

REPORT

PART-I

I. INTRODUCTORY

The Department of Posts (DoP), which form a part of the Ministry of Communications and Information Technology, are responsible for the planning, development, expansion, operation and maintenance of Postal Services in the country. They also discharge certain agency functions in respect of Savings Bank and other Small Savings Schemes, collection of customs duty on Postal articles and disbursement of pension to military and Railway pensioners, Family pension to Industrial Employees of Coal Mines, etc. The Department administer Postal Life Insurance for the benefit of Postal, Telecom and other Central Government Employees and the Employees of State Governments, Public Sector Undertakings, Nationalized Banks, Local bodies, etc..

2. 'India Post' operate a wide network of Post Offices in the length and breadth of the country. This network forms the largest postal system in the world with an array of about 1.55 lakh of Post Offices. There are 5926 *Panchayat Sanchar Sewa Kendras* to provide basic postal services in the rural areas in addition to the 1.55 lakh Post Offices. On an average, a Post Office covers an area of 21.2 sq. km. (all India) and 22.61 (rural) and serves 7166 people (all India) and 5686 (rural). According to DoP, this compares favourably with USA, where a Post Office covers an area of 259.25 sq. km. and serves 8029 people, and China where a Post Office covers an area of 145.59 sq. km. and serves 19962 people.

3. In its 150 years of existence, the Post Office in India has been more than a 'means of communications'. Apart from connecting the diverse regions and populace of the country, 'India Post' have an important role in the lives of Indians in more ways than one. They seek to provide a wide range of services to the people. The four main areas of services offered by the 'India Post' are as follows:—

1. Communication services - Letters, Post Cards, etc.
2. Transportation services - Parcel, Logistics, etc.
3. Financial services - Savings Bank, Money Order, Insurance, etc.
4. Value added services - Speed Post Service, Business Post, Direct Post, etc.

4. The Demands for Grants of the DoP for 2008-2009 were presented to Lok Sabha under Demand No.12.

5. The detailed Demands for Grants of the Department were laid in Lok Sabha on 17 March, 2008.

6. In the present Report, the Committee have *inter-alia* analysed the position of Outlay and the expenditure, particularly, the performance of some the major Plan Schemes in the context of examination of the Demands for Grants (2008-09).

II. IMPLEMENTATION STATUS OF THE RECOMMENDATIONS CONTAINED IN THE FORTY-FIFTH REPORT OF THE COMMITTEE ON DEMANDS FOR GRANTS (2007-08) OF THE DEPARTMENT OF POSTS

7. The Standing Committee on Information Technology presented their Forty-fifth Report on Demands for Grants relating to the Department of Posts for the year 2007-08 on 27 April, 2007. The Fifty-third Report on Action Taken by the Government on the recommendations contained in the Forty-fifth report on Demands for Grants ((2007-08) was presented to Lok Sabha on 4 December, 2007. Out of the 28 recommendations contained in the Report, 18 recommendations (recommendations at Para Nos. 1, 3, 4, 6, 7, 9, 12, 15, 18, 19, 20, 21, 22, 23, 24, 26, 27 and 28) were accepted by the Government. The Committee did not desire to pursue the recommendation at Para No. 13 in view of the reply given by the Government. Five replies (recommendations at Para Nos. 2,5,14,17 and 25) were found to be interim in nature. The replies of the Government in respect of four recommendations at Para Nos. 8,10,11 and 16 were not accepted by the Committee. The Committee reiterated these recommendations in their Fifty-third Report.

III. BUDGETARY ANALYSIS

(i) Overview of Demands for Grants for 2008-09

8. The Department of Posts have presented Demand No. 12 for Grants to Parliament for the year 2008-09, the details of which are as follows:

(Rs. in crores)

		Revenue	Capital	Total
Voted	Plan	150.50	389.50	540.00
		26.90*	33.10*	60.00
	Non-Plan	7384.76	4.01	7388.77
	Total	7562.16	426.61	7988.77
Charged	Plan	–	–	–
	Non-Plan	0.24	–	0.24
Total		7562.40	426.61	7989.01

*Allocation of North-Eastern Region

9. Head-wise details of the Revenue and Capital Section of the year 2008-2009 Budget are as follows:

(Rs. in crore)

