most of its expenditure is on wages and salaries. This expenditure is continuously increasing with increase in dearness allowances to Central Government Employees from time to time. Consequently, the operation cost of providing the Postal services are going up. In recent years, Department has initiated computerization of its various activities, which is expected to result in reduction of operational cost and generation of additional resources in years to come. The Department has also embarked on a strategy to use technology in order to face, the challenge of rising cost of manpower and also to provide better customer services. The department is implementing a total computerization plan scheme in the Tenth Five Year Plan. The major thrust in this is for computerization of large post offices,

administrative and account offices. Substantial progress has already been made in computerization till date. This plans scheme will enable the Department to provide better customers services through multi purpose counter machines (MPCMs) at single counters providing multiple functions. A National Data Centre is being set up to network all these computerized offices. Computerization and networking of above post offices will help to introduce various e-enabled services to generate additional revenue for the Department. Costs of operations will also decrease as there will be single point data entry. The department will be setting up two Automatic Mail Processing Centers (AMPCs) at Delhi and Kolkata which will sort the letters using the latest sorting machines at a very high speed. These machines will help to process mails faster and existing manpower will be rationally and optimally utilized.”

(iii) Recoveries

12. The Department of Posts is paid agency charges for the services rendered on behalf of other Ministries/Departments. Agency charges recovered by the Department of Posts from the period 2002-03 to 2006-07 given in Budget Brief is stated to be Rs. 102.10 crore in the year 2002-03, Rs. 103.91 crore in 2003-04, Rs. 150.85 crore in 2004-05, Rs. 133.60 crore (RE) 2005-06 and Rs. 155.75 crore is the estimated recovery proposed for the year 2006-07.

13. From the statement furnished by Department of Posts, it can be seen that the recovery has a steady growth over the years *i.e.*, from Rs. 102 crore in 2002-03 to Rs. 133.60 crore in 2005-06. The Committee, desired to know the details of action plan chalked out by the Department to maximize the recovery of agency charges from the Ministries/Departments/Organisations. In their written reply, the Department submitted the following:

“The recoveries on account of PLI/RPLI forms approximately more than 65% of the total recoveries of the Department of Posts. For generating additional resources for PLI/RPLI Children Policy has been introduced *w.e.f.* 20.2.2006 and proposal for Accident Policy is under examination. A roadmap for PLI/RPLI has been fixed for increasing revenue in PLI and RPLI by 23.5% and 50% every year respectively. It is an on-going dialogue with Department of Telecom at the highest level to speed up recoveries of pending amount such as telegram charges and commission on account of Department of Telecom pension etc. During the year 2005-06 substantial amount has been recovered on account of Commission on Telecom Pension.”

14. In this context, the Committee desired to know the details of pending amount with the Ministries/Departments/Organisations. The Department of Posts submitted the details of agency charges pending recovery from various Ministries/Departments as under:

EPF	Rs. 12.32 crore
CMPF	Rs. 8.28 crore
Railways	Nil
DOT/BSNL	Rs. 100.00 crore (approx) (on account of telegram charges)

(iv) Revenue Receipts

15. The Revenue Receipts of the department of Posts for the period from 2002-03 to 2006-07 is stated to be Rs. 4009.65 crore in 2002-03, Rs. 4256.93 crore in 2003-04, Rs. 4431.85 crore in 2004-05, Rs. 5046.70 crore (RE) and 2179.38 crore (actual up to Jan, 06) in 2005-06 and Rs. 4998.71 crore are estimated for the year 2006-07. When asked about the reasons for slow growth in the revenue receipts, the Department of Posts explained as under:

“The revenue receipts of the Department has increased to Rs. 247.28 crore and Rs. 174.92 crore in 2003-04 and 2004-05 respectively as compared with the preceding years. The slow growth of the revenue is due to competition with private agencies such as private couriers in the market and introduction of the Hot mail/e-mail through internet facility. One more reason is that tariff of postal items such as post cards, registered newspapers, book packets, money orders etc., has not been revised since last few years.”

16. Asked about the steps taken to increase the revenue receipts, the Department of Posts stated as under:

“The Department has been continuously taken measures to improve this performance and revenue generation by introducing premium products like Speed Post, Express Parcel, Post, Media Post, e-post etc. Computerization of Speed Post centers, Fee pick up facility, door to door delivery, internet base track & trace, Credit facility, state Speed Post centers, national Speed Post centers etc. are being provided to improve the quality of performance and revenue generation. Revenue from premium products is also stated to be

growing at a steady rate of about 30% per annum. The Department is also seeking to optimally utilise the existing manpower by redeploying them to meet the emerging work requirement. Monthly review of expenditures as well as Revenue Receipts is also being carried out at Secretary level and economy instructions issued by the ministry of Finance time to time are being followed strictly to arrest the deficit of the Department of Posts.”

(v) Revenue Deficit

17. The Revenue Deficit of the Department of Posts for the years 2002-03 to 2004-05 respectively was Rs. 1364.40 crore, Rs. 1375.22 crore and Rs. 1381.84 crore. A sum of Rs. 1145.76 crore (RE) (excluding provision of Rs. 5.50 crore for NE Region) and Rs. 2974.46 crore (actual up to Jan., 06) was mentioned in the Budget Brief for the year 2005-06 and an amount of Rs. 1373.72 crore (excluding provision of Rs. 5.51 crore for N.E. Region) is anticipated for the year 2006-07. However, in regard to the revenue deficit, the Secretary, Department of Posts during the evidence stated as under:

“For the year 2005-06, we projected a deficit of Rs. 1,151.26 crore, the present projection is Rs. 989.72 crore. It is because basically the main component is postal revenue, through the sale of stamps as cash as well as that of money order, etc. The second thing is saving bank and cash certificate for which we get remuneration from the Ministry of Finance. Apart from that, the contribution of postal life insurance and various services like Western Union Money Transfer, etc. to the revenue is recovered in the form of recoveries against working expenses. In all these things, the present position is that instead of Rs. 1,151.26 crore of deficit, we expect, we are going to end up with Rs. 989.72 crore of deficit. It is for the first time, for many years that it is lower than Rs. 1,000 crore.”

18. When asked about the reasons for the growing trend of revenue deficits year after year, the Department of Posts in their written reply informed the following:

“The revenue deficit of the Department has been Rs. 1364.40 crore, Rs. 1375.22 crore, Rs. 1381.84 crore, Rs. 1145.76 crore (Revised Estimate) and Rs. 1373.72 crore (Budget Estimate) during the years 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07 respectively and actual deficit up to January 2006 for the year 2005-06 has been

Rs. 2974.46 crore which is much higher than the Budget Estimate projections of Rs. 1373.72 crore. The deficit of the Department of Posts for the last three years has been increasing marginally from year to year. The reasons for growing trend of revenue deficit from the year 2002-2003 onwards due to increasing trend of working expenses on year to year basis. Main factors are normal increase in DA and merger of 50% DA with basic pay as about 90% of working expenses relate to establishment costs. As regards high revenue deficit up to January 2006 is concerned, the same is due to non adjustment of recoveries of about Rs. 113.21 crore mostly from PLI/RPLI and revenue receipts on account of remuneration on Savings Bank/Savings Certificate work of Rs. 2318.12 crore. These are adjusted at the end of the financial year while closing the accounts”.

19. The Committee enquired about the efforts made to reduce the deficit. In reply, the Department of Posts stated as under:

“The Department is making all efforts to reduce the revenue deficit, apart from increasing revenues/recoveries from agency functions like PLI/RPLI and remuneration from SB/SC work. It was also stated that the Technology division has been introduced to bring better technology to save on establishment cost. Further the operation branch and FS division is introducing new products/ services for additional revenue for the Department. Revenue from Premium Products has been growing at a steady rate of about 30% per annum.”

20. Clarifying the position further, the Secretary, Department of Posts during evidence stated:

“The pension is a big component which has been growing. We have the workforce where the recruitment process we have cut down to a great extent. But the aging workforce, a large number of people are going on pension. The railways and India Post only, I understand, we are carrying the pension burden on our budget. In other Departments the pension burden is taken by the Ministry of Finance. We have been carrying it here, if that is taken care of, we will automatically come from the red to black.”

He further stated that in this respect India Post should be treated like other Departments. In this connection, the Department of

Posts also placed the following points for consideration by the Committee:

- (i) Imposition of Service Tax on DOP, where a no. of services are run under social obligation below the cost margin, will lead to further increase in the operating costs and the revenue deficit. The same needs to be made not applicable to Department of Posts.
- (ii) The imposition of Banking Cash Transaction Tax on DOP which runs a no. of agency functions for the ministry of Finance, has a direct impact on its deficit. This tax also needs to be removed.
- (iii) The rate of annual hike in remuneration of SBCC work is being given only to the tune of 4.25% to 3.88% for the last two years whereas the committee constituted by Ministry of Finance it self had recommended a rate of 10% hike annually.

21. The Committee further observed that the revision of postal rates has not been keeping pace with the steadily rising cost of operation. The Committee, therefore, enquired whether the revision of postal rates will help in bringing down the revenue deficit, the Department of Posts in their reply have submitted the following:

“It is a fact that the revision of the rates of postal products is not keeping pace with the steadily rising cost of operation. Being labour intensive the cost of the operation is increasing steadily due to increase in recurring dearness allowances. On the other hand the tariff of the services is not increased due to certain limitations. In other cases the rates can be revised under the rule making power of the Government provided in the Post Office Act, 1898. However by general convention the rates for all postal services are revised during the period of Parliament Session. The Department of Posts also renders number of other services on behalf of other departments. The rates for such services are generally determined in mutual consultation and also by costing experts group. These agency services are provided by the Department without any profit margin. In view of the above limitations of the Department the efforts are on to reduce cost by reducing the establishment costs and technology induction and promoting premium products by better pricing and marketing”.

