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**STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2006-2007)**

FOURTEENTH LOK SABHA

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

*[Action taken by the Government on the Recommendations/Observations of the
Committee contained in their Thirty-First Report (Fourteenth Lok Sabha) on
'Demands for Grants (2006-07)']*

THIRTY-NINTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2006/Agrahayana, 1928 (Saka)

THIRTY-SIXTH REPORT

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(FOURTEENTH LOK SABHA)

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(DEPARTMENT OF POSTS)

*[Action taken by the Government on the recommendations/
observations of the Committee contained in their Thirty-First Report
(Fourteenth Lok Sabha) on 'Demands for Grants (2006-07)']*

Presented to Lok Sabha on 18.12.2006

Laid in Rajya Sabha on 18.12.2006



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2006/Agrahayana, 1928 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON
INFORMATION TECHNOLOGY (2006-07)

Shri Nikhil Kumar — *Chairman*

MEMBERS

Lok Sabha

2. Shri Abdullakutty
3. Shri Nikhil Kumar Chaudhary
4. Shri Sanjay Shamrao Dhotre
5. Smt. Jayaprada
6. Shri Bhubaneshwar Prasad Mehta
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20. Vacant
21. Vacant

Rajya Sabha

22. Shri Vijay J. Darda
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28. Shri Motiur Rahman
29. Shri Eknath K. Thakur
30. Shri Shyam Benegal
31. Shri Rajeev Chandrasekhar

(iv)

SECRETARIAT

1. Shri M. Rajagopalan Nair — *Additional Secretary*
2. Shri P. Sreedharan — *Joint Secretary*
3. Shri Raj Shekhar Sharma — *Director*

INTRODUCTION

I, the Chairman Standing Committee on Information Technology (2006-07) having been authorised by the Committee to submit the Report on their behalf, present this Thirty-Ninth Report on Action Taken by the Government on the Recommendations/Observations of the Committee contained in their Thirty-First Report (Fourteenth Lok Sabha) on 'Demands for Grants (2006-07)' relating to the Ministry of Communications and Information Technology (Department of Posts).

2. The Thirty-First Report was presented to the Lok Sabha on 2 August, 2006 and laid on the Table of Rajya Sabha on the same day. The Department furnished Action Taken Notes on the Recommendations/Observations contained in the Report on 22 November, 2006.

3. The Report was considered and adopted by the Committee at their sitting held on 13 December, 2006.

4. For facility of reference and convenience, the Recommendations/Observations of the Committee have been printed in bold letters in the body of the Report.

5. An analysis of Action Taken by Government on the Recommendations/Observations contained in the Thirty-First Report (Fourteenth Lok Sabha) of the Committee is given at **Annexure-II**.

NEW DELHI;
13 December, 2006

22 Agrahayana, 1928 (Saka)

NIKHIL KUMAR,
Chairman,
Standing Committee on
Information Technology

CHAPTER I

REPORT

This Report on the Standing Committee on Information Technology deals with the action taken by the Government on the recommendations/observations of the Committee contained in their Thirty First Report (Fourteenth Lok Sabha) on Demands for Grants (2006-07) pertaining to the Department of Posts (DoP).

2. The Thirty-First Report was presented to Lok Sabha on 02 August, 2006 and was also laid on the Table on Rajya Sabha on 02 August, 2006. It contained 35 recommendations/observations.

3. Action Taken Notes in respect of all the recommendations/observations contained in the Report have been received and categorised as under:-

- (i) Recommendations/Observations which have been accepted by the Government:-

Para Nos. 1, 3, 6 to 8, 10, 11, 14, 16, 17, 19, 20, 21, 23 to 35.

(Total : 26, Chapter - II)

- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the reply of the Government:-

Para Nos. 4 and 13.

(Total : 2, Chapter - III)

- (iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:-

Para Nos. 2, 5, 9, 12 and 22.

(Total : 5, Chapter - IV)

- (iv) Recommendations/Observations in respect of which replies are of interim nature:-

Para Nos. 15 and 18.

(Total : 2, Chapter - V)

4. The Committee trusts that utmost importance would be given to the implementation of the recommendations/observations accepted by the Government. In cases, where it is not possible for the Department to implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation. The Committee further desire that Action Taken Notes on the Recommendations/Observations contained in Chapter-I of this Report should be furnished to them at an early date.

5. The Committee will now deal with action taken by the Government on some of the recommendations.

A. UTILISATION OF MANPOWER

Recommendation (Para No. 2)

6. In their Thirty-First Report, observing that technological growth and computerisation of various activities initiated by the Department of Posts would not only bring down the operational cost but also generate additional resources in the coming years, the Committee had recommended that the existing manpower in Department of Posts should be rationally and optimally utilised by their suitable redeployment.

7. The Department in their Action Taken Notes have stated that the rationalisation of manpower deployment and utilisation is a continuous and ongoing process and in accordance with the policy of the Government of India. The Department of Posts has been implementing a 2% cut annually on direct recruitment, as also following the instructions regarding not filling up posts vacant for the prescribed duration.

8. The Committee are aware that rationalisation of manpower deployment and utilisation is a continuous process. Yet, they are of the view that such ongoing exercise should reflect a comparatively improved performance over the years on the part of the Postal Department. The Committee are constrained to observe that the Department, in their submissions, have nowhere indicated the concrete results achieved so far in their endeavour of manpower deployment and utilisation. The Committee are, therefore, of the opinion that instead of viewing the issue as a mere continuous process, the Department of Posts should ensure that such rationalisation of manpower deployment and utilisation effectively culminates in to an efficient delivery of the postal services everywhere. In this context, the Committee would like to have a comparative analysis for the last five years as well as the roadmap for the future.

B. RECOVERY OF ARREARS

Recommendation (Para No. 5)

9. In their earlier Report the Committee had expressed their concern over the 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 CMPF, Rs. 100 crore from DoT/BSNL (on account of telegram charges). Drawing the attention of the Department to the Committee's Twenty-Sixth Report (Fourteenth Lok Sabha) wherein they had emphasised expeditious recovery of agency charges etc. The Committee had once again recommended that the Department of Posts should devise some innovative mechanism to make an early recovery of dues.

10. The Department in their Action Taken Notes, have stated that recovery on account of payment of EPF & CMPF is a continuous process and such balances in these heads cannot be wiped out fully. The Department have further stated that in case of EPF as per agreement only 75% advance is received against the payment made and in case of CMPF there was no provision for advance payment. Therefore, there are always outstanding amounts. However, Postal Circles are continuously taking action for liquidation of outstanding amounts. Regarding arrears of telegraph and rental charges, the Department have informed that liaison with BSNL/DoT is being maintained to enable early settlement of arrears.

11. The Committee recognise that recovery on account of payment of EPF and CMPF is a continuous process and such balances in these heads cannot be wiped out fully. However, they are of the opinion that such balances should not be allowed to keep mounting. The Postal Circles, therefore, need to intensify their efforts for recovery of the outstanding amounts. In the opinion of the Committee, urgent measures are warranted to recover Rs. 100 crore from BSNL towards arrears of telegraph and rental charges as the Department can ill-afford to forego or even prolong the recovery of such a sizeable amount.