Revenue Section		Capital Section	
Head of Account	BE 2008-09	Object Head	BE 2008-09
01 General Administration	413.67	Training Buildings	2.00
02 Operation	4830.84	Post Office and RMS Buildings	6.00
03 Agency Services	284.79	Admn. Office Buildings	4.50
04 Accounts & Audit	155.60	Staff Quarter Buildings	0.05
05 Engineering	79.38	Training Land	-
06 Amenities to Staff	51.34	Post Office Land	0.50
07 Pension	1598.00	Staff Quarter Land	-
08 Stationery & Printing	110.88	Admn. Office Land	-
09 Others	11.00	Mechanisation and Modernisation of Postal Services	376.00
		Railway Mail Services Vans	-
		Mail Motor Vehicles	4.00
		Civil Engineering Store Suspense	0.01
		Other Expenditure	-
Total	7535.50		393.51
Provision for North-East	26.90		33.10
Grand Total	7562.40		426.61

10. The comparative analysis of the aforesaid Demands for Grants with reference to BE and RE of the year 2007-08 and the actual expenditure of the years 2005-06 and 2006-07 are given below:

(Rs. in crore)

	Actuals 2005-06	Actuals 2006-07	BE 2007-08	RE 2007-08	BE 2008-09	%age inc./dec. of col. 5 over col. 3	%age inc./dec. of col. 6 over col. 5
1	2	3	4	5	6	7	8
Revenue Section							
Gross expenditure	6429.15	6779.12	7237.39	7291.79	7562.40	7.56%	3.71%
Deduct : Recoveries	195.78	207.16	215.50	293.25	267.35	41.56%	-8.83%

1	2	3	4	5	6	7	8
Net expenditure	6233.37	6571.96	7021.89	6998.54	7295.05	6.49%	4.24%
Postal Receipts	5023.49	5322.44	5539.73	5707.20	6159.31	7.23%	7.92%
Deficit	1209.88	1249.52	1482.16	1291.34	1135.74	3.35%	-12.05%
Provision for North East							
Region under M. Head 2552	0.00	0.00	8.54	32.54	26.90	0.00%	-17.33%
Capital Section							
Gross expenditure	269.20	284.74	232.22	202.22	426.61	-28.98%	110.96%
Deduct : revenue	0.00	0.00	0.00	0.00	0.00		
Net expenditure	269.20	284.74	232.22	202.22	426.61	-28.98%	110.96%
Provision for North East							
Region under M. Head 4552	0.00	0.00	22.80	17.82	33.10	0.00%	85.75%

(ii) Revenue Expenditure

(Rs. in crore)

2003-04	—	5736.06
2004-05	—	5964.54
2005-06	—	6429.15 (Actuals)
2006-07	—	6533.69 (BE) 6899.11 (RE) 6779.12 (Actuals)
2007-08	—	7237.39 (BE) 7291.79 (RE) 5753.01 (Actuals upto January, 2008)
2008-09	—	7562.40 (BE)

11. The projection of the gross expenditure for the year 2008-09 is Rs. 7562.40 crore which shows an increase of about Rs. 270.61 crore *i.e.* 3.71 per cent over the RE of 2007-08. The reasons for the steady rise in gross expenditure as stated by the Department are (i) the expenditure incurred on Salaries, Pensionary Charges, normal increase in Dearness Allowance, (ii) operational expenses for mail delivery, and

(iii) business promotions for revenue enhancement. The hike is stated to have been necessitated due to among other things additional requirement made under Professional Service (Rs. 5.21 crore) Maintenance (Rs. 77.52 crore), Other Charges (Rs. 9.28 crore).

12. The analysis of the information furnished by the Department further showed that under (i) Foreign Travel Expenses, and (ii) Maintenance (Minor Works), the proposed expenditure is more than 100 percent. The reason for the proposed hike has been stated as the need to impart the much needed international exposure and training in the best practices to the officials and also the proposed regular visits to different countries for setting the inbound and outbound business to meet the ambitious targets to achieve from the global business. The reasons for increase in Maintenance (Minor Works) expenses has been stated by the Department as modernisation and computerisation of Post Offices alongwith ergonomics in the Post Offices.

13. When enquired as to what extent the technology induction has resulted in bringing down the expenditure of the Department, the Committee have been informed that unlike private companies, the Department are not laying of persons which is the major expenditure. Beside, the computerisation brings in the increased expenses on electronics, consumables and stationery. No study to know the impact of the technology induction in bringing down the expenditure has been stated to be undertaken so far.