(vi) Funds allocation and utilization for North Eastern Region

22. A statement showing details of Fund allocation and utilization for North Eastern Region in the Xth Plan Period are given below (Table):—

Details of Plan fund allocation and utilisation in the North Eastern region in the X Plan Period

Sl.No.	Activity	Funds allocated for North East							Funds Utilised by North East			% of funds utilised over allocation	
		2002-03	2003-04	2004-05	2005-06	2006-07	2002-03	2003-04	2004-05	2002-03	2003-04	2004-05	
1	2	3	4	5	6	7	8	9	10	11	12	13	
1.	Expansion of Postal Network	0.28	0.21	1.40	2.95	2.97	0.08	0.21	0.20	28.50	100.00	14.28	
2.	Computerisation of Post offices (installation of MPCMs), Accounts and Administrative offices and Software Development	0.09	3.40	2.91	4.00	9.60	0.00	0.00	1.93	0.00	0.00	66.32	
3.	Computerisation & Networking of Mail Offices	0.63	0.00	0.39	0.06	0.60	0.00	0.00	0.00	0.00	0.00	0.00	
4.	Upgradation of Customer Care Centre	1.00	1.00	0.00	0.00	0.00	0.00	0.19	0.00	0.00	19.00	0.00	
5.	Modernisation and Upgradation of VSAT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

1	2	3	4	5	6	7	8	9	10	11	12	13
17.	e-Post	0.05	0.06	0.07	0.02	0.05	0.09	0.01	0.00	180.00	0.00	0.00
18.	e-Billpost	0.00	0.00	0.02	0.01	0.05	0.00	0.00	0.00	0.00	0.00	0.00
19.	New Product sand Services including development of Financial Products	0.30	0.14	0.29	0.25	0.17	0.00	0.00	0.02	0.00	0.00	6.89
20.	Computerisation of International Mail Processing	0.00	0.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
21.	Improvement in quality or services			0.23	0.00	0.00			0.00			0.00
22.	Aircraft purchase for North East					0.05						
22.	Miscellaneous								0.27			
	Total	15.00	8.98	9.96	15.23	22.70	2.53	3.91	4.24	16.86	43.54	39.86

23. It can be seen from the table furnished by Department of Post that funds to the tune of Rs. 15.00 crore, Rs. 8.98 crore, Rs. 9.96 crore, Rs. 15.23 crore and Rs. 22.70 crore has been allocated to N.E. Region in the years 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07 respectively whereas the expenditure was to the tune of Rs. 2.53 crore, Rs. 3.91 crore and Rs. 4.24 crore in the years 2002-03, 2003-04 and 2004-05. Therefore, the percentage of funds utilized over allocation was less than 35 percentage on an average.

24. The Committee enquired about the reasons for under-utilisation of budgetary allocations over the years and the steps taken or proposed to be taken by the Department to ensure that budgetary allocation provided for the head would be utilised fully in future. The Department of Posts in their reply stated as under:

“It is pertinent to mention that in relevant schemes and activities, a suitable allocation has been made for the NE component, under Capital and Revenue heads. Monitoring of implementation of plan activities will be continued in 2006-07 to ensure full utilisation of the allocation for 2006-07.”

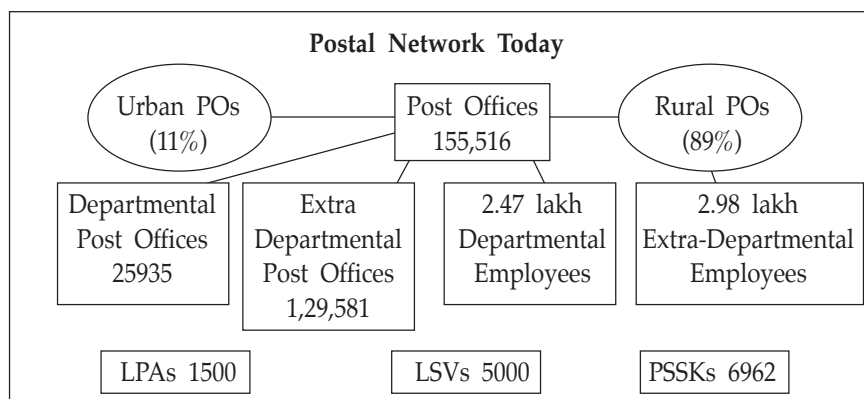
25. Further, to a query about the 100 Branch Post Offices proposed to be opened in the North-East region the Secretary, Department of Posts during the evidence informed as under:—

“I have specifically called all the Directors in the North Eastern States for a meeting on 3rd at Shillong; officers from Arunachal Pradesh, Mizoram, Nagaland, etc. are expected to attend. We are having a specific meeting for the North-East. Issues relating to the North East will be definitely discussed with them and we will definitely improve the quality of it. In fact, we never knew that this issue is going to be raised here; but on North-East, we have already called a special meeting; we will try to set it right; I will try my level best to solve the problems to the best of my ability.”

It was further stated that the Department of Posts are taking steps for improvement in the transportation of mails through computerization of Mail offices/Registration centres and the possibility of leasing of aircraft is also being examined especially to tackle the problem related to conveyance of mail in the North Eastern States.

IV. Expansion of Postal Network

The following Graph shows the present scenario of Postal Network:—



26. Considering the huge network of the Department, the Committee enquired about the financial performance of POs, BPOs, EDBOs. The Department of Posts in their reply explained as under:

“The urban network, which comprises 11% of the total network, is expected to be financially self-sufficient and earn 5% profit after the first year, as per norms. However, a one time review of all single and double handed post offices undertaken in 16 cities in 2002, showed that over 55% of these urban post offices are incurring loss.”

27. The Committee observed that there were no physical targets for opening of BOs, DSOs from the year 2004 onwards, when asked about the reasons for the same, the Department of Posts in their reply stated as under:

“Policy directives of the 10th Plan require the Department to consolidate its network and to become self-sufficient and Post Offices are now being opened in those locations where there is demand and justification mainly by way of relocation from other areas where existing post offices are not justified as per the norms of the Department. Postal Circles have been empowered to identify such locations/post offices and to cater to the postal requirements by relocation/merger of post offices, without in any way affecting the access to postal facilities in any area.”

28. When the Committee enquired about the requests pending for opening of EDBO and DSO in various circles in all the States/Union Territories, it was informed that there were 311 proposals pending for opening of Post Offices in February, 2006 throughout the country.

29. The Committee wanted to know as to whether any survey had been conducted by the Department to assess the need of opening EDBOs in the country. The Department of Posts in their reply stated that they have the mechanism to examine the justification for opening of post offices in the Circles. Proposals received for opening of post offices are also examined in terms of the norms. Thereafter, post offices would be provided at justified locations.

30. The Department of Posts in their written reply have further informed that the proposal for opening of post offices during the 11th Plan period has not yet been finalized. However, the approach would be to increase access to postal facilities mainly by rationalizing the network with provision of low cost options.

V. Improvement of Quality of Services

31. A new plan scheme was introduced in the Tenth Five Year Plan from 2004-05 onwards with the objective of improving quality of service of letter mail. A sum of Rs. 4.835 crore has been earmarked for a period of 3 years. The Budgetary provision for 2004-05 was Rs. 2.34 crore to undertake the activities like implementation of the e-MARIA software of security of Mail, supply of high quality stamp cancellation machine and date stamping equipment on mail and integrated quality control programme to cover all 20 offices. But the target for the activities was not achieved.

32. The Committee wanted to know the reasons for non-achievement of targets during 2004-05. The Department of Posts in their written reply stated as under:—

“The reasons were two-fold: non-finalization of the Integrated Quality Control Programme (IQCP) project and delay in obtaining of Administrative Approval and Expenditure Sanction (AA&ES). The IQCP project was decided to be deferred; AA&ES was obtained on 9.2.2005 and by that time it was very late to go ahead with the implementation of the remaining two projects. Hence the time schedules of the QSF are to be dovetailed with the Annual Plan and financial year time schedules. This sometimes is the cause of delay. Moreover, non-finalization of the IQCP project and delay in obtaining of AA&ES were other reasons for delay.”

33. In regard to time frame for completion of projects, the Department of Posts stated that the projects would be completed within the time frame given in the project proposals as under:—

- e-MARIA — 6 months from the date of approval.
- HQSCM — 10 months from the date of approval.

34. In this connection, the Committee enquired as to whether the delay in the approval of the schemes affected the quality of services being provided by the Department of Posts. The Department of Posts in their reply informed as under:

“No the machines are intended to bring in further improvement in the quality of service which Department of Posts is providing. Close monitoring is being done currently through other available manual systems to ensure quality of service.”

VI. Mechanization/Modernization of Mail Movement

35. Financial outlay for the Xth Five Year Plan for the scheme is Rs. 21.00 crore. An amount of Rs. 0.30 crore, Rs. 12.76 crore, Rs. 0.05 crore and Rs. 1.86 crore was allocated in the RE for the years 2002-03, 2003-04, 2004-05, 2005-06 respectively whereas the actual expenditure was nil in 2002-03, Rs. 12.59 crore in 2003-04, Rs. 0.04 crore in 2004-05 and Rs. 0.09 crore upto 31.1.2006. Only 4 mail motor vehicles were purchased in 2003-04 and 26 mail vehicles and 18 two wheelers and 36 three-wheelers in 2005-06.

36. The Committee wanted to know the reasons for less expenditure over the years, the Department of Posts in their written reply stated:

“A ban on procurement of vehicles issued by Ministry of Finance was in force. The matter was successfully taken up with the Ministry of Finance for relaxation of ban which was obtained on 12.12.2005.”

37. The Committee desired to know the reasons for the purchase of 26 mail motor vehicles and 18 two wheelers and 36 three wheelers without any target for the year 2005-06, the Department of Posts in their written reply stated that Ministry of Finance *vide* ID No. 1957/P&CW/2005 dated 12.12.2005, relaxed the ban for procurement of 26 MMS vehicles, 26 Mopeds and 36 Three-wheelers, therefore, the supply order for procurement of the above-mentioned vehicles was issued.

38. The total strength of Mail vehicles of the Department of Posts is stated to be as under:

Vehicles	—	1175
Three-wheelers	—	37
Two-wheelers	—	165

39. When enquired whether the number of vehicles was sufficient for their smooth functioning it was informed that the number of vehicles in the Department of Posts was not sufficient and the proposals for increasing the vehicles for NE Region alongwith others were under examination.