C. TREATMENT OF PENSION LIABILITIES

Recommendation (Para No. 9)

12. Pointing out that a step motherly treatment was being meted out to the Department of Posts in terms of charging payments to the pensioners towards operational working expense of the Department, the Committee had in

their earlier Report desired the Department to take up the matter vigorously with the M/o Finance and the Planning Commission to treat the pension payments as a separate common head, as was being done by the other Ministries.

13. The Department in their action taken reply have stated as under:-

“As advised by the Standing Committee, the Department of Posts has taken up the matter with Ministry of Finance to charge Pension and Pensionary benefits to the common head of accounts *i.e.* 2071-Pension and other pensionary benefits, at par with other Ministries/Departments.”

14. The Committee note with deep concern that despite their repeated emphasis to put the pension payments of the Department of Posts under a separate common head, in line with other Ministries, such payments continue to be kept under the operational working expenses of the Department. The Committee are unable to understand the reluctance on the part of the Ministry of Finance in putting the pension payments of the Department of Posts under a separate common head, more so when such a provision has already been prescribed for other Ministries/Departments. The Committee expect the Department of Posts to vigorously pursue the matter with the Ministry of Finance and would like to be apprised of the progress made in the matter.

D. BUDGETARY ALLOCATION FOR NORTH-EAST

Recommendation (Para No. 12)

15. In their earlier report, the Committee had observed 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. Commenting that the under utilisation of funds showed lack of proper planning and foresight on the part of the Department, the Committee had desired to be apprised of the reasons for under utilisation of funds over the years in the North-Eastern region and emphasised that the funds allocated for the NE region should be fully and effectively utilized during the year 2006-2007.

16. In their Action Taken notes, the Department have stated as under:-

“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 the NE Region in the

year 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07 respectively under the mandatory clause of earmarking 10% of the total outlay under each existing plan scheme. The Department finds it very difficult to invest in a manner that can lead to full utilisation of the allocated funds for North-East Region under the constraints of certain defined parameters adopted for the whole country that did not match with the specific needs of the Region and, therefore, provide lesser maneuverability for the execution.”

In all these Plan projects, the major component of the total outlay was on computerisation of post offices. However, under the scope of this Plan, computerisation is to be undertaken up to the level of triple handed post offices. This criterion of undertaking the computerisation only up to triple handed post offices was relaxed to double-handed level for North-East. Computers have been provided to all the double-handed post offices during the Plan year 2005-06 and there is no further scope for fund utilisation under these projects in the NE Region. Thus, although utilisation of fund is not up to the allocation, in terms of physical outlays, the achievement is optimal.

Similarly, implementation of the Plan schemes of ‘Expansion of Postal Network’, ‘Mechanisation and Modernisation of the Mail Movement’, ‘Modernisation/Upgradation and Promotion of Philately’, ‘Training’, ‘Construction of Buildings’ in the NE Region has been effective, despite the constraints such as execution of the schemes under certain defined parameters adopted for the whole country which may not be fully applicable in the NE Region. The ban on the purchase of vehicles by the Finance Ministry also put restrictions on the ‘Mechanisation of Mail Movement’. Further, there are certain restrictions on the use of funds in areas like developing the Department’s own infrastructure in terms of buildings for operative offices, as Planning Commission gives low priority to construction work.

Despite the constraints mentioned above, Department of Posts has been able to utilize the funds to the benefit of the North-Eastern region to a large extent. The utilisation of funds allocated for the North-East for Plan activities is being monitored regularly.

Keeping in view the various constraints as discussed above, Department is going to make a separate Sub-Plan on the North-East in the forthcoming 11th Five year plan that will ensure full utilisation of the earmarked fund for the North-East Region for schemes specific to the region.”

17. The Committee are not satisfied with the reply of the Department that although utilisation of funds is not upto the allocation in terms of physical outlays the achievement is optimal in the North-East Region. The Committee feel that merely by providing computers to all the double handed post offices in the region during the plan year 2005-2006, the Department cannot claim to have optimally achieved the physical outlays as provision of computers is one of the many physical parameters that has been set for the North-Eastern Region. Needless to say, in other schemes like ‘Expansion of Postal Network’, ‘Mechanisation and Modernisation of the Mail Movement’, ‘Training’ there have been shortfalls in utilisation of funds and the Department ought to look into it, the constraints. The Committee feels that the Department’s effort in creating a separate sub-plan for the North-East in the forthcoming Eleventh Five year Plan will help in full utilization of funds. The Committee hope that such an effort will enable effective implementation of specific schemes earmarked for the development of the North-East Region.

E. BUSINESS DEVELOPMENT ACTIVITIES

Recommendation (Para No. 22)

18. The Committee in their earlier report had noted that in terms of revenue generation Business Post had 29% growth from the year 2003-04, whereas the Speed Post had a growth rate of only 18%. The Committee, further, observed that the share of the total volume of the Speed Post services handled by the Department of Posts was around 11% as per a projection made by Kurt Salamon & Associates (KSA) Report on “Market Survey”. However, market share of India Post was 50% in the mail delivery market if all mail products were put together. The Committee were constrained to note that inspite of the huge infrastructure and widespread delivery system, the Department was having only 11% of the market share in the express market. The Committee had recommended 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.

19. The Department in their Action Taken Notes, have stated that for promotion of growth in Speed Post business, the following services/facilities had been introduced:–

“1. Pick up by Postmen– The facility of picking up of ordinary mail and Speed Post articles and sale of postal stamps and stationery by postmen has been launched from 18.7.05.

2. Speed Post Gold– This is essentially a Speed Post service between Central Business Districts of major metros and is time sensitive with Electronic IOD facility. Dedicated arrangements for collection, transmission and delivery are there. The cost is speed post charges + premium charges. In case of delay, automatic refund of premium charges would be there. The service has been introduced between Delhi and Mumbai to start with.

3. One India One Rate– Since 2006 is the 20th anniversary of Speed Post, it has been decided that a flat rate of Rs. 25 would be charged for all articles weighing upto 50 gms for anywhere in India other than ‘local’. These charges are effective from 21st August 2006.

4. Local Rates for NCR– It has been decided that Speed Post and Express Parcel Post articles booked in and destined for Delhi/New Delhi, Ghaziabad, Gurgaon, Noida and Faridabad would be treated as local for the purpose of determining of tariff.

20. The Committee are highly perturbed to note that despite the huge infrastructure and widespread delivery system of the Department of Posts, their market share in Speed Post services remains around 11 percent only and in terms of revenue generation by such services, the growth rate is 18 percent only. The Committee also note that pursuant to their recommendations, the Department have initiated certain measures like pick up by postmen, Speed Post Gold, One India One Rate and local rates for NCR, for promotion of Speed Post business. The Committee hope that the Department will persist with the above said measures, besides innovating other prudent measures, so that the huge potential of the speed post business is effectively tapped for substantial revenue generation.

CHAPTER II

RECOMMENDATIONS OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

BUDGETARY ANALYSIS—GROSS EXPENDITURE

Recommendation (Para No.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 maximize revenues to supplement the growing expenditure in the long run. The Committee would like to be apprised of the action taken in this regard.