(iii) Revenue Receipts

14. The Revenue Receipts of the Department of Posts during the last three years and projection for the year 2008-09 are as under:

			(Rs. in crore)
2005-06	—	5023.49	(Actuals)
2006-07	—	5350.45	(RE)
		5322.44	(Actuals)
2007-08	—	5539.73	(BE)
		5707.20	(RE)
		2446.14	(Actuals upto January, 2008)
2008-09	—	6159.31	(BE)

15. The major sources of Revenue Receipts of DoP are detailed in the following Table:—

(Rs. in crore)

Description	Amount	
	2006-07	2007-08
Revenue from Postal Operation		
Sale of Postage Stamps	671.45	689.16
Postage realised in cash for ordinary post	648.22	764.00
Postage realised in cash for Premium Services	980.95	1021.70
Others	177.94	241.14
Total Postal Operation	2478.56	2716.00
Commission on Money Orders and Postal Orders	353.88	380.00
Remuneration form SB & CC	2490.00	2611.20
Total Revenue Receipts	5322.44	5707.20

16. As regards the reasons for the slow growth in the Revenue Receipts of the Department during the Tenth Plan, the Department have informed that it is largely due to the decline in the traditional mail traffic, Money order traffic, etc. The Department have further informed that various steps are being taken to increase the revenue by introducing innovative products and services keeping in view the customers and market requirements. Services like Speed Post, Passport Service, Business Post, Bill Mail Service, Retail Post, Media Post, Express Parcel Post, Logistic Post, Direct Post, IMO have been strengthened and other agency services are being promoted to increase the revenue and so also tie up with other Ministries and Departments.

17. The details of revenue receipts in various categories such as sale of stamps, postage realized in cash, commission on MO/IPOs, etc. during the Tenth Five Year Plan are given below:—

(Rs. in crore)

Year	Sale of stamps	Postage realized in cash	Commission on MO/IPOs
2002-03	981.04	1017.35	301.10
2003-04	894.67	1155.92	318.13
2004-05	798.66	1297.11	326.89
2005-06	758.56	1469.99	334.10
2006-07	671.45	1680.47	353.88

18. The Committee have been informed that the Department are making concerted efforts to increase the revenue receipts in various categories of products and services by streamlining of operation through technology induction, diversifying into new areas and by introducing new schemes and products.

19. The difference in the amount received under the head Revenue Receipts upto January, 2008 and the BE for the year 2007-08 is to the tune of Rs. 3261.16 crore. When asked about the same, it was stated that the Department are optimistic to achieve the proposed targets of Rs. 5707.20 crore as per the revised estimates. The remuneration for Savings Bank and Savings Certificates which constitutes nearly 46 per cent of the revenue of Postal Department gets adjusted in the end of the financial year. The Ministry of Finance have already agreed for the SB /CC remunerations for the year 2007-08 *vide* their letter No. F-9/6/2007-NS-II dated 28-01-2008 based on the monthly trends and other inputs. Moreover, the large chunk of recoveries like RPLI/PLI/WUMT get adjusted at the year end. Hence, with revenue received under various revenue heads including SB/CC at the year end, the Department would be able to certainly achieve the RE targets.

(iv) Rate of Remuneration for Savings Bank and Cash Certificates

20. The Committee while examining the Demands for Grants of the previous years had noted that an expert Committee of the Ministry of Finance set up in 1993-94 had recommended that the Department of Posts were entitled to a hike of 10 per cent per annum in the rate of remuneration for the Savings Bank and Cash Certificates performed by them on behalf of the Ministry of Finance. However, the Ministry of Finance were not honouring the aforesaid recommendation.

21. The Committee in their 53rd Action Taken Report on the subject had desired that the authorities should conclusively resolve the matter within a period of three months. When enquired about the latest update of the efforts made by the Department to resolve this issue with the Ministry of Finance, it was stated that the issue is being vigorously pursued by the Department with the Ministry of Finance. It was also said that as a result of the pursuance, there has been an increase in the rate of remuneration by 4.5 per cent in 2008-09 (BE). Recently the matter was reportedly taken up with the Secretary (Expenditure) and Secretary (Banking) at the Secretary level *vide* DO letter No. 19-1/2007 Bgt (PA) dated 25 February, 2008. However, the Department are yet to receive any reply from the Ministry of Finance.