VII. Decline in Mail Volume

40. The Committee observed that there was a decline in mail traffic from 9094.07 million in the year 2002-2003 to 8635.23 million in the year 2003-04 and further to 7360.36 million in 2004-05. Comparative chart of mail volume from 2002-03 to 2004-05 is given below:

	(in millions)		
Category of mail	2002-03	2003-04	2004-05
Unregistered	8871.65	8421.6	7146.19
Registered	222.42	213.6	214.18
Total	9094.07	8635.2	7360.37

41. In this connection, the Committee desired to know the reasons for sharp decline in Mail volume over the years. The Department in their written reply submitted that the reasons for decline in mail volume over the years was due to advancement of alternative communication media like E-mail, telephone, mobile and internet services, and the services provided by private couriers to the public.

42. The Committee, therefore, enquired as to whether the mail traffic handled by the Department of Posts was commensurate with the requirement of huge population of India. The Department of Posts in their reply stated as under:

“To meet customer expectations, the Department of Posts have comprehensively inducted technology to manage different operations and to enhance its efficiency.

In this connection, computerization of Registration Sorting Centre and modernization of Mail Offices is underway since 1995-96. Besides, two Automatic Mail Processing Centres have been set up at Mumbai & Chennai. Two more APMC are proposed to be set up at Delhi & Kolkata in Tenth Five Year Plan. Special attention is proposed to be given to Business Mail in the XI Five Year Plan to exploit the full potential in this regard. A comprehensive plan

for improving quality of service in mail, parcel and Speed Post operations having latest technology is also under formulation. Study has been done by the Department of Posts to ascertain the total mail traffic in India. An annual enumeration is being done to work out the total mail handled by the Department.”

43. As regards the steps taken by the Department of Posts to achieve an efficient mail transmission network throughout the country, the Department of Posts gave the following details:

- (a) Utilization of flights of IAC and approved private airlines like Blue Dart, Jet and Sahara Airlines.
- (b) Utilization of network of Indian Railways and buses of State Road Transport Corporation.
- (c) Utilization of Departmental Mail Motor Service in major cities.
- (d) Utilization of contractual mail motor service where timings of trains, STUs buses are not suitable.

44. The Department of Posts further added that following steps have been taken to improve the on-time-delivery of the mails:

- (a) Regular monitoring of mail routing and delivery is undertaken by posting Test Letters and Trial Cards.
- (b) Progressive mechanization of delivery by providing moped to postmen for delivery work in outlying areas of big cities.
- (c) Rationalisation/restructuring of delivery, with a view to deploying adequate manpower in the expanding urban conglomeration.
- (d) Surprise checks on the delivery of mails by the supervisory staff and officers.
- (e) Live Mail Survey at regular intervals both in rural and urban areas to identify weak links and streamline the mail transmission and delivery system.
- (f) Regular co-ordination meeting with Airlines, Railway and State Road Transport Authorities to sort out problems relating to transmission of mails.
- (g) Encouraging pre-sorting of mails by the bulk mailers by providing discount in postage as an incentive.

- (h) Educating the customer for installation of mailbox on the ground floor of multi-storeyed buildings.
- (i) To cope up with the seasonal mails, separate enters with adequate manpower are opened to give expeditious handling of such mail.
- (j) Pin-codes have been in use in Department since 1971 for facilitating sorting and delivery.

VIII. Business Development Activities

The product-wise revenue growth from business development activities is shown in the following table:

(Rs. in Million)

Product of increase	Revenue in 2003-04	Revenue in 2004-05	%
Speed Post	2983.59	3541.60	18.70
Business Post	3651.14	4730.60	29.57
Media Post	57.47	63.60	10.67
Express Post	314.49	377.00	19.88
Retail Post	336.50	505.00	50.07
Greeting Post	3.95	4.20	6.33
Other Business Services	125.39	311.40	148.35
Total	7472.53	9533.40	27.58

45. The Department of Post informed the Committee that Business Post has the largest chunk of revenue generation in comparison to other products. In terms of revenue generation it is seen from the table above that Business post has 29% growth from the year of 2003-04 whereas the speed post has a growth rate of only 18%. The Committee, enquired about the reasons for only 18% increase in the Speed Post services. The department of Posts in their written reply informed as follows:

“In a study by Kurt Salman & Associates (KSA), it was projected that the Express Market would grow at an average annual rate of 17.5%. The average annual growth rate of Speed Post has been about 23.98%. The growth in 2004-05 over the previous year has also been 18% which is in tune with the projected growth of the

market. However, the department is continuously trying to provide value additions in the form of Book Now Pay Later, Information on delivery, Insurance facility, 24 hours booking facility, volume discount and is also trying to improve the quality of operations through technology induction to increase the market share of Speed Post.”

46. The Department of Post have further added that the market share of Speed Post is around 11% as per a projection made by Kurt Salmon & Associates (KSA) in their report on ‘Market Survey on Express Market’—December 2001, the details of which are given below:

(Rs. in crores)

Year	2000-01	2001-02	2002-03	2003-04	2004-05
*Total estimated Express Market	1800.00	2115.00	2485.00	2920.00	3431.00
Speed Post Revenues	151.44	196.53	243.01	298.35	354.16
Market Share of Speed Post in Express Market	8.41%	9.29%	9.7%	10.21%	10.32%

*Source: Kurt Salmon & Associates (KSA) Report on “Market Survey on Express Market-December, 2001”.

47. It has been informed that the market share of India Post is about 50% in the mail delivery market, if all mail products are put together. In this connection, the committee enquired whether the Department was satisfied with the share it holds. The Department of post in their reply stated as under:

“Constant efforts are being made by the Department to increase the market share by providing value additions for the benefit of the customers.”

48. In reply to a query about value additions the Department stated that the following value additions are being provided to the customers:

- Door-to-door deliver—where Speed Post articles are picked up from the customers’ premises and delivered at the door stop of the addressee.
- Book-now pay later facility—where regular customers do not have to make payment at the time of booking the articles. A monthly bill for the charges incurred will be sent at the end of the month.

- Guaranteed delivery—where the time taken for transmission and delivery from the day of booking the article is guaranteed. In case of failure to deliver within the guaranteed norms, refund of Speed Post charges is permissible.
- Information on Delivery—status where Information on delivery status of the article is provided on customer's request.
- Proof of Delivery—where Proof of delivery facility is available on payment of Rs. 10.00 per article.
- Insurance facility—where Insurance facility is available upto a value of Rs. 1 lakh. Volume discount—based on monthly volume of business volume discount given to regular customers.
- 24 hrs. booking facility—is available in selected offices of metro cities and large towns.
- Late Booking Facility—In most towns and commercial hubs, Speed Post booking is now accepted till late in the evening.
- Outsourcing Agents—The number of town where Outsourcing Agents for booking Speed Post articles can be appointed, has been increased.

IX. Speed Post and Retailing Activity

49. The Committee desired to know about the various innovative schemes to improve productivity and increase efficiency in the premium segment. The Department of Posts in their written reply stated as under:

“It is proposed to provide value additions to the ordinary mail as well as Speed Post service and bring out the products, currently launched as pilot projects across the country in the coming months.”

50. The details of various innovative schemes as provided by the Department of Posts are given below:

City Post

This would be a competitively priced local mail service with assured next day pre launch delivery and electronic Intimation of Delivery (IoD). The service has been introduced as a pilot project in Vijayawada, Andhra Pradesh.

Inter City Post

This would be a competitively priced inter-city mail with assured next day pre-lunch delivery and Electronic Intimation of Delivery (IOD). It has been introduced as a pilot between Chennai and Hyderabad, and also Hyderabad and Vijayawada.

Speed Post Gold

This would essentially be a premium Speed Post service between Central Business Districts of major metros and would be time sensitive with Electronic IOD facility. Dedicated arrangements for collection, transmission and delivery would be there. In case of delay, refund of premium charges would be made. The service has been introduced between the business districts of Delhi and Mumbai. It is proposed to start the service in the other Metros also shortly.

51. The Committee desired to know the details of concrete steps taken to upgrade speed post services in order to compete with the private courier services. The Department of Posts in their reply stated as follows:

“Mail variants are being introduced to satisfy the niche requirements of business customers. A Speed Post Gold Service has already been introduced between Delhi and Mumbai and would be introduced to the other Metros shortly. A number of value additions in the form of free pick-up, Book Now Pay Later, Insurance, 24 hours booking, volume discounts, etc. are being given to the customers. A scheme of Outsourcing Agents has been introduced for booking of articles.”

52. Further, the Committee enquired about the details of constraints being faced by the Department of Posts in competing against the couriers. The Department of Posts in their reply stated as under:

“As per the report of KSA, about 40 to 45% of the market is with the unorganized sector which is not regulated. The quality of service being offered and the wages which these players offer is also not regulated. And as far as the organized multi-national couriers are concerned, the high discounts being offered by these companies to big customers renders India Post uneconomical. Though, the published rates of organized couriers are higher than rates of Premium Products of Department of Posts, these companies

offer highly discounted rates to corporate. Couriers are said to offer as high as 70% discount on published rates to corporate, while keeping rates intact for retail customers. Thus, couriers have flexibility in pricing and adopt an aggressive pricing policy as per the requirement and opportunity to garner business. On the other hand, Speed Post does not have this much of flexibility being Government organization and publishing rates in Gazette of India."

53. The Committee wanted to know as to whether the Department have evolved any mechanism to interact with the public to know their reaction regarding various new services introduced. The Department of Posts in a note stated as under:

"Customer meets are carried out by all the Circles to get feedback from the customers on the various new products launched by the department. Interactions are also held with the Chambers of Commerce to find out the requirements for business and also appraise them about the new products of the department. Market surveys are also carried out for the same."