Action Taken by the Government

The Department of Posts is focusing on venturing into new business areas, improving services and increasing productivity in order to maximize revenues to supplement the growing expenditure in the long run. The action taken in this regard so far is detailed below:

- (1) The Department realizes that the vast network of post offices can be utilized further for venturing into new business areas and retailing more services, in addition to the existing mail, money transfer, Post Office Savings Bank and Postal Life Insurance services. Some specific steps taken so far are:
 - (i) A Business Development Directorate was set up in 1996 to design, monitor, develop and market value added premium products of the Department. Due to the initiatives of this Directorate, the

Department has ventured into new business areas like Business Post, Direct Mail and Logistic Post and has also added on new features to the premium product schemes, such as volume discounts based on business offered, Book Now Pay later scheme, monthly billing and customized operations. The facility of picking up of ordinary mail and Speed Post articles and sale of postal stamps and stationery by postmen was launched in 2005. The Business Directorate has also rationalized the rate structure for Speed Post in 2006 and introduced the One India One Rate Scheme under which a flat rate is being charged for all articles in a specified weight slab, with a view to attracting more customers and increasing revenue generation.

- (ii) A new thrust to Parcel Service has been given by establishing a separate Parcel Division in the Business Development Directorate, whose objective is to arrest the declining traffic in this segment, build up the necessary infrastructure to handle and transport parcels and facilitate the creation of parcel as a competitive brand.
- (iii) A Retail Post Service was introduced by the Department in 1996, under which the post office acts as a single window facilitator for various services that are provided on a commission basis through tie-ups with other organizations. To further take care of the local variations in the country, powers were delegated to the Heads of Circles to create and operate customized business packages. Some of the new retail services provided are:

(a) *Verification of Data*

The Department has undertaken verification of subscriber address data by postmen for several Telecom/Mobile companies. Electoral rolls were displayed in Post Offices across the country and the task of receipt of forms for registration of voters and verification of their addresses was carried out by the Department for the Election Commission of India. Verification of data for other organizations has also been carried out, *e.g.* data relating to widows living in villages in the State of Gujarat, prior to disbursal of Widows' pensions through Savings Bank Accounts.

(b) *Collection of Data through Customised Surveys*

The Department has been collecting data for other organizations such as data on property holders for the Municipal Corporation of Delhi and an infrastructure survey of nearly 20,000 villages for the Registrar General of India.

(c) Acceptance Of Income Tax Returns

About 2000 post offices are collecting income tax returns since July, 2006.

(d) Miscellaneous Retail Services

The core competence of the post offices in offering counter services and delivery of articles is utilized in this scheme. Organizations like the UPSC, different Universities, cellular operators, etc. are using the facilities for remittance, payment and other retail services offered by the Post Offices for sale of application forms for examinations, collection of subscriptions, sale of cash cards and recharge coupons etc. At present 1093 Post Offices are making Passport Application forms available all over India. Service tax registration forms and returns are also being accepted in the post offices in Delhi.

(e) e-Payment Options

Post Office counters are the ideal place for accepting money, for placing orders and also having the orders delivered. The e-Payment facility developed by the Department of Posts enables acceptance of payments in 'many-to-one' mode and their web based electronic consolidation. Thus, post offices could collect payments of bills of any utility all over India, consolidate the payments electronically, and make the payment to the utility from one place in one cheque, practically the next day. The Post Office is a trusted environment where individuals will feel more secure with remote transactions. Therefore, use of the retail post office network as a front end for e-commerce is being planned, in consultation with the CII.

(f) Access for seeking information and generating awareness

The Customer Care Centres (CCCs) of the Department of Posts located at various District Headquarters are being utilized as collection points for applications under Right to Information (RTI) Act, 2005, to various Central Government public authorities (95 at present). The citizen is provided an acknowledgment by the CCC and the application is forwarded to the concerned Central Government public authority

In addition, the post offices are utilized for dissemination of information relating to various schemes/programmes and for creating awareness regarding rights and duties of citizens with regard to issues handled by several Departments/Ministries such as Consumer Affairs, Child Welfare and Labour, Agriculture, Company Affairs etc.

(g) Post Offices As Common Service Centres

The effort here is to provide a whole range of services in not only cities and towns, but also in rural areas. A framework has been developed to position post offices even in villages to become e-enabled 'Common Service Centres' to provide e-access to services and facilities. These post offices could also become focal points for e-Governance initiatives of Union and State Governments. The Department now has Kisan Soochna Kendras in Dehradun and Jaipur, to provide relevant information to farmers, through a tie-up with a Non-Governmental Organization, Jai Kisan.

(h) Financial Services

In addition to the traditional financial services, such as PLI and POSB (an agency service for the Finance Ministry), provided through the postal network, the Department has taken several new initiatives through tie-ups with organizations to provide a wide range of financial services through its retail network. To establish India Post as a friendly neighbourhood one-stop financial service provider, a scheme for remodelling selected post offices as Finance Marts for providing POSB (Post Office Savings Bank) services and new financial services in the banking and insurance sector, has been launched in the Tenth Plan and will be extended to more locations in the Eleventh Plan.

Among the new initiatives for retailing financial services is a facility for customers for receiving quarterly interest under the Senior Citizen Savings Scheme at their doorstep through the Money Order service of the Department after paying' money order commission. In the case of the Monthly Income Scheme/Senior Citizen Savings Scheme, interest can now also be received through post-dated cheques on the instructions of the account holder.

The Department has also offered the facilities under Post Office Savings Bank to Ministry of Rural Development to disburse payment to the beneficiaries of the National Rural Employment Guarantee Scheme.

(i) Money Transfer

In addition to the ordinary money order service, an on-line domestic money transmission service was launched in January, 2006 and is presently being offered through more than 50 selected post offices. This service gives easy access to a different customer segment and provides assured time sensitive money delivery.

The International Money Transfer Service, which is operated in association with a multi national company, Western Union Financial Services International, provides customers the facility of receiving instantaneous remittances from more than 196 countries on real time basis.

(j) Retailing Mutual Funds

Since February 2001, a growing network of nearly 220 post offices is distributing select Mutual Funds and Bonds (Principal/Prudential -ICICI/SBI/ICICI Capital/IDBI/RBI Bonds/UTI AMC Ltd). The service, while extending the reach of the capital market of the country also provides the common man easy access to market based investment options.

(k) Retailing Non-Life Insurance Products

The Department of Posts is providing the facility for sale of various Non-Life Insurance products through its post offices, in a tie-up with Oriental Insurance Company Limited (OIC), thereby supplementing its portfolio of Postal Life Insurance products. An innovative scheme to provide Oriental Accidental Death Insurance for POSB accountholders on request basis was also launched in 2006.

(2) In order to improve services, regular contact with customers is maintained through customer meets and interaction with trade and commerce associations and action is taken based on their feedback. The on-going modernization and computerization of operative offices, with particular emphasis on customer requirements, is also enabling visible improvement in services.