(v) Recoveries

22. The Department of Posts are paid agency charges for the services like commission on Postal Life Insurance, Pensions Payments, Western Union Money Transfer, etc. rendered on behalf of other Ministries/Departments. The recoveries of the Department of Posts during the Tenth Plan, fiscal 2007-08 and projection for 2008-09 are given as under:—

(Rs. in crore)

2002-03	—	102.10
2003-04	—	103.91
2004-05	—	150.85
2005-06	—	195.78 (Actuals)
2006-07	—	231.00 RE 207.16 (Actuals)
2007-08	—	215.50 (BE) 293.25 (RE) 28.33 (Actuals upto January, 2008)
2008-09	—	267.35 (BE)

23. In the above context, the Committee asked whether the recoveries made during each year of the Tenth Plan were commensurate to the services provided to different agencies. In reply, the DoP intimated the recoveries against each service, for the five years of the Tenth Plan as follows:—

(Rs. in crore)

Sl. No.	Name of Service	Years and amount of recoveries				
		2002-03	2003-04	2004-05	2005-06	2006-07
1.	PLI Recoveries	57.91	70.93	124.37	143.29	160.37
2.	WUMTS	0.00	3.87	6.95	12.54	23.18
3.	Others	44.19	29.11	19.53	39.95	23.61
	Total	102.10	103.91	150.85	195.78	207.16

24. The position of outstanding balance as informed by DoP is as follows:—

(Rs. in crore)

Name of Deptt.	2004-05	2005-06	2006-07	Total
DOT	Nil	2141976	29403833	31545809
EPF	19985865	44815521	41363225	106164611
CMPF	16431935	7669066	29231565	53332566

25. As regards the recovery action, the Department have stated that necessary steps are being taken to recover the outstanding balances. All the field units are being reminded to make all out efforts to wipe out the outstanding balances and to take appropriate action by holding periodical formal meeting with the concerned departments for recoveries of outstanding dues. The Department have also taken up with the Ministry of Labour to direct EPFO and CMPF to settle their dues expeditiously. The case was taken up with DoT HQ which has issued directives to CCAs to settle all outstanding during the current financial year.

26. While examining Demands for Grants of the previous year *i.e.* 2007-08, the Committee had observed that a sizeable amount of recovery was pending against Bharat Sanchar Nigam Limited (BSNL). On detailed scrutiny, it was found that outstanding was due to dispute in (a) rate of the commission for handling telegrams in combined Post Offices and (b) the total number of messages booked, transmitted and delivered. Another reason of dispute was non-finalisation of certain issues on account of separation of the Department of Telecommunications (DoT) and BSNL. The Departments were expecting resolving the pending issues and a separate MoU was stated to be signed with BSNL, to create synergy.

27. As regards the latest position, the Department stated that a MoU was signed with the BSNL authorities to develop a mutually beneficial relationship through business packages as being provided by the respective Departments and extend the various features of the services available as such.

28. When asked about the same, the Secretary, DoP stated during evidence,

“We had an MoU with BSNL in which they committed themselves to settling these dues”.

(vi) Revenue Deficit

29. The Revenue Deficit of the Department of Posts during each year of the Tenth Plan and projections for the year 2008-09 are as under:—

(Rs. in crore)

2002-03	—	1364.40
2003-04	—	1375.22
2004-05	—	1381.84
2005-06	—	1209.88
2006-07	—	1317.66 (RE)
2007-08	—	1482.16 (BE) 1291.34 (RE) 3278.54 (Actuals upto January, 2008)
2008-09	—	1135.74 (BE)

30. In the above context, the Committee wanted to be apprised of the action plan that has been chalked out to wipe out the revenue deficit. In reply the Department submitted that for reducing the revenue deficit, the Department of Posts have been making every effort apart from increasing revenue/recoveries like Postal Life Insurance/Rural Postal Life insurance and remuneration from financial services. It was added that better technology introduced by the Department of Posts in order to save establishment cost will certainly help containing revenue deficit to some extent. Further, the Department of Posts are also having tie up with other Ministries/Departments for schemes like NREGS, Old-age Pension, etc. besides looking for the market in the rural network to earn more and more revenues. In addition, the Departments are looking forward to the Ministry of Finance and Planning Commission for charging Pensionary cost to the common head of accounts *i.e.*, MH 2071 – Pension and other Retirement Benefits as are being done in the case of other Ministries/Departments.