54. On being asked about the retailing activities done, the representatives of Department of Posts explained during evidence as under:

"In the case of retail services, apart from retailing our own products and services through this network of 1,55,516 post offices, we have a wide range of retail services for which we offer our network to other organizations such as utility bills, application forms of UPSC and various universities which require to sell application forms over the counter. The post office is a viable counter that is offered. We do data verification for Election Commission of India and the Registrar General of India. As the Secretary has already mentioned, we are now the front end of the Government of India for receiving applications under the Right to Information Act. Post offices are identified as knowledge centres if technological support provided such as the NE where we have about 77 community information centres, and there are different levels of utilization depending on the local population's requirement over there. All the Chief Secretaries of the States have also been requested to utilize the strength of the postal network for various retail services that they would like to have carried out for the State Government through post offices. Interest has been expressed."

55. On the same subject the representative of Department of Posts further added:

“There are tie-ups with other organizations for money transfer, for mutual funds, and for retailing of Government securities. For instance, we have tie-ups with ICICI, Oriental Insurance Company, Western Union etc. for various financial services.”

X. Automatic Mail Processing Centres (AMPCs)

56. An outlay of Rs. 71.05 crore was approved for the X Plan for setting up of 2 AMPCs at Kolkata & Delhi. Out of which a sum of Rs. 11.15 crore has been spent in 2002-2003 solely from spill over expenditure from the Ninth Plan. A sum of Rs. 0.60 crore in 2003-04 is stated to be spent as committed expenditure on modifying the buildings to house AMPCs and Rs. 0.15 crore was spent in 2004-05. Now for the year 2006-07 Rs. 59.00 crore is earmarked for the setting up of two centres. Considering the importance of the project the Committee in their previous reports has repeatedly expressed their concern over the delay in opening of AMPCs.

57. When asked, about specific reasons for the delay in implementation of such important projects, the Department of Posts in their reply stated as under:

“The Expenditure Finance Committee (EFC) have approved setting up of two AMPCs at Delhi and Kolkata and the global tender for the same is expected to be floated shortly. In the EFC approval, there is a building component for both the sites at Delhi and Kolkata. Major building works have been completed and once the Tender is finalized the residual finishing will be taken up in consultation with the approved vendor. Both the projects are expected to be completed by March, 2007.”

XI. National Data Centre

58. The Department of Posts stated that out of the proposed Rs. 10 crore for setting up of National Data Centre for the year 2002-03, funds to the tune of Rs. 5 crore was received which was further reduced to Rs. 0.20 crore at the RE stage. A sum of Rs. 0.50 crore was earmarked for 2003-04 and Rs. 4 crore for the year 2005-06. But there was no expenditure, as the scheme was not approved by the competent authority.

59. When asked about the specific reasons for the delay in implementation of such an important project. The Department of Posts in their reply stated as under:

“The Plan project for computerization of Post Offices was approved in January, 2004 and thereafter the implementation began. This target has more or less been achieved. The Standing Finance Committee for setting up of the National Data Centre has approved the project and it is proposed to be set up in National Informatics Centre (NIC), New Delhi with Rs. 4 crore in 2005-06 as an initial payment. The project is likely to be completed by March, 2007.”

XII. Online Postal Services

60. For facilitating online postal services the Department of Posts have introduced the official web site *viz. www.indiapost.gov.in*. The site is accessible to all members of the public and can be accessed on 24x7 basis. The web site is being hosted at National Informatics Centre (NIC) Headquarters New Delhi. The web site is maintained by the Software Development Centre, PTC Mysore under the administrative control of the Department. The expenditure incurred is met from the overall budget allocated to PTC, Mysore.

61. Giving details of online postal services offered by the Department of Posts, the Department furnished the following details:

- (a) **E-post** : This is an internet based value added service to bridge the digital divide. Through e-post, electronic messages are booked at any post office in the country and downloaded at an identified post offices and delivered to the recipient. E-post also offers customers the opportunity to send messages to multiple destinations from the single source.
- (b) **e-bill post**: Through e-bill post customers can pay their utility bills at one window through post office counters. This service can be availed at computerized post office in the country.
- (c) **Customer Care Centres**: The Department has established a web based system for handling grievances which facilitates customers to register their complaints online at its official web site *www.indiapost.gov.in*.
- (d) **Track and Trace system for Speed Post articles**: The department introduced the Speed Post track and trace system, with a view to increase the quality of service to its customers, through on-line tracking of articles.

- (e) **Instant-Money Order Transmission:** This Department has started a web based i-money order service to its customers, whereby money orders booked at post offices can be received for delivery at designated post offices within a very short time.

62. When asked as to whether any studies were conducted by the Department of Posts to identify the problem areas like efficiency rate of the mail etc., the following details were given by the Department:

“Test letters are posted at prescribed level both at the Circle level and the National level to systematically study the shortcomings in sorting, transmission and delivery of mail. Moreover, norms have been laid down for delivery of mail in the country keeping in view available modes of transport. Through technology induction, the Department is improving its quality of service and introducing value added e-enabled services.”

63. The Committee wanted to know the major challenges faced by India Post, the Department of Posts in their reply stated as under:

“India Post today faces challenge of alternative means of communications such as e-mail and courier services. To face this challenge India Post has started an ambitious plan scheme in the Tenth Five Year Plan for Total Computerization and Networking of large post offices, administrative offices and account offices. The department is also in the process of establishing a National Data Centre which would create a centralized database accessible to all postal units. This will facilitate effective access and data management. Through computerization and networking of offices in the Department, it will enable providing of on-line services in a networked environment. Thus technology is being utilized as a tool to provide e-enabled services such as e-post, e-bill post, track & trace for Speed Post, customer grievances and i-money order service. Further, to process mails faster in Mail Sorting Centres, the Department is setting up two Automatic Mail Processing Centres at Delhi & Kolkata. Two such Centres already exist at Mumbai & Chennai.”

XIII. Subletting Space for ATM

64. The Committee enquired about the possibility of subletting space for ATM of different banks in the Post offices considering the reach and the visibility of the Post Offices locations. The Department stated in their reply that they are examining the various possibilities like subletting space for ATMs of different Banks, possible use of such ATMs for its own Saving Bank ATM cards that could be introduced etc. However, no final decision has been taken by the Department in this regard.

XIV. Complaints and Grievances

65. The Committee desired to know the number of complaints received each year for the non-receipt of MO's/Registered letters/speed Post/Unregistered letters during the last three years and the action taken thereon. In reply, the Department submitted as follows:

"The details of number of complaints received for non-receipt of mail for each service for the last three years is as given below:

Table-A

Service	2002-03	2003-04	2004-05
Money Orders	98730	34941	59715
Registered Letters	3307	2576	2052
Speed Post	193	200	980
Un-ret'd. Letters	498	393	253

The Department enquires into all complaints received by it promptly and takes appropriate steps to settle them to the satisfaction of the customers. Corrective and preventive action is taken on the basis of the complaints received to improve the quality of services.

The redressal of complaints is a continuous process and a majority of the complaints received are settled within three months of their receipt. At any point of time majority of the pending complaints pertain to the immediately preceding period only. The break-up of pending complaints at the end of December 2005 is as follows:

Table-B

Service	Pending (on 31/12/2005)	Below 3 months	3-6 months	6-12 months	Over 12 months
Money Orders	28811	27361	1168	185	97
Registered Letters	14637	12739	1672	173	53
Speed Post	4456	3788	524	116	28
Un-ret'd. Letters	780	683	88	9	0

From the above figures it can be concluded that almost all the complaints shown in Table-A have been settled."

66. Regarding the mechanism to interact with the public and resolve their grievances, the Department of Posts further informed that:

“The Department of Posts has a well-organized grievances redressal system in place. All the Post Offices in the country receive complaints on various services offered. The complaints are enquired through a computerized system put in place at 1116 Computerised Customer Care Centres all over the country to which all Post offices are attached. A reply is given to the customer once the grievance is resolved. Long pending grievances can be taken up by the customers in Dak Adalats that are held at various levels regularly for speedy resolution.

Apart from the mechanism to resolve grievances as mentioned above, the Department has also evolved a mechanism to interact with the public to know their reaction to various services offered and also to obtain their feedback on expectations from the Department. The department has in place a body called “Post Forum” in all major Post Offices/Offices where the Citizens Charter of the Department has been implemented.

The Post Forum comprises of representatives from various customer groups in the locality served by each post office and meets regularly to assess the quality of service provided by the Post Office and comes up with suggestion for service improvement, which are implemented by the Department also obtains feedback from its customers through questionnaires sent to its clientele, telephone calls and visits by officers at various levels. These initiatives held the Department to know the reaction of the public to the services offered.”

XV. Real Estate Management

67. The Committee observed from the information furnished by the Department of Posts that they own 1851 vacant plots of land in 22 States/Union Territories of the country. In this connection, when enquired about the concrete measures contemplated by the Department for better utilization of the land to increase their revenue, the Department stated the following:

“The Cabinet Committee on Economic Affairs (CCEA) directed the department of Posts to work out a plan for commercial exploitation of vacant plots of the Department in consultation with Ministry of Finance & Department of Urban Development. Accordingly a note on setting up of a Special Purpose Vehicle (SPV) called Postal

Land Development Authority (PLDA) for development and commercial exploitation of Postal Estates was prepared. The same was approved by the Postal Services Board. The note was sent to Planning Commission for their, in principle, approval. As per the advice of Planning Commission, process to undertake a Market Survey on commercial development of land in 4 plots has been initiated. Further action will depend upon results of the survey. Remaining action may include preparation of a Detailed Project Report (DPR), which will be circulated to Ministries concerned for their comments, before submission of a final note for consideration of the Cabinet."

68. As regards encroachments on the lands of Department of Posts, the Department informed that cases of partial/whole encroachment in various circles are about 12 per cent of vacant posts, i.e. 223 plots in the various postal circles of the country.

69. When asked about the action taken to get the encroachments removed, the Department of Posts have informed that as and when such cases of encroachments come to the knowledge of field officers, action is initiated by them to remove the encroachments by approaching Police/Local authorities and courts.