(3) The new services/products being offered are being promoted through sustained marketing and publicity efforts in order to maximise revenue generation. The new initiatives are being supported by suitable technology induction and upgradation, which also has an impact on productivity.

BUDGETARY ANALYSIS—RECOVERIES**Recommendation (Para No. 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 organizations of Government. The Department of Posts received agency charges to the tune of Rs. 102.10 crores 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.

Action Taken by the Government

As per a recent clarification in this regard, since all types of accident policies are covered under General Insurance, the proposed Accident Policy cannot be introduced under Postal Life Insurance (PLI). New proposals and schemes can be introduced by the PLI Directorate once PLI is brought under the IRDA umbrella.

Apart from PLI/RPLI, the Department is venturing into new business areas and retailing more services, in addition to the existing mail, money transfer, Post Office Savings Bank (POSB) and Postal Life Insurance services. Some of the new services offered are as below:–

1. Premium services– Business Post, Direct Mail and Logistic Post.
2. Financial services– Distribution of select mutual funds and bonds, sale of various Oriental Insurance Company Limited (OIC) Non-Life Insurance products, disbursement of payments to the beneficiaries of the National Rural Employment Guarantee Scheme through Post Office Savings Bank.

An innovative scheme to provide Oriental Accidental Death Insurance at a premium of Rs. 15 per annum for POSB account holders on request basis was also launched in 2006.

3. Money transfer services- International Money Transfer Service, iMO on-line domestic money transmission.
4. Retail services– Collection and verification of data, acceptance of income tax returns, sale of passport application forms and application forms for examinations, sale of cash cards, recharge coupons etc., utility bill payment (including e-payment), collection of

subscriptions, acceptance of service tax registration forms and returns, collection and forwarding of applications under the Right to Information (RTI) Act, 2005, on behalf of various Central Government public authorities (95 at present), dissemination of information relating to various issues and Government schemes/programmes and setting up Common Service Centres to provide e-access to various services and facilities and become focal points for e-Governance initiatives of Union and State Governments.

BUDGETARY ANALYSIS—REVENUE RECEIPTS

Recommendation (Para No.6)

The Committee note that the revenue receipts of the Department are mainly derived from the earnings of sale of stamps, postage realized 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.

Action Taken by the Government

The Department realizes the need to harness new technology to support all its operations and improve management so as to fully exploit the new business areas that are opening up. Accordingly, in the 10th Five Year Plan, nearly 80% of the plan funds were allocated for technology upgradation and modernization. The areas of activity include computerization and networking of all areas of operation and administrative offices and introduction of e-enabled services. In the financial services sector, a consultancy is already going on to

develop a project for providing online connectivity and introduction of ATMs, Debit Cards etc. can be introduced for the Post Office Savings Bank (POSB) customers who would be provided services at par with other nationalized banks. In the 11th Five Year Plan, there would be increasing focus on using technology to support operations and management decisions and garner more revenue.

The Department has expanded its range of services to maximize revenue receipts. Some of the new services offered are as below:-

1. Premium services– Business Post, Direct Mail and Logistic Post.
2. Financial services– Distribution of select mutual funds and bonds, sale of various Oriental Insurance Company Limited (OIC) Non-Life Insurance products, disbursal of payments to the beneficiaries of the National Rural Employment Guarantee Scheme through Post Office Savings Bank.
3. Money transfer services– International Money Transfer Service, iMO on-line domestic money transmission.
4. Retail services– Collection and verification of data, acceptance of income tax returns, sale of passport application forms and application forms for examinations, sale of cash cards, recharge coupons etc., utility bill payment (including e-payment), collection of subscriptions, acceptance of service tax registration forms and returns, collection and forwarding of applications under the Right to Information (RTI) Act, 2005, on behalf of various Central Government public authorities (95 at present), dissemination of information relating to various issues and Government schemes/ programmes and setting up Common Service Centres to provide e-access to various services and facilities and become focal points for e-Governance initiatives of Union and State Governments.

In order to improve the efficiency of the postal system in line with the customer expectation, the Department is developing an assessment framework called 'Sevottam' in collaboration with the Department of Administrative Reforms and Public Grievances and the Tata Consultancy Services Ltd.. This framework will enable the Department to ascertain how well public service delivery is functioning, through assessment of Citizens' Charter implementation, public grievance redress and excellence in service delivery and service delivery capability, while taking into account customer expectations, employees requirements and infrastructure availability to meet the desired quality standards. The assessment framework will enable basic compliance to the desired standards, and ensures quality of processes and measurement of quality

of service as per a corresponding standard developed by BIS-IS 15700:2005.

BUDGETARY ANALYSIS—REVENUE DEFICIT

Recommendation (Para No. 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 for 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 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.

Action taken by the Government

Revenue Deficit of Rs. 989 for the year 2005-06 conveyed to Standing Committee on Information and Technology was provisional. However, the final revenue deficit for the said year is Rs. 1210.60 crore, as the Ministry of Finance will not be giving the entire remuneration for the POSB agency services provided by the Department and is adhering to amount of Rs. 2318.12 crore projected by the Ministry of Finance for RE 2005-06.

Efforts to bring down the deficit are continuing through focus on potential areas for revenue generation such as premium products and financial services and through the induction of technology, while also taking appropriate economy measures.

With regard to utilization of spare land available with the Department, various steps have already been taken. The Cabinet Committee on Economic Affairs (CCEA) has 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 the Postal Land Development Authority (PLDA) for development and commercial exploitation of Postal Estates has been approved by the Postal Services Board. The proposal was sent to Planning Commission for in-principle, approval. As per the advice of Planning Commission, the Department has engaged a consultant to undertake a market survey on commercial development of land in 4 plots in July, 2006. Further action will depend upon results of the survey.

BUDGETARY ANALYSIS—REVENUE DEFICIT

Recommendation (Para No. 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.

Action taken by the Government

The observations of the Committee are noted.

BUDGETARY ANALYSIS—REVENUE DEFICIT

Recommendation (Para No.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.

Action taken by the Government

Regarding imposition of Banking Cash Transactions Tax (BCTT), the matter has been taken up with Ministry of Finance at the level of Minister of Communications & IT in August, 2006 with the recommendation that Department of Posts should be exempted from the BCTT.

Regarding imposition of Service Tax on services provided by Department of Posts, as a result of the efforts of the Department, in July, 2006, the Ministry of Finance has exempted money orders, operation of savings accounts and issue of postal orders from service tax. The Department is pursuing the matter with Ministry of Finance for exemption of other services like Speed Post further from the ambit of Service Tax.

BUDGETARY ANALYSIS—REVENUE DEFICIT

Recommendation (Para No.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.

Action taken by the Government

The observations of the Committee are noted for future consultations with costing expert groups.

BUDGETARY ANALYSIS—BUDGETARY ALLOCATION FOR NORTH EAST.**Recommendation (Para No. 14)**

The Committee are happy to note that in order to improve transportation of mails, steps like computerization of Mail Offices/Registration Centres and the possibility of leasing 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.