31. As per the accounts of February, 2008, the revenue deficit of the Department stands at Rs. 3593.83 crore. Asked about the same, it was replied that the Department hoped to bring down the revenue deficit to the level of Revised Estimates 2007-08. According to DoP, the revenue realized by the Department upto February, 2008 does not include the remuneration for SB/CC work (amounting to Rs. 2611.20 crore in RE 07-08) which would get adjusted at the year end.

32. The Committee were informed that the Department of Posts are compelled to make payments to pensioners as operational working expenses of the Department unlike other Ministries where pension payments are treated as a separate common head. The RE provision for the year 2007-2008 under the Major Head 3201 for pensions were Rs. 1563.50 crore and the B.E. for 2008-09 has been Rs. 1598.00 crore, percentage increase being 2.21.

33. The Committee while examining the Demands for Grants of the year 2007-08 had recommended that the Government should consider absolving the Department of Posts of the commercial tag and charge the pensionary cost to the common head of accounts, as is being done in the case of most of the Ministries/Departments. The Committee had recommended that Department of Posts should pursue the matter with the Ministry of Finance.

34. Detailing the outcome of pursuing the aforesaid matter with the Ministry of Finance, the Department stated that the matter of charging expenditure on payments of Pension and Pensionary benefits in respect of Department of Posts to the common head of account at par with other Ministries/Departments was taken up with the Ministry of Finance and Planning Commission as and when recommended by the Standing Committee in their various reports. It was also stated that unfortunately Ministry of Finance had always rejected the request with the contention that as per rule 54 of the Government Accounting Rules 1970, the Department of Posts has to be treated as a function on commercial Department. It was further submitted that the Department of Posts are pursuing once again the matter at the highest level with the Ministry of Finance for shifting the burden of pension liability of the Department to the general common pension head (*i.e.* 2071) rather than showing it as DoP expense first and then giving budget grant to DoP to cover the same.

35. In the same context, the Committee wanted to be apprised of the effect of the Sixth Pay Commission recommendation on the exchequer of the Department. The Secretary, Department of Posts in this regard submitted,

“xxx we do not have any decision on these things, but we do expect to have a big additional factor to look to in terms of expenditure that it is going to have, but we are ready for it.”

36. The Secretary further elaborated,

“But pension liability is going on increasing. We cannot do anything about it. People who retired in fifties are still our pensioners. xx

But as Government, if they want us to function in a more business like and commercial way and show a profit rather than loss, then this issue of pension has to be looked at. This is historical. That is why we brought it to your notice.”

(vii) Capital Expenditure

37. The Capital Expenditure of the Department in the Tenth Plan during the year 2007-08, first year of the Eleventh Plan and the projection for the year 2008-09 was stated to be as under:—

		(Rs. in crore)
2002-03	-	42.25
2003-04	-	48.36
2004-05	-	126.29
2005-06	-	269.33
2006-07	-	380.20 (RE) 284.74 (Actuals)
2007-08	-	232.22 (BE) 202.22 (RE) 33.25 (Actuals upto January, 2008)
2008-09	-	426.61 (BE)

38. Pointing out that the actuals upto January, 2008 was only Rs. 33.25 crore against the RE of Rs. 202.22 crore in 2007-08, the Committee asked for the reasons for such glaring variations and the steps taken to ensure that the proposed allocation is spent prudently. In reply, it was stated that the amount of Rs. 33.25 crores includes both Plan and Non-Plan expenditure up to January, 2008 under Capital Section and under the plan segment funds to the extent of Rs. 180.39 crores was allocated for Capital Section, out of which funds to the extent of Rs. 32.82 crores has been booked upto January, 2008 in the plan voted segment. It was further stated that the Annual Plan 2007-08 being the first year of the Eleventh Plan Period (2007-2012), the steps for implementation of the schemes were required to be taken up, hence action for obtaining the approval of the competent authority for the schemes was initiated accordingly. It was also submitted that as the schemes are at the stage of obtaining the approval, preparation of EFC/SFC memos, funds to the extent anticipated could not be spent.