XVI. Welfare of Women Employees

70. The Committee observed that presently, a large number of women are working in the postal department. They, therefore, enquired about the steps taken by the Department in regard to welfare activities like rest rooms, recreation rooms, etc., and whether sufficient budget provision has been made for them. In reply, the Secretary, Department of Posts during evidence explained as under:

"As far as the women employees are concerned, you are right that the number of women in the postal services is increasing. As you could see, I have got most of the officers here are lady officers. But the point is that where we are planning the new buildings, we try to make provisions for separate facilities including separate rooms for them. In large offices we are also trying to have creches where the children can be taken care of. Where we are renting, we are trying to find and provide these facilities. But I admit that there is a lot more that should be done for women, and we will take all efforts in this regard."

PART II

RECOMMENDATIONS/OBSERVATIONS

I. Budgetary Analysis

(i) Gross Expenditure

1. The Committee note that the gross expenditure of the Department of Posts has shown a rising trend over the years i.e. Rs. 5476.15 crore in 2002-03, Rs. 5736.06 crore in 2003-04, Rs. 5964.54 in 2004-05 and to Rs. 6326.06 (RE) in 2005-06. The anticipated gross expenditure for the year 2006-07 is put at Rs. 6528.18 crore. The Department of Posts have stated that the rise in expenditure is mainly due to the expenditure incurred on mandatory items such as salaries, pensionary charges and increase in D.A. and merger of 50% D.A. with basic pay. The Committee have further been informed that the Department of Posts are making concerted efforts to control expenditure by not only reducing staff strength but also observing economy measures strictly on the basis of guidelines issued by the Ministry of Finance from time to time. The Committee are of the view that the Department of Posts should identify specific steps which can be taken like venturing into new business areas, improving services, increasing productivity in order to maximise revenues to supplement the growing expenditure in the long run. The Committee would like to be apprised of the action taken in this regard.

2. The Committee also note that the cost of postal services are increasing steadily due to dependence on manual operation and rising cost of manpower. It is also a fact that technological growth and computerisation of various activities initiated by the Department of Posts will not only bring down the operational cost but also generate additional resources in the coming years. The Committee are of the view that the existing manpower should be rationally and optimally utilized by their suitable re-deployment instead of reducing the strength of the Department. The Committee would like to be submitted with a detailed road map in this regard.

(ii) Recoveries

3. The Committee note that the Department of Posts are paid agency charges for the services rendered by them to the Ministries/

Departments and other organisations of Government. The Department of Posts received agency charges to the tune of Rs. 102.10 crore in 2002-03, Rs. 103.91 crore in 2003-04, Rs. 150.85 crore in 2004-05 and Rs. 133.60 crore (RE) 2005-06. A sum of Rs. 155.75 crore is expected to be received on this account during the year 2006-07. The Committee find that the recoveries on account of PLI/RPLI forms approximately more than 65% of the total recoveries of the Department of Posts and for generating additional resources for PLI/RPLI, Children Policy has been introduced w.e.f. 20.2.2006 and proposal for Accident Policy is under examination. A roadmap for PLI/RPLI has been chalked out for increasing revenue in PLI and RPLI by 23.5% and 50% every year respectively. The Committee are satisfied to note that although new avenues are being explored by the Department of Posts to generate additional revenues but they are of the view that it is just a beginning and there are ample opportunities for the Department of Posts which can be explored and executed. The Committee note that with a huge infrastructure and penetration in the rural as well as urban areas of the country the Department of Posts have an added advantage which can be utilized by introducing and implementing new schemes. The Committee, therefore, recommend that apart from PLI/RPLI new proposals and schemes should be introduced at the earliest so that the recoveries are increased in line with the rate of receipts.

4. The Committee also note that a proposal for introduction of an Accident Policy is under examination of the Government. They, therefore, desire that sincere efforts should be made by the Department of Posts for early introduction of the scheme. The Committee would like to be informed about the outcome of the efforts made by the Department of Posts.

5. The Committee are constrained to note that there are huge outstandings against agency charges pending recovery from the Ministries/Departments and other organisations respectively amounting to Rs. 12.32 crore on account of EPF, Rs. 8.28 crore on account of CMPE, Rs. 100.00 crore from DOT/BSNL (on account of telegram charges). The Committee in their 26th Report (2005-2006) on Action Taken by the Government on the recommendations/ observations contained in their Sixteenth Report on Demands for Grants (2005-06) had strongly recommended that the matter of recovery of agency charges etc. should be taken up with the respective Ministries/Departments at the highest level for their expeditious recovery. The Committee feel that there is an urgent need for making concerted efforts to recover the outstanding agency

charges due to the Department. They, therefore, desire that in order to improve the financial health of the Department of Posts they should devise some innovative mechanism to make an early recovery of dues. The Committee would like to be apprised of the action taken in this regard within three months from the date of presentation/laying of Report to both the Houses of Parliament.

(iii) Revenue Receipts

6. The Committee note that the revenue receipts of the Department are mainly derived from the earnings of sale of stamps, postage realised in cash, commission on MOs/IPOs and remuneration for small savings works. The Committee also note that the Revenue Receipts of the Department of Posts were Rs. 4009.65 crore in 2002-03, Rs. 4256.93 crore in 2003-04, Rs. 4431.85 crore in 2004-05, Rs. 5046.70 crore (RE) and Rs. 2179.38 crore (actual up to Jan., 06) in 2005-06. The anticipated revenue receipts during the year 2006-2007 are Rs. 4998.71 crore. The Committee feel that there is no significant improvement in revenue receipts of the Department over the years. They are highly perturbed with the reply of Department of Posts that the slow revenue receipts is due to competition with private agencies/couriers in the market and introduction of Hotmail/e-mail through internet facility. The Committee, however, feel that the scope of revenue generation is increasing with the technological changes, as more and more new areas are opening up. They, therefore, recommend that the Department of Posts should be more receptive in accepting technological changes and also explore new avenues to maximize their revenue receipts. They also desire that Department of Posts could be well managed with high level of efficiency and productivity with prudent financial management.

(iv) Revenue Deficit

7. The Committee observe that the revenue deficit of the Department of Posts during the X Five Year Plan period was Rs. 1364.40 crore in 2002-03, Rs. 1375.22 crore in 2003-04, Rs. 1381.84 crore in 2004-05, and Rs. 989.72 crore in 2005-06. However, a revenue deficit of Rs. 1373.72 crores (excluding provision of Rs. 5.51 crore for NE Region) is anticipated during the year 2006-07. The growing trend of revenue deficit from the year 2002-2003 onwards is stated to be on account of increase in working expenses year after year. The committee are informed that the Department are making all out efforts to reduce the revenue deficit through increasing revenues/recoveries from agency functions like PLI/RPLI and remuneration from SB/SC work. Although the Committee appreciate the sincere

efforts made by the Department of Posts to reduce the revenue deficit below Rs. 1000 crore in the year 2005-06 but they are constrained to note that an amount of Rs. 1393.72 crore as revenue deficit has been anticipated by the Department of Posts during the year 2006-07. The Committee are of the view that there is an urgent need to curtail expenditure by reducing establishment costs, technology induction and promoting premium products by better pricing and marketing. They also desire that the Department of Posts should explore the possibility of utilizing the spare land available with them for earning a fair chunk of revenue to reduce the deficit of the Department.

8. The Committee note that the revision of postal rates have not been keeping pace with the steadily rising cost of operation. Section 7 of the Indian Post Office Act 1898, states that the rates for classes of postal articles and services mentioned in the 1st Schedule can be revised by amendment to the schedule by introduction of a Bill in Parliament to amend the Indian Post Office Act. Although, the Committee support the Department's concern on the rising cost of operations but they are of the view that the revision of postal rates should be made keeping in view the Universal Service Obligation of providing postal services at reasonable cost.

9. The Committee are surprised to note the step-motherly treatment being meted out to the Department of Posts by charging payments to pensioners towards operational working expense of the Department. The concern on the same was shown by the Committee in their earlier reports also and the Committee once again desire that the Department should take up the matter vigorously with the Ministry of Finance and the Planning Commission again to treat the pension payments as a separate common head as being done in the case of other Ministries. The Committee would like to be apprised of the conclusive action taken by the Department in this regard.

10. During evidence, the representatives of the Department of Posts contended before the Committee that in addition to the pension burden, certain other factors also contributed to the burgeoning revenue deficit. The Department identified these causative factors as, the imposition of Service Tax on Department of Posts, imposition of Banking Cash Transactions Tax and the Ministry of Finance's not honouring the recommendation of the Committee constituted by them for an annual hike of 10% in the remuneration for the agency services provided to them by Department of Posts. Since the Department of Posts run a number of Services under social obligation below the cost margin and also are rendering several agency functions of the

Ministry of Finance, the Committee are of the view that the points raised by Department of Posts require a deeper consideration. They trust that the Ministry of Finance will favourably look into the matter with a view to helping the premier public postal network of the country.

11. The Committee have been informed that the Department of Posts render a number of other services on behalf of other Departments and the rates for such services are generally determined in mutual consultation and also by costing experts group. These agency services are provided by the Department without any profit margin. In this connection, the Committee desire that the Department of Posts should be more flexible in negotiating prices for agency services in order to have adequate profit margin for the services provided by them to other Ministries/Departments and other Organisations so that it would help in bringing down the deficit to a certain extent.

(v) Budgetary allocation for North-East

12. The Committee note that funds to the tune of Rs. 15.00 crore, Rs. 8.98 crore, Rs. 9.96 crore, Rs. 15.23 crore and Rs. 22.70 crore were allocated to N.E. Region in the years 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07 respectively, whereas the expenditure was only to the tune of Rs. 2.53 crore, Rs. 3.91 crore and Rs. 4.24 crore in the years 2002-03, 2003-04 and 2004-05. Therefore, the percentage of funds utilized over allocation was less than 35% (approx.) on an average during the three years. The Department of Posts have not specified any reasons for the under-utilisation of budgetary allocations over the years. They have further informed that for relevant schemes and activities, a suitable allocation has been made for the NE component under Capital and Revenue heads and monitoring of implementation of plan activities will be continued in 2006-07 to ensure the full utilisation of the allocation for the year 2006-07. The Committee feel that underutilisation of funds shows lack of proper planning and foresight on the part of the Department. The Committee, therefore, would like to be apprised of the reasons for under utilization of funds over the years in the North Eastern region and desire that the schemes pertaining to the NE should not languish due to lack of proper management on the part of the Department. They would also like to emphasise that the funds allocated for the NE region should be fully and effectively utilised during the current year.