Action taken by the Government

A proposal for leasing of an aircraft for carriage of mail for the North East sectors *i.e.* the States of Assam, Arunachal Pradesh, Nagaland, Mizoram, Tripura, Manipur and Meghalaya is under consideration. In this regard several options have been examined. An Expression of Interest was called for from airlines and transport agencies in April 2006, but could not be finalized due to financial viability. As the problem mainly relates to North East, the issue has been taken up with Secretary, NE Council and Department of NE Region.

EXPANSION OF POSTAL NETWORK**Recommendation (Para No. 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.

Action taken by the Government

The Department of Posts will keep the convenience of the ordinary customers in view while taking decisions on relocation/merger of post offices.

EXPANSION OF POSTAL NETWORK

Recommendation (Para No. 17)

The Committee find that number of demands pending for opening of Extra Departmental Branch Offices (EDBO) and Departmental Sub Office (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 finalized. 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.

Action taken by the Government

The Department of Posts has prepared a proposal for opening franchised outlets in identified areas with a view to providing alternative means of access to the postal network. This will supplement the efforts being made for providing post offices where justified by relocation of existing post offices from areas where these are no longer justified.

MECHANIZATION /MODERNIZATION OF MAIL MOVEMENT.

Recommendation (Para No. 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 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 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 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/modernization of mail movement will be vigorously pursued with a view to improving the quality of postal service in the country.

Action taken by the Government

The Department is vigorously pursuing the process of mechanization/modernization of mail movement with a view to improving the quality of postal service in the country.

In 2006-07, a proposal for procurement of additional 28 vehicles, 32 two-wheelers and 40 three-wheelers is in process, subject to the approval of the Ministry of Finance for relaxation of the ban on purchase of vehicles.

DECLINE IN MAIL VOLUME

Recommendation (Para No. 20 & 21)

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 finalized expeditiously in order to become competitive with the private couriers.

And

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.

Action taken by the Government

The observations of the Committee are noted.

As far as improving efficiency in mail services is concerned, postmen are now collecting mail from doorsteps of customers and also selling postage stamps & stationery on their delivery beat. Improvement in processing and delivery is a continuous feature and various steps have been taken to achieve the same, for instance, wherever there is delivery advantage transmission is shifted from rail to road transport, unnecessary handling is reduced in transit. Monitoring has also been stepped up.

SPEED POST AND RETAILING ACTIVITY

Recommendation (Para No. 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.

Action taken by the Government

The observations of the Committee are noted.

For promotion of growth in Speed Post business, the following services/facilities have been introduced:

1. Pick up by Postmen- The facility of picking up of ordinary mail and Speed Post articles and sale of postal stamps and stationery by postmen has been launched from 18.7.05.
2. Speed Post Gold- This is essentially a Speed Post service between Central Business Districts of major metros and is Time sensitive with Electronic IOD facility. Dedicated arrangements for collection, transmission and delivery are there. The cost is speed post charges + premium charges. In case of delay, automatic refund of premium charges would be there. The service has been introduced between Delhi and Mumbai to start with.
3. One India One Rate- Since 2006 is the 20th anniversary of Speed Post, it has been decided that a flat rate of Rs. 25 would be charged for all articles weighing upto 50 gms for anywhere in India other than "local". These charges are effective from 21st August 2006.
4. Local Rates for NCR- It has been decided that Speed Post and Express Parcel Post articles booked in and destined for Delhi/New Delhi, Ghaziabad, Gurgaon, Noida and Faridabad would be treated as local for the purpose of determining of tariff.

There is progress with regard to the Draft Bill. The Draft Amendment Bill-2006 was placed on public domain "<http://indiapost.gov.in>" from 19.04.2006 to 10.05.2006, to call for the views and comments of individuals

and groups. The views and comments received in response thereto have been examined and the Draft Amendment Bill-2006 has been forwarded to the Committee of Secretaries for examination and is likely to be submitted to the Parliament in the Budget Session, 2007.

Recommendation (Para No. 24)

The Committee further note that customer meets are carried out by all the circles to get feedback from the customers on 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.

Action taken by the Government

The Department is committed to continually interacting with customers and various Chambers of Commerce, to inform them regarding the new initiatives/products of the Department and also take action on their feedback.

Recommendation (Para No. 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.

Action taken by the Government

The Department is continuously liaising with various State Governments and organizations to utilize the strength of the Postal Network

for retailing activities. The further developments in the area are indicated below:–

- (i) The IMO (Instant Money Order) Service, which was launched from 24 post offices from 10 cities in 9 circles during January 2006 on a pilot basis, has since been extended to 17 more post offices and is presently available at 41 post offices in 24 cities. The service will be extended to another 21 post offices covering all remaining State capitals/UTs by the middle of October 2006.
- (ii) On 2nd February 2006, Government of India introduces National Rural Employment Guarantee Scheme to provide wage employment to skilled/semi skilled/unskilled labourers across the country. The Government has identified 200 most backward districts in 27 States for National Rural Employment Guarantee Act (NREGA) implementation. The Department of Posts has taken initiative to implement National Rural Employment Guarantee of Government of India under which wages will be disbursed to skilled/semi skilled/unskilled labourers across the country through Post Office Savings Bank. Under it, the SB accounts of the wage earners are being opened in Branch offices on the basis of list provided by Village/Gram Panchayat.
- (iii) The National Social Assistance Programme (NSAP) announced by Finance Minister in the union Budget will be implemented through the post offices. Under it, disbursement of pension shall be made to the old age pensioners through POSB accounts standing at Branch office/Sub office. Initiative has been taken to open dialogue with the State Governments to implement the above two schemes through post offices in the State and details are being worked out.
- (iv) The Department is now providing the front end for accepting applications at Post Offices under the Right to Information Act, 2005, on behalf of 95 Government Departments/Ministries.
- (v) A framework has been developed to position post offices even in villages to become e- enabled 'Common Service Centres' to provide e-access to services and facilities. These post offices could also become focal points for e-Governance initiatives of Union and State Governments. The Department now has Kisan Soochna Kendras in Dehradun and Jaipur, to provide relevant information to farmers, through a tie-up with a Non-Governmental Organization Jai Kisan.

AUTOMATIC MAIL PROCESSING CENTRES (AMPCS)

Recommendation (Para Nos. 26 & 27)

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 spillover 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 centers. The Committee in their previous reports have reportedly expressed their concern over the delay in opening of AMPCs. They are, therefore, of the view that Department of Posts should implement this scheme at least now at the earliest and the Committee be intimated about the action taken without any further delay.

And

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 finalisation 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 recognize 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.

Action taken by the Government

The Memorandum for consideration of the Expenditure Finance Committee was circulated on 19.1.05. The EFC in its meeting held on 19.5.05 recommended installation of both the projects during the 10th Plan with an

outlay of Rs. 71.05 crore. Recommendations of EFC were accepted by the Chairman *i.e.* Secretary (Posts) on 27.6.05 and approved by the Finance Minister on 2.9.05.