13. The Committee are highly perturbed to note that 100 Branch Post Offices which were to be opened in the North-East, have not

yet been opened. However, an assurance was given by the Secretary of the Department during evidence that the shortfall will be covered up shortly. The Committee, therefore, trust that issues like improvement of quality of schemes and opening of Branch Post Office in North-East will be rightly addressed at the earliest. The Committee would like to be apprised of the action taken in this regard.

14. The Committee are happy to note that in order to improve transportation of mails, steps like computerization of Mail Offices/ Registration Centers and the possibility of leasing of aircraft are being examined especially to tackle the problem related to conveyance of mail in the North Eastern States. The Committee, therefore, desire that these steps should be expedited and the outcome thereof reported to the Committee at the earliest.

II. Expansion of Postal Network

15. The Committee are constrained to find that review of all single and double handed post offices undertaken by the Department of Posts in 16 cities in 2002 have shown that over 55% of these urban post offices are incurring losses. Also, in the urban postal network comprising of 11% of the total network post offices which are expected to be financially self-sufficient and earn 5% profit after the first year, are incurring losses as against these norms. The Committee, therefore, desire that the Department of Posts should ascertain the specific reasons for incurring losses by these Post Offices and take suitable remedial corrective action at the earliest. They also re-emphasize the need for revamping of the postal services to stay solvent. In this connection, the Committee desire that a survey may be conducted for overing more cities to have a broader financial picture of these urban post offices and also to know as to how effective human resources can be utilized to gain maximum returns.

16. The Committee note that Postal Circles have been empowered to identify such locations/post offices where existing post offices are not justified as per the norms of the Department and also to cater to the postal requirements by relocation/merger of post offices, without affecting the access to postal facilities in any area. In this context, the Committee will like to put in a word of caution to the Department of Posts to carefully assess the relocation or merger of post offices so that ordinary customers do not have to walk long distances for the basic postal services in the country.

17. The Committee find that number of demands pending for opening of Extra Departmental Branch Offices (EDBO) and Departmental Sub Offices (DSO) in various circles in all the States/ Union Territories are 311 as on February, 2006. In this connection, they are constrained to note that the proposal for opening up of new post-offices during the XIth Plan has not yet been finalised. They wonder as to how the Department would be able to meet the demand of opening up of 311 new post offices. Although the Committee appreciate the approach of the Department to increase access to postal facilities mainly by rationalizing the network and provision of low cost option but are anxious as to how the problem of opening of new post offices will be solved by the Department of Posts. The Committee, therefore, desire that the Postal Department should rightly address the needs of postal facilities in the faster growing parts of the country and take decisions accordingly to cater to the postal needs of these areas. The Committee would like to be apprised of the detailed action taken in this regard at the earliest.

III. Improvement of Quality of Services

18. The Committee note that a Budgetary provision of Rs. 2.34 crore was made for the year 2004-2005 to undertake the activities like implementation of the Mathematical Analysis by Route of Irregularities in Main (e-MARIA) software of security of Mail, supply of High Quality Stamp Cancellation Machine (HQSCM) and date stamping equipment on mail and Integrated Quality Control Programme (IQCP) to cover all 20 offices. However, the prescribed targets have not been achieved so far. The Committee are not convinced with the reasons of non-finalization of the Integrated Quality Control Programme (IQCP) project and delay in obtaining of Administrative Approval and Expenditure Sanction (AA&ES), which were adverted by the Department of Posts for not achieving the targets. The time frame work in completion of the project MARIA is 6 months from the date of approval and HQSCM is 10 months from the date of approval. The Committee are not satisfied with the reply of the Department that the delay in the scheme has not affected the quality of services being provided by the Department of Posts. The Committee, therefore, recommend that the approval for the projects should be taken up at the earliest and completed within the stipulated time. The Committee hope that the introduction of MARIA and HQSCM schemes will help in providing affordable, high quality mail service to the people at large in the country.

IV. Mechanization/Modernization of Mail Movement

19. The Committee note that for the Mechanization/Modernization of Mail Movement Scheme the financial outlay for the Xth Plan period was Rs. 21.00 crore. An amount of Rs. 0.30 crore, Rs. 12.76 crore, Rs. 0.05 crore and Rs. 1.86 crore was kept in the RE for the years 2002-03, 2003-04, 2004-05 and 2005-06 respectively, whereas the actual expenditure was nil in 2002-03, Rs. 12.59 crore in 2003-05, Rs. 0.04 crore in 2004-05 and Rs. 0.09 crore upto 31.1.2006. Only four mail motor vehicles were purchased in 2003-04 and 26 mail vehicles and 18 two wheelers and 36 three wheelers in 2005-06. According to the Department, the reason for less actual expenditure over the years is due to the ban imposed by the Ministry of Finance on procurement of vehicles. The Committee note that the total fleet strength of Mail vehicles with the Department of Posts are 1175 vehicles, 37 three wheelers and 165 two wheelers which according to them is not sufficient. The Committee are happy to note that the matter of purchasing of new vehicles was pursued by the Department of Posts with the Ministry of Finance for relaxation of ban and the same has been obtained for procurement of 26 MMS vehicles, 26 mopeds and 36 three wheelers. The Committee trust that the process of mechanization/modernisation of mail movement will be vigorously pursued with a view to improving the quality of postal service in the country.

V. Decline in Mail Volume

20. The Committee note that there is a decline of mail traffic from 8635.23 Million in 2003-04 to 7360.36 Million in 2004-05. The decline in mail traffic over the years has been attributed to advancement of alternative communication media like E-mail, telephone, mobile and internet services and the services provided by private couriers to the public. To meet customer expectations and to exploit the full potential a comprehensive plan for improving quality of service in mail, parcel and Speed Post operations having latest technology is stated to be under formulation by the Department of Posts. The Committee observe the fact that more and more customers are turning to electronic form of communication and letter carriers are bringing lesser and lesser revenue. However it is also a fact that express market is growing at a larger pace, wherein speed post has only 10% of the total share. This shows that the private sector has shown willingness and ability to provide delivery and communication services more efficiently than the Department of Posts. The Committee, therefore, recommend that the Department

should rightly address the issue of efficiency lost in mail in the comprehensive plan and with the latest technology under formulation it will concentrate on processing and delivery of mails to improve quality and contain cost alongwith fulfilling the Universal Services Obligation. The Committee also desire that the comprehensive plan of the Department of Posts should be finalised expeditiously in order to become competitive with the private couriers.

21. The Committee also note that one of the challenges faced by the Department of Posts in the recent years is the demand of new Post Offices, while their budget and staff remains the same, which may hit the efficiency and delivery of mails in time. The Committee desire that these issues should rightly be addressed to and rectified in the comprehensive plan in order to get back the traditional mail and the prestige of the postal services.

VI. Business Development Activities

22. Speed post and Business post have the largest chunk of revenue generation in comparison to other products. In terms of revenue generation Business post has 29% growth from the year 2003-04, whereas the Speed post has a growth rate of only 18%. The Committee observe that the share of the total volume of the Speed post services handled by the Department of Posts is around 11% as per a projection made by Kurt Salmon & Associates (KSA) Report on "Market Survey". However, market share of India Post is 50% in the mail delivery market if all mail products are put together. The Committee also note that constant efforts are being made by the Department of Posts to increase the market share by providing value additions for the benefit of the customers. The Committee are constrained to note that inspite of the huge infrastructure and widespread delivery system, the Department is having only an 11% of the market share in the express market. The Committee, therefore recommend that the Department should focus on the core business and evolve comprehensive strategies to promote growth in the Speed post business by creating more value additions for the benefit of customer.

VII. Speed Post and Retailing Activity

23. The Committee note that courier industry is unregulated in India and operations of couriers are not open to public scrutiny. The established couriers are able to offer highly discounted rates to large

corporate customers and a number of small couriers operate intercity services at very low rates. The courier services also have flexibility in pricing as per the requirement and opportunity to garner business whereas on the other hand, Speed Post does not have much flexibility being a Government organization. These factors have affected the market share of speed post in certain segments. The Committee whereas observed that in the areas where the postal services competes with the Courier services in delivering packages and express letters it has been soundly beaten despite its Government subsidies by better management and efficient services. The Committee, therefore, desire that the Department to try and re-build its services as it has the core competence, reliability and the reach through which it can get back the mail volume lost in the express market. The Committee also learn that the Department is going to bring a Draft Indian Post Office (Amendment) Bill, 2006 to overhaul the Indian Postal Act of 1898, wherein private courier services are being put under the purview of a regulator and the Department's exclusive domain over letters weighing below 500 grams. The Committee, therefore, would like to be apprised of the progress in the matter.

24. The Committee further note that customer meets are carried out by all the circles to get feedback from the customers on the various new products launched by the Department. Interactions are also held with the Chambers of Commerce to find out the requirements for business and also apprise them about the new products of the Department. Market surveys are also carried out for the same. The Committee appreciate the steps taken by the Department in this regard and believe that these discussions will also be continued on in the future. In the opinion of the Committee these discussions will help in rebuilding the Postal Department in times to come.

25. The Committee appreciate the fact that the Department of Posts have started retailing activity on a large scale which includes money transfers, mutual funds, retailing activity of Government securities, data verification for Election Commission of India and Registrar General of India, receiving of applications under the Right to Information Act, etc. The initiatives taken by Department in inviting suggestions from the Chief Secretaries of the States to utilize the strength of Postal Network for retailing activities is also a laudable move. The Committee would, therefore, like the Department to carry on these initiatives to their logical conclusion. They would like to be informed of the further developments in the area.

VIII. Automatic Mail Processing Centres (AMPCs)

26. The Committee observe that an outlay of Rs. 71.05 crore was approved for the Xth Plan for setting up of 2 AMPCs at Kolkata and Delhi. Out of which Rs. 11.15 crore has been spent in 2002-2003 solely for spill over expenditure from the Ninth Plan. A sum of Rs. 0.60 crore in 2003-04 was spent as committed expenditure on modifying the buildings to house AMPCs and Rs. 0.15 crore was spent in 2004-05. In 2006-07 a fund of Rs. 59.00 crore has been earmarked for the two centres. The Committee in their previous reports have repeatedly expressed their concern over the delay in opening of AMPCs. They are, therefore, of the view that Department of Posts should implement this scheme atleast now at the earliest and the Committee be intimated about the action taken without any further delay.

27. The Committee further note that global tender for the opening of AMPCs are to be floated shortly and major building works have been completed and after the finalization of tender residual finishing will be taken up in consultation with the approved vendor. Both the projects are expected to be completed by March, 2007. The Committee are of the view that there has been a substantial delay in the project as it was started in the IXth Five Year Plan and further delay in the opening up of AMPC will hamper the services being provided to the customers by the Department of Posts. The Committee recognise the urgent need for a more effective delivery channel and that AMPC will add value to the mail through technology with sufficient revenue generation. In the opinion of the Committee, these improvements will also help in supporting Universal Service Obligation of the Department of Posts for providing postal services to every nook and corner of the country. The Committee, therefore, desire that the project should be completed within the stipulated time *i.e.*, by the March 2007.

IX. National Data Centre

28. The Committee note that an amount of Rs. 5 crore was allocated to Department of Posts for National Data Centre against the proposal of Rs. 10 crore for the year 2002-03 which was reduced to Rs. 0.20 crore at the RE stage. A sum of Rs. 0.50 crore was earmarked for 2003-04 and Rs. 4 crore for the year 2005-06. However, there was no expenditure during all these years as the scheme has not been approved by the competent authority. The Committee have further observed that the reasons for the delay in opening up of

National Data Centre was due to the delay in implementation of an important project for computerisation of Post Offices which was approved in January, 2004 and has now been more or less been achieved. The Standing Finance Committee for setting up of the National Data Centre has also got the approval and it is proposed to be set up in National Informatics Centre (NIC), New Delhi with Rs. 4 crore in 2005-06 as an initial payment. The project is likely to be completed by March, 2007. The Committee in their previous report had expressed their concern over the delay in opening of National Data Centre. They are of the view that in the computerisation of different operations in the postal system, the National Data Centre holds the key by creating centralised database which would be accessible to all postal units and will facilitate effective access and data management. They further believe that establishment of National Data Centre would lead to a complete makeover to automation and efficiency, as it will provide inter-operability, connectivity and single point data entry which will facilitate the customer needs. The Committee also feel that with the setting up of National Data Centre (NDC), the existing postal services will be upgraded and the Department will get a techno savvy status. The Committee, therefore, desire that the project shall be completed within the stipulated time by March 2007. The Committee would also like to be apprised of the progress made in this regard.

X. Online Postal Services

29. The Committee note that the Department of Posts have introduced the official website *viz.* www.indiapost.gov.in. The Committee appreciate the Department's move in introducing the website, however, they are of the view that the Department should take necessary steps to ensure that the website is timely updated and accessible to everyone to get the proper feed back from the public in redressing their grievances. The Committee would also like to have details of the popularity of the website of India Post.

30. The Committee further note that on-line postal services like e-Post, e-Bill Post, Customer Care Centres, Track and Trace System and i-Money order Transmission, are being run by the Department. The Committee would, therefore, like the various other services of the Department to be brought under on-line in the coming years. The Committee further believe that the on-line services will increase transparency, accountability and improve postal services and efficiency of the Department.

XI. Subletting Space for ATM

31. The Committee note that the Department of Posts are examining various possibilities like sub-letting space for ATMs of different Banks, possible use of such ATMs for its own Saving Bank ATM cards that can be introduced, however, no final decision have yet been taken in this regard. The Committee believe that it is a welcome step and hope that more possibilities will be explored as the Post Offices have the advantage of its reach and the visibility of its locations. The Committee, therefore, recommend that the Government should take final decision in this regard as early as possible. The Committee would like to be apprised of the final action in this regard.

XII. Complaints and Grievances

32. The Committee are constrained to find that the number of complaints received in respect of Money Orders and Registered Letters are quite high and the rate of disposal of the complaints is quite low. The complaints received with regard to Money Orders during the years 2002-03, 2003-04, 2004-05 were respectively 98730, 34941 and 59715 and Registered Letters were 3307, 2576 and 2052 during the same period. Whereas the pendency of complaints as on 31.12.2005 with regard to Money Orders, Registered Letters were 28811 and 14637 respectively.

The Committee also note that to redress the grievances, the Department of Posts have set up a grievance redressal machinery, 1116 Computerised Customer Care Centres and Post Forums, but still the pendency of complaints is quite high. The Committee, therefore, recommend that the Department of Posts should strengthen their monitoring mechanism so as to have a tab on the number of complaints received and their proper disposal thereof. In view of the increasing number of complaints/grievances of the people at large, the Committee desire that Department of Posts should make all-out efforts to dispose of these complaints/grievances expeditiously. They would like to be informed about the concrete measure taken by the Department in this regard.

XIII. Real Estate Management

33. The Committee note that out of the plots owned by the Department of Posts all over the country, 1851 plots are lying vacant and out of these 223 plots have been encroached upon. The Committee find that the number of plots lying vacant is quite large

and these are not put to any use. In fact, valuable real estate resources of the Department are lying dormant and are not being utilised in a fruitful manner. The Committee, therefore, recommend that the possibility of commercial utilisation of these plots, which may earn reasonable revenue for the Department should be explored. In the opinion of the Committee, this may also enable the Department of Posts to reduce their revenue deficit. Vigorous efforts should also be made to restore the Department's land encroached upon by unauthorised people.

34. The Committee also note that a Special Purpose Vehicle (SPV) has been set up for development and commercial exploitation of Postal Estates. The same has been approved by the Postal Service Board and sent to the Planning Commission for their approval and now as per the advice of Planning Commission a process to undertake a market survey on commercial development of land has been initiated. The Committee would, therefore, like to have the details of the survey conducted and the action initiated in this regard.

XIV. Welfare of Women Employees

35. The Committee observe that there are a large number of women employees working in the Postal Department and the Department are also making provisions for separate facilities including separate rest rooms and recreation rooms, but no separate budget is earmarked for the welfare of women. The Committee, therefore, recommend that a separate and sufficient budgetary provision should be made for the welfare activities of women employees.

NEW DELHI;
18 July, 2006

27 Asadha, 1928 (Saka)

NIKHIL KUMAR,
Chairman,
Standing Committee on
Information Technology.

**ANALYSIS OF IMPLEMENTATION OF RECOMMENDATIONS CONTAINED IN THE
SIXTEENTH REPORT OF THE COMMITTEE ON DEMANDS FOR GRANTS (2005-2006) OF
DEPARTMENT OF POSTS**

I. Gist of recommendations which were accepted by the Government		
Rec No	Gist of Operational Portion of the recommendations	Government's response in the Action Taken Reply, in a nutshell
Rec. No.2 Para No. 111	Apprise the Committee of the specific steps being taken on 'Thrust Areas' identified by the PMO for the Department.	Progress in respect of all Thrust Areas are stated to be reviewed by Secretary (P) periodically.
Rec. No.3 Para No. 112	<u>Utilization of Budgetary Allocation:</u> Revamp budgetary and administrative mechanism to ensure optimum utilization of plan funds. Make serious efforts to secure bills of other Departments like DGS&D so that funds are not left unutilized.	The reasons for the same are stated to be primarily on establishment related costs due to which final expenditure are being lesser than anticipated. Efforts are underway to improve the plan implementation process including recurring bills from DGS&D by setting up special monitoring and liaising mechanisms.
Rec. No. 5 Para No. 114	<u>Working Expenses:</u> Increase of Working expenses of the Department appears to be a regular phenomenon. Explore the areas where the working expenses could be reduced.	90% expenses are establishment related, which are increasing by 4.5 to 5.8% every year due to increase of DA/DP payments. Strict monitoring of expenditure is done due to which pervious year overall expenses increased by only 3.97%.
Rec. No.9 Para No. 118	Explore the possibility of venturing into new areas of operation including selling non-competing products to increase revenue earnings.	Department of Posts continues to explore options for introducing non-competing products. Heads of Circles have been empowered to finalise retail packages. The Department has enhanced its range of financial services through sale of mutual funds, international money transfer, sale of non-life insurance products, etc.
Rec. No. 11 Para No. 120	<u>Tenth Five Year Plan:</u> Make concerted efforts to utilize the budgetary allocation fully and fruitfully.	Budgetary allocation was not materialized in the first two years due to delayed take off of the Plan for the reasons which was partly beyond the control of the Department. Efforts are being made to fully make up the lost ground in the 1 st two years and assured that physical targets will be met in almost all plan schemes.
Rec. No.13-14 Para No. 122 and 123	<u>Expansion of Postal Network:</u> Leverage network reach optimally without diluting USO objectives and explore various options including franchising postal services through agents to discharge USO responsibilities.	Efforts are underway to increase the retail services to rationalize the network and introduce the concept of franchising during the current year.
Rec. No.15 Para No. 124	<u>NRC Post Offices:</u> Take immediate steps to recover NRC dues from concerned Departments/Organisations.	Efforts are being made to recover the dues from the State Govern-ments and wherever possible, from the individuals matter has been taken up with the Inter-State Council.
Rec. No.16 Para No. 125	Take steps to achieve targets fixed for computerization of Post Offices during Xth Plan and for interconnecting them.	A proposal has been prepared for the consideration of EFC. Budgetary allocation has been made in BE 2005-06 .
Rec. No.18 Para No. 127	Approach computerization with a view to provide multi service/ products through optimal uses of IT infrastructure.	A number of retail financial and technology based services are being introduced by optimally utilizing the technology infrastructure in place. Department has requested Department of IT to consider POs as