The Telecommunications Consultants India Ltd. have been engaged as project consultants and an agreement to this effect was signed on 24.2.06. A Committee was constituted on 17.11.05 to finalise the technical specifications for the machines to be procured for this project. The Technical Specification Committee finalized its recommendations on 9.3.06 which were made part of the tender document. Since the machines to be procured for this project are not manufactured in India, a Global Tender has been floated in this case on 17.8.06. The last date of submission of bid document was specified as 26.9.06, with the Bids received to be opened on the same day *i.e.* 26.9.06. The Department expects to issue the Purchase Order for the machines during the current financial year and to utilize the funds allocated for this project for the year 2006-07.

NATIONAL DATA CENTRE

Recommendation (Para No. 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 Computerization 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 computerization of different operations in the postal system, the National Data Centre holds the key by creating centralized 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 felt 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, desired 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.

Action taken by the Government

The Department has entrusted the task of establishing the National Data Centre and networking of post offices to the National Informatics Centre (NIC) on a turnkey basis. The Department has made an advance payment of Rs 3.00 crore for the initiation of National Data Centre project on 4.7.06. The project is expected to be completed by March 2007.

ONLINE POSTAL SERVICE

Recommendation (Para No. 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.

Action taken by the Government

A new version of software on the web based complaint handling system has been introduced w.e.f. 26/1/2006 for speedy redress of the complaints registered on the website as well as smooth functioning of the Computerised Customer Care Centres. In case of any difficulty experienced by the CCCCs in functioning of web site, the faults are immediately rectified by the Postal Training Centre, Mysore, which is monitoring the working of web system. Details of the inward and outward complaints handled on web site during the period from 1/1/06 - 23/10/06 are enclosed for information of the Committee. (Annex-1)

ANNEXURE I
OUTWARD COMPLAINTS PENDENCY REPORT UNDER PUBLIC GRIEVANCES DURING 1.1.2006 AND 23.10/2006
DIRECTORATE PUBLIC GRIEVANCES

Office Name	Ob	Rcd. During	Closed During	Total	Details (Days)				
					<15	15-30	31-60	61-90	>90
CHHATTISGRAH	42	2355	2074	323	214	55	45	6	3
APS DIRECTORATE	7	3093	2594	506	141	99	165	46	55
JAMMU & KASHMIR	293	252	29	516	15	5	15	26	455
HIMANCHAL PRADESH	33	1805	1313	525	140	95	151	56	83
NORATH EASTERN	206	1464	1080	590	98	61	114	52	265
UTTARANCHAL	20	2148	1500	668	225	174	192	64	13
ASSAM	405	3072	2374	1103	255	132	219	104	393
JHARKHAND	631	1188	708	1111	50	41	121	122	777
ORISSA	424	3656	2702	1378	282	117	278	134	567
RAJASTHAN	58	7086	5351	1793	508	301	483	217	284
HARYANA	454	5140	3773	1821	302	207	428	226	658
KERALA	255	7281	5531	2005	557	279	355	230	584
MADHYA PRADESH	432	8449	6551	2330	718	300	483	182	647
ANDHRA PRADESH	96	13041	10634	2503	1244	353	529	191	186
GUJARAT	568	16101	13463	3206	1121	623	673	307	482
TAMILNADU	544	16178	13329	3393	1107	441	606	284	955
BIHAR	1939	3191	1586	3544	214	174	451	263	2442
KARNATAKA	501	13718	10062	4157	1001	431	1009	344	1372
PUNJAB	689	11911	8390	4210	879	707	1088	336	1200
DELHI	1231	14752	9952	6031	1262	806	1497	676	1790
UTTAR PRADESH	3315	13670	9391	7594	1269	984	1347	467	3527
WEST BENGAL	4835	12433	7926	9342	778	328	967	679	6590
MAHARASHTRA	6438	45734	32233	19939	3994	2116	3311	1871	8647
TOTAL	23416	207718	152546	78588	16374	8829	14527	6883	31975

INWARD COMPLAINTS PENDENCY REPORT UNDER PUBLIC GRIEVANCE DURING 01.10.2006 AND 23.10.2006
DIRECTORATE PUBLIC GRIEVANCES

Office Name	Ob	Red. During	Closed During	Total	Pending Details (Days)				
					<15	15-30	31-60	61-90	>90
APS DIRECTORATE	154	147	86	215	84	67	43	13	8
HIMACHAL PRADESH	237	173	105	305	111	62	70	23	39
CHHATTISGRAH	390	328	304	414	205	77	90	27	15
UTTARANCHAL	419	493	282	630	324	131	146	19	10
GUJARAT	859	1131	1051	939	447	155	175	47	115
JAMMU & KASHMIR	1002	102	97	1007	68	58	131	95	665
NORTH EASTERN	1024	225	129	1120	141	95	165	104	615
PUNJAB	1195	550	435	1310	325	202	376	123	284
RAJASTHAN	1241	669	579	1331	344	262	393	112	220
ANDHRA PRADESH	1274	1327	1213	1388	585	221	255	102	225
ASSAM	1360	377	318	1419	267	121	227	138	666
HARYANA	1420	482	436	1466	318	203	275	138	532
ORISSA	1684	720	654	1750	447	178	293	181	651
KERALA	1864	900	968	1796	465	223	325	189	594
MADHYA PRADESH	1862	977	803	2036	620	297	478	142	499
KARNATAKA	2437	1394	1203	2628	662	322	572	194	878
TAMILNADU	2629	2068	1787	2910	1003	332	411	190	974
JHARKHAND	3133	603	445	3291	423	284	523	288	1773
DELHI	3668	1620	1314	3974	931	472	662	329	1580
WEST BENGAL	7530	1515	1470	7575	952	483	914	562	4664
MAHARASHTRA	11478	3274	3238	11514	1985	1136	1858	1137	5398
UTTAR PRADESH	12626	4440	4123	12943	2857	1631	2694	1147	4614
BIHAR	16053	3962	3405	16610	2814	1808	3445	1580	6963
TOTAL	75539	27477	24445	78571	16378	8820	14521	6880	31972

Recommendation (Para No. 30)

The Committee further note that on-line postal services like e-post, e-Bill Post, Customer Care Centre, 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.

Action taken by the Government

In addition to the online services referred to by the Committee, other services where online facilities have been introduced by the Department are:

1. Speed Post Gold- This is essentially a Speed Post service between Central Business Districts of major metros and is time-sensitive with Electronic IOD facility. Dedicated arrangements for collection, transmission and delivery are there. The cost is speed post charges + premium charges. In case of delay, automatic refund of premium charges would be there. The service has been introduced between Delhi and Mumbai to start with.

2. e-Payment Software- A new payment software has been prepared which offers the facility of receiving payments for the bills at the Post Office counters. The service is web based and facilitates collection and consolidation of electricity bills, telephone bills and other utility bills. The statistics of Bill collection is available to the Service Provider online.

Further, the Department has entrusted the task of establishing the National Data Centre and networking of post offices to the National Informatics Centre (NIC) on a turn-key basis. The Department has made an advance payment of Rs 3.00 crore for the initiation of National Data Centre project on 4.7.06. The project is expected to be completed by March 2007.

SUBLETTING SPACE FOR ATM

Recommendation (Para No. 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.

Action taken by the Government

In respect of providing space in the Post Offices for installation of ATMs of various Banks, the intention of the Department at present is not to provide space and earn rentals. The basic intention is that the POSB customers of the Post Office should be in a position to transact their accounts, in the eventuality of the Department providing a Card based payment solution to its customers. Card based payment solution can be provided only after Any Time Any Where Banking facility is provided. For this purpose, the Department has engaged a Consultant to provide a road map, which *inter-alia* will contain in their recommendations, the requirements for Hardware, Software, Connectivity, Switch, ATM Network, CRM, Process Re-engineering, HRD aspects including a Budget forecasting and Implementation Plan. The Consultant's Report, which is likely to be received shortly, will be examined in the Department in consultation with other Organisations, if need be.

At the time of implementation, the offers of various Banks will be considered in entirety as a business case and the most suitable tie-up will be made. It is at this point of time that the Department would consider sharing space with the Banks whose offers are considered more suitable keeping in view the interests of the POSB customers.

COMPLAINTS AND GRIEVANCES

Recommendation (Para No. 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.

Action taken by the Government

Though the number of complaints relating to money orders and registered letters appears to be high, the proportion of complaints with respect to traffic handled is as follows during the period mentioned:

Service	Complaint traffic ratio		
	2002-03	2003-04	2004-05
Registered letters	0.0008	0.00123	0.00102
Money Orders	0.00584	0.00359	0.00423

In view of the observations made the Standing Committee, all Chief Postmasters General have been advised to take effective steps/measures to settle the complaint cases expeditiously. Efforts are also being made to bring down the number of complaints. The details of the number of complaints received relating to money orders and registered letters along with the period of pendency of unsettled complaints is at Annexure 2.

COMPLAINTS RECEIVED SETTLED AND PENDING

Registered Letters

Year	Received	Settled	Pending	Below 3 months	% wrt pendency	3-6 months	% wrt pendency	6-12 months	% wrt pendency	Above 12 months	% wrt pendency
2002-03	243390	187807	55583	50570	90.981	3715	6.683	1171	2.106	127	0.228
2003-04	239046	187666	51380	47860	93.149	3076	5.986	348	0.677	96	0.186
2004-05	282514	210571	71943	64450	89.584	7068	9.824	363	0.504	62	0.086

Money Orders

Year	Received	Settled	Pending	Below 3 months	% wrt pendency	3-6 months	% wrt pendency	6-12 months	% wrt pendency	Above 12 months	% wrt pendency
2002-03	741504	608638	132866	128151	96.451	3330	2.506	1175	0.884	210	0.158
2003-04	430669	343743	86926	84003	96.637	2487	2.861	325	0.373	111	0.127
2004-05	591196	475921	115275	109919	95.353	3509	3.044	1693	1.468	154	0.133

REAL ESTATE MANAGEMENT

Recommendation (Para No. 33 & 34)

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 utilized 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 unauthorized people.

And

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 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.

Action taken by the Government

With regard to utilization of spare land available with the Department, various steps have already been taken. The Cabinet Committee on Economic Affairs (CCEA) has 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 the Postal Land Development Authority (PLDA) for development and commercial exploitation of Postal Estates has been approved by the Postal Services Board. The proposal was sent to Planning Commission for in-principle, approval. As per the advice of Planning Commission, the Department has engaged a consultant to undertake a market survey on commercial development of land in 4 plots in July, 2006. Further action will depend upon results of the survey.

WELFARE OF WOMEN EMPLOYEES**Recommendation (Para No. 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.

Action taken by the Government

The present schemes of the 10th Plan have not been devised in a manner conducive to separating the Gender Budget provision, so it has not been possible to indicate a separate Gender Budget. However, such a provision will be made in the 11th Five Year Plan Proposal, which is presently under formulation.

CHAPTER III

RECOMMENDATIONS OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLY OF THE GOVERNMENT

BUDGETARY ANALYSIS—RECOVERIES

Recommendation (Para No. 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.

Action taken by the Government

As per a recent clarification in this regard, since all types of accident policies are covered under General Insurance, the proposed Accident Policy cannot be introduced under Postal Life Insurance (PLI).

BUDGETARY ANALYSIS—BUDGETARY ALLOCATION FOR NORTHEAST

Recommendation (Para No. 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 the 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.

Action taken by the Government

The original proposal for the Tenth Five Year Plan included a target for opening 100 Departmental Sub Offices (DSOs) and 1000 Extra Departmental Sub Offices (EDSOs) throughout the country under Plan scheme “Expansion of Postal Network”. However, when the EFC considered the proposal in the

year 2002-03, it approved implementation of the scheme with revised physical targets only for the first two years of the Plan period -2002-03 and 2003-04. A directive for rationalising the network was also given. Thus, even the target of opening 450 BOs, 45 DSOs for the entire country was to be met by redeployment of existing post office and the expenditure was to be restricted only to provision of non- recurring cost for opening of new post offices.

While it had earlier been planned to open 100 EDBOs in NE Region, since the original approval of the scheme was only for the first two years and a target for 51 BOs and 5 DSOs was allotted to NE Region, it has not been possible to allot targets to the extent originally planned. Against the approved targets for the NE Region, 50 BOs and 5 DSOs have been opened.

It was decided by the EFC that the revised proposal for the remaining period of the Tenth Plan would be based only on recommendations of a Study Group which was engaged on a study of Rural Postal Network. The EFC will be meeting in the current financial year to consider the revised proposal for the scheme "Expansion of Postal Network", which is based on the recommendations of the Study Group. Thus, it would not be possible to open any more BOs in the North Eastern Region in the 10th Five Year Plan in view of the revised target. However, the Department will be preparing a separate Sub Plan for the NE Region under the 11th Five Year Plan to ensure the required focus on the issues that need to be addressed in the Region.

CHAPTER-IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

BUDGETARY ANALYSIS—GROSS EXPENDITURE

Recommendation (Para No. 2)

The Committee also notes 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 computerization 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.

Action taken by the Government

The rationalization of manpower deployment and utilization is a continuous and ongoing process. In accordance with the policy of the Government of India, the Department of Posts has been implementing a 2% cut annually on direct recruitment, as also the instructions regarding not filling up posts vacant for the prescribed duration.

Comments of the Committee

(Kindly see Para 8 of Chapter-I)

BUDGETARY ANALYSIS—RECOVERIES

Recommendation (Para No. 5)

The Committee are constrained to note that there are huge outstandings against agency charges pending recovery from the Ministries/Departments and other organizations respectively amounting to Rs 12 .32 crore on account

of EPF, Rs 8.28 crore on account of CMPF, Rs 100 crore from DOT/BSNL (on account of telegram charges). The Committee in their 26th Report (2005-06) 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 houses of Parliament.

Action taken by the Government

Recovery on account of payment of EPF & CMPF is a continuous process and such balances in these heads cannot be wiped out fully. In case of EPF as per agreement only 75% advance is received against the payment made. In case of CMPF there is no provision for advance payment. Therefore, there are always outstanding amounts. However, Postal Circles are continuously taking action for liquidation of outstanding amounts. Regarding arrears of telegraph and rental charges, liaison with BSNL/DOT is being maintained to enable early settlement of arrears.