		a nodal offices for setting up common services delivery centres.
Rec. No.19-21 Para No. 128 to 130	<u>Computerisation and Networking of Mail Offices:</u> Lack of preparedness resulted in failure to achieve targets and consequent reduction of targets at mid term. Reformulate policy and targets of computerization and networking of mail offices on the basis of 'core group' report as achievement of targets in the last 3 years is not satisfactory.	Targets for computerized registration centres were reduced from 100 to 75 not because of lack of preparedness but due to fall in traffic. No targets were given for CRCs for the first two years as per the SFC approval. However the concerned expressed by the Committee is noted.
Rec. No.22-23 Para No. 131 and 132	<u>Modernisation and Upgradation of VSAT system:</u> Explore possibility of operating money order transmission through VSAT system on a larger scale to cover wider postal network.	Existing network cover all the post offices including branch offices in rural areas and setting up of additional ESMO stations was already taking pace on need basis at circle level.
Rec. No.24 Para No. 133	<u>Decline in Mail Volume:</u> Strengthen mechanism including expansion of track and trace to monitor processing, delivering of mail to attract more and more mail business.	Introduction of reliable channel for local mail, revamping of mail sorting system to ensure quicker delivery and focus on improved monitoring and supervision, complaints redressal have been initiated.
Rec. No.25-26 Para No. 134 and 135	<u>Training :</u> It is imperative for the Department of Posts to import training to the existing manpower to handle the new requirements in the wake of induction of technologies and launching of new value added services.	Review of training through internal evaluation are done on a continuous basis. Training Need Analysis (TNA) and evaluation of training in DoP has also been initiated through outside organization
Rec. No. 31 Para No. 140	<u>Speed Post:</u> Expand share of Speed Post in express market by giving more emphasis on computerization of Postal Network and induction of new technology.	Number of State and National level Speed Post Centres are being increased and their facilities upgraded through technology induction to provide value added services like track and trace".
Rec. No.32-33 Para No. 141 and 142	<u>New Initiatives by the Department :</u> While introducing new financial services and products, categorize them on rational basis to avoid confusion among the targeted customers.	Care would be taken to incorporate these directions in the implementation plan for new financial products and services.
Rec. No. 38 Para No. 147	<u>Advertising and Publicity :</u> Plan a strategic advertising campaign to brand and leverage the goodwill and association that the Department of Posts enjoys with the common man.	A strategic advertising campaign has already been planned for implementation.
Rec. No. 39 Para NO. 148	Allocate sufficient funds for undertaking vigorous advertising campaign on products/ services of the Department both in print and electronic media.	The Allocation for the activity has been more than doubled for the year 2005-06. Strategic advertising campaign has also been planned.

II. Gist of recommendations which were not pursued by the Committee in view of the Government's reply

Rec No. 1 Para No.110	<u>Budgetary Proposals and Thrust Areas:</u> The Ministry should devise mechanism to monitor expenditure under different heads to have effective control over total expenditure.	The level of flexibility available to control the expenditure is very limited, as 90% expenses are establishment related. Efforts are underway to have more commercial system of accounting system for better financial management.
Rec. No.8 Para No.	<u>Revenue Receipt:</u> Reasons for the less revenue receipts up to January 2005 than the projected targets may be clarified. Monitor revenue targets	Revenue receipts are being monitored at the level of Secretary (P) on the monthly basis against proportionate targets set Circle- wise/ Month-wise.

117	on monthly basis in order to ensure achievement of targets fixed at BE stage.	Shortfalls are taken up with concerned Head of Circle for immediate corrective action.
Rec. No.10 Para No. 119	Revenue Deficit: Devise ways and means to make the Department commercially viable even while meeting USO. Each and every operating unit to be financially self-sufficient.	Efforts are on to identify most cost effective means of fulfilling the USO of the Department. Since the rural network are heavily subsidized it is difficult to make them financially self-sufficient, given the level of business currently available.
Rec. No.12 Para No. 121	Budgetary allocation for North East Region: Formulate Special schemes for North Eastern Region in consultation with DONER	Formulating special schemes for NE have been noted and action is to be taken accordingly in future.
Rec. No.17 Para No. 126	Computerisation of Post Offices: Take steps to achieve targets fixed for computerization of post offices during Xth Plan and for interconnecting them.	Computerisation of all 845 HOs are completed as targeted. Remaining offices will be taken up in the Xth Plan. Interconnectivity of these offices to be achieved by setting up the NDC and proposed to be taken up in the current year.
Rec. No.27-28 Para No. 136 and 137	Analyse causes responsible for under utilization of Plan funds for training projects and take immediate steps to utilize the funds optimally.	Thorough analysis of under-utilisation of Plan funds for training projects has been carried out and corrective measures are being taken to complete all the targeted construction projects for training institutes within the 10 th Plan period.
Rec. No.29-30 Para No. 138 and 139	National Data Centre: Complete all the formalities and execute the project of setting up of National Data Centre at the earliest.	Setting up of National Data Centre involves resolution of a number of technical issues in consultation with external expert agencies and process is being expedited.
Rec. No. 34-35 Para No. 143 and 144	Identification of locations for setting up of Postal Finance Marts with extra care and examine the feasibility of setting them up in CICs.	Concurrence of Planning Commission for implementation of the scheme under Plan is awaited. Identification of locations and further expansion is noted.
Rec. No. 36-37 Para No. 145 and 146	Domestic Travel Expenses : Rationalise expenses on domestic travel expenses using latest modes of communication and cyber technology.	Economy measures of the Ministry of Finance are strictly enforced on account of meetings, conferences etc.

III. Gist of recommendations which were reiterated by the Committee in their Twenty-Sixth Report

Rec.4 Para No. 113	Make realistic assessments of requirements of funds under different major, minor and sub-heads.	The reasons for the same are stated due to the inter-se priority of these Plan activities in the context of Tenth Plan priorities vis-à-vis their capacity to spend funds.
Rec. No.6 Para No. 115	Recoveries Apprise the Committee of the progress made in realization of arrears of recoveries due from other Departments/Organizations within three months.	Efforts are being made to recover the dues at the highest level from Departments/ Agencies.
Rec. No. 7 Para No. 116	Take up the issue of rates of remuneration for agency services with the Ministry of Finance and Planning Commission.	The matter continues to be pursued with Ministry of Finance and reply is still awaited.

IV. Gist of recommendations for which replies of the Government were of interim nature

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ANNEXURE II

MINUTES OF THE SEVENTEENTH SITTING OF THE STANDING
COMMITTEE ON INFORMATION TECHNOLOGY (2005-06)

The Committee sat on the 29th May, 2006 from 1500 hrs. to 1645 hrs. in Committee Room No. 139, Parliament House Annexe, New Delhi.

PRESENT

Shri Nikhil Kumar — *Chairman*

MEMBERS

Lok Sabha

2. Shri Nikhil Kumar Chaudhary
3. Shri Mani Cherennamei
4. Shri Kailash Joshi
5. Shri P. Karunakaran
6. Shri P.S. Gadhavi
7. Shri Ashok Kumar Rawat
8. Shri Tathagata Sathpathy
9. Shri K.V. Thangka Balu
10. Shri Ram Kripal Yadav

Rajya Sabha

11. Shri Vijay J. Darda
12. Shri Motiur Rehman

SECRETARIAT

1. Shri P. Sreedharan — *Joint Secretary*
2. Shri Raj Shekhar Sharma — *Director*
3. Shri K.L. Arora — *Under Secretary*
4. Shri Hoti Lal — *Assistant Director*

WITNESSES

Representatives of Department of Posts

1. Dr. U. Srinivasa Raghavan, Secretary
2. Ms. Jyotsana Diesh, Member (O&M)
3. Dr. S.P. Seth, JS & FA
4. Ms. Anju Dasgupta, Sr. DDG (PO&I)
5. Shri Raghav Lal, CGM (BD&M)
6. Ms. P. Gopinath DDG(FS)
7. Ms. Kalpana Tiwari, DDG(PG)
8. Shri S. Sarkar, DDG (Tech.)
9. Ms. Rameshwari Handa, DDG (Estates)
10. Ms. Devika Kumar, DDG(CP)
11. Ms. Asha R. Rungta, Director (PA-II)

Representatives of Ministry of Information and Broadcasting

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2. At the outset, the Chairman welcomed the Secretary, Department of Posts and the other officers accompanying him to the sitting of the Committee. Thereafter, the Secretary, Department of Posts highlighted the salient features of the Demands for Grants (2006-2007) which was followed by a brief presentation on the same.

3. The members sought certain clarifications on the issues relating to Demands for Grants (2006-2007) of the Department of Posts. The representatives of the Department replied to the queries raised by the Members.

4. The Chairman thanked the witnesses for appearing before the Committee and furnishing valuable information, in connection with the Demands for Grants (2006-2007) of the Department of Posts.

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

The witnesses then withdrew.

The Committee, then, adjourned for tea.

6.***

The Committee, then, adjourned.

***Matters not related to this Report.

ANNEXURE III

MINUTES OF THE TWENTY-THIRD SITTING OF THE STANDING
COMMITTEE ON INFORMATION TECHNOLOGY (2005-06)

The Committee sat on Friday, 30 June, 2006 from 1100 hours to 1240 hours in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Shri Nikhil Kumar — *Chairman*

MEMBERS

Lok Sabha

2. Shri Nikhil Chaudhary
3. Shri Mani Cherennamei
4. Dr. P.P. Koya
5. Shri G. Nizamuddin
6. Shri Sohan Potai
7. Shri Tathagata Satpathy
8. Shri Ashok Kumar Rawat
9. Shri K.V. Thangka Balu

Rajya Sabha

10. Shri Motiur Rahman

SECRETARIAT

1. Shri P. Sreedharan — *Joint Secretary*
2. Shri Raj Shekhar Sharma — *Director*
3. Shri K.L. Arora — *Under Secretary*
4. Shri Hoti Lal — *Assistant Director*

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

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| (i) | ** | ** | ** |
| (ii) | ** | ** | ** |

(iii) Draft Report on Demands for Grants (2006-22007) relating to the Department of Posts.

(iv) ** ** **

(v) ** ** **

3. The Committee adopted the above-mentioned Draft Reports with some amendments/modifications.

4. The Committee, then, authorised the Chairman to finalise and present the above mentioned Reports to the House in light of the factual verification received from the concerned Ministries/Departments on a day convenient to him.

The Committee, then, adjourned.