Comments of the Committee

(Kindly see Para No. 11 of Chapter-I)

BUDGETARY ANALYSIS—REVENUE DEFICIT

Recommendation (Para No. 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.

Action taken by the Government

As advised by the Standing Committee, the Department of Posts has taken up the matter with Ministry of Finance to charge Pension and Pensionary benefits to the common head of accounts i.e. 2071- Pension and other pensionary benefits, at par with other Ministries/departments.

Comments of the Committee

(Kindly see Para No. 14 of Chapter-I)

BUDGETARY ANALYSIS—BUDGETARY ALLOCATION FOR NORTH EAST

Recommendation (Para No. 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 utilisation of the allocation for the year 2006-07. The Committee feel that under utilisation 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 utilisation 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 utilized during the current year.

Action taken by the Government

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 the NE Region in the years 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07 respectively under the mandatory clause of earmarking 10% of the total outlay under each existing Plan scheme. The Department finds it very difficult to invest in a manner that can lead to full utilisation of the allocated funds for North East Region under the constraints of certain defined parameters adopted for the whole country that did not match with the specific needs of the Region and, therefore, provide lesser maneuverability for the execution.

In all these Plan projects, the major component of the total outlay was on Computerisation of Post Offices. However, under the scope of this Plan, computerization is to be undertaken up to the level of triple handed post offices. This criterion of undertaking the computerization only up to triple handed post offices was relaxed to double-handed level for North East. Computers have been provided to all the double-handed post offices during the Plan year 2005-06 and there is no further scope for fund utilization under these projects in the NE Region. Thus, although utilisation of fund is not upto the allocation, in terms of physical outlays, the achievement is optimal.

Similarly, implementation of the Plan schemes of 'Expansion of Postal Network', 'Mechanisation and Modernisation of the Mail Movement', 'Modernisation/Upgradation and Promotion of Philately', 'Training', 'Construction of Buildings' in the NE Region has been effective, despite the constraints such as execution of the schemes under certain defined parameters adopted for the whole country which may not be fully applicable in the NE Region. The ban on the purchase of vehicles by the Finance Ministry also put restrictions on the 'Mechanisation of Mail Movement'. Further, there are certain restrictions on the use of funds in areas like developing the Department's own infrastructure in terms of buildings/or operative offices, as Planning Commission give low priority to construction work.

Despite the constraints mentioned above, Department of Posts has been able to utilize the funds to the benefit of the North Eastern region to a large extent. The utilisation of funds allocated for the North East for Plan activities is being monitored regularly.

Keeping in view the various constraints as discussed above, Department is going to make a separate Sub-Plan on the North East in the forthcoming 11th Five year plan that will ensure full utilisation of the earmarked fund for the North East Region for schemes specific to the region.

Comments of the Committee

(Kindly see Para No. 17 of Chapter-I)

BUSINESS DEVELOPMENT ACTIVITIES

Recommendation (Para No. 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 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.

Action taken by the Government

For promotion of growth in Speed Post business, the following services/ facilities have been introduced:

1. Pick up by Postmen– The facility of picking up of ordinary mail and Speed Post articles and sale of postal stamps and stationery by postmen has been launched from 18.7.05.
2. Speed Post Gold– This is essentially a Speed Post service between Central Business Districts of major metros and is Time sensitive with Electronic IOD facility. Dedicated arrangements for collection, transmission and delivery are there. The cost is speed post charges + premium charges. In case of delay, automatic refund of premium charges would be there. The service has been introduced between Delhi and Mumbai to start with.

3. One India One Rate– Since 2006 is the 20th anniversary of Speed Post, it has been decided that a flat rate of Rs. 25 would be charged for all articles weighing upto 50 gms for anywhere in India other than “local”. These charges are effective from 21st August 2006.
4. Local Rates for NCR– It has been decided that Speed Post and Express Parcel Post articles booked in and destined for Delhi/New Delhi, Ghaziabad, Gurgaon, Noida and Faridabad would be treated as local for the purpose of determining of tariff.

Comments of the Committee

(Kindly see Para No. 20 of Chapter-I)

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES ARE OF INTERIM NATURE

EXPANSION OF POSTAL NETWORK

Recommendation (Para No. 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 covering 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.

Action taken by the Government

The Department of Posts is addressing the issue and will keep the Standing Committee informed of the action taken on the recommendation given by the Committee.

IMPROVEMENT OF QUALITY OF SERVICES

Recommendation (Para No. 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 Mail (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-finalisation 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.

Action taken by the Government

The e-MARIA and HQSCM projects are ready for implementation and are expected to be completed in the current year, subject to composite approval by the competent authority of the Plan Scheme under which these projects have been included.

NEW DELHI;
13 December, 2006

22 Agraphayana, 1928 (Saka)

NIKHIL KUMAR,
Chairman,
Standing Committee on
Information Technology.

ANNEXURE I

MINUTES OF THE FIFTH SITTING OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2006-2007)

The Committee sat on Wednesday, the 13th December, 2006 from 1500 Hours to 1615 Hours in Committee Room 'E', Parliament House Annexe, New Delhi.

PRESENT

Shri Nikhil Kumar – *Chairman*

MEMBERS

Lok Sabha

2. Shri Nikhil Kumar Choudhary
3. Shri Sanjay Shamrao Dhotre
4. Shri Sohan Potai
5. Shri Tathagat Satpathy

Rajya Sabha

6. Shri Vijay J. Darda
7. Shri Praveen Rashtrapal
8. Shri A. Vijayaragahavan
9. Shri Shyam Benegal

SECRETARIAT

1. Shri P. Sreedharan – *Joint Secretary*
2. Shri Raj Shekhar Sharma – *Director*
3. Shri Cyril John – *Under Secretary*

2. At the outset, the Chairman welcomed the Members to the sitting of the Committee. The Committee then took up for consideration the following draft Reports and adopted the same with some modification:-

(i) *** *** *** *** *** *** ***

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

(iii) Draft Report on Action Taken by the Government on the Recommendations/Observations of the Committee contained in their Thirty-first Report (Fourteenth Lok Sabha) on 'Demands for Grants (2006-2007)' pertaining to Department of Posts.

3. The Committee, then, authorised the Chairman to finalise and present the above mentioned Reports to the House on a date and time convenient to him.

The Committee, then, adjourned.

ANNEXURE II

ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE TWENTY-EIGHTH REPORT (FOURTEENTH LOK SABHA)

[Vide Paragraph No. 5 of Introduction]

- (i) Recommendations/Observations which have been accepted by the Government:

Para Nos.: 1, 3, 6, 7, 8, 10, 11, 14, 16, 17, 19, 20, 21, 23 to 35

Total : 26

Percentage : 74.29%

- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the replies of the Government:

Paragraph Nos.: 4 and 13

Total : 02

Percentage : 5.71%

- (iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:—

Paragraph Nos.: 2, 5, 9, 12 and 22

Total : 05

Percentage : 14.29%

- (iv) Recommendations/Observations in respect of which replies are of interim nature:—

Paragraph Nos.: 15 and 18

Total : 02

Percentage : 5.71%