39. In the same context, the Committee were informed that the projections made for the year 2008-09 were 426.61 crore which are 110.96 percent more than the RE provision for 2007-08 which stands at Rs. 202.22 crore. Explaining the reasons, therefor, it was submitted that the funds to the extent of Rs. 389.50 crores (out of Rs. 426.61 crore) have been allocated under the Plan segment Capital Section during 2008-09 as against the RE allocation of Rs. 180.39 crore during 2007-08, thus there is an additionality of Rs. 209.11 crore. This additionality has been sought as many major schemes would be approved during the Annual Plan 2008-09 by the competent authority and would be ready for implementation. In view of the above, funds have been allocated in anticipation that the funds will be fully utilised.

(viii) Budgetary Allocation for North-Eastern Region

40. The following data with regard to the exclusive allocation made for North Eastern Region during each year of the Tenth Plan has been indicated in the Annual Report 2007-08:—

(Rs. in crore)

Annual Plan	Total plan expenditure	Expenditure in North-East	Percentage over total expenditure
2002-03	45.91	2.53	5.51 %
2003-04	63.30	3.91	6.18 %
2004-05	142.16	4.24	2.98 %
2005-06	301.11	4.82	1.60 %
2006-07	322.19	25.09	7.78 %

41. The position of unutilised amount deposited in non-lapsable pool of resources meant for North Eastern region during each year of Tenth Plan is as under:—

(Rs. in crore)

Year	BE Allocation	RE Allocation	Expenditure in North East	Unutilised Amount
2002-03	15.00	9.50	2.53	6.97
2003-04	8.98	7.13	3.91	3.22
2004-05	9.96	10.12	4.24	5.88
2005-06	15.23	22.29	4.82	17.47
2006-07	22.70	21.06	25.09	Nil

42. As regards physical achievement during each year of the Tenth Plan, the details have been given at Appendix-III. The analysis of the data indicates that during the year 2005-06 and 2006-07, the achievement under the following schemes is nil.

- (i) Departmental Post Offices
- (ii) Extra Departmental Post Offices
- (iii) *Panchayat Sanchar Sewa Kendra*
- (iv) Computerisation of Postal Account Offices
- (v) Administrative Offices
- (vi) Staff quarters

43. During the year 2007-08, the BE for the development of North Eastern Region was Rs. 22.80 crore which was revised to Rs. 17.82 crore. However, actual expenditure upto January, 2008 has been reported to be nil. The reason for under-spending as submitted by the Department is that the schemes need approval before implementation. However, the Department are hopeful of ensuring the utilisation of the reduced allocation as the approval for some of the schemes *viz.* Quality Management, Marketing Plan for Financial Services and Philately operations were already obtained. Besides under all the schemes, the physical achievement as reflected in the Appendix-III is not upto the mark.

44. During the year 2008-09, out of the total Capital Plan allocation of Rs. 426.61 crore, a provision of Rs. 33.10 crore has been made for the North-Eastern Region which is apparently below the mandatory 10 per cent of total allocation during the Plan year.

45. The information furnished by the Department indicates that out of 235 proposals for setting up of Post Offices (as on January, 2008) 45 proposals were justified for setting up of Post Office, and 190 proposals are under examination. The Secretary during the course of oral evidence while explaining the reasons for pending proposals in North East submitted as under,

“Our policy about hilly areas is already very much liberalized. We are only looking at 15 per cent return. On a population of every thousand people, one post office is justified. I will look into this issue certainly.”

46. The Secretary further assured that:

“he would personally go through the pending proposal and would review within three months.”

47. The Secretary informed the Committee about the special initiatives taken with regard to North-East. He stated as under,

“For these reasons you have pointed out, we have not looked at the expenses. For example, when we started operating an aircraft in North East in August last year, the load was only 4 tonnes against the aircraft’s capacity of 14 tonnes. So, we decided that even if we are running at a loss we will see that connectivity is given to the North East. The people are so happy and now we are carrying full capacity. We have more demand now. Again for computerisation for example, we have given them more.”

48. He further stated,

“Apart from giving them the aircraft and computers, we have decided to give two wheelers to our Postmen in the rural areas of the North East. I have asked Secretary (Expenditure) to give a special dispensation for us. There is a complete ban on buying new vehicles. I have asked for a special dispensation for Andaman and Nicobar Islands and the North East so that we can provide our Postmen with new vehicles to improve connectivity. There, every Post Office will get computers and they will be networked.”

49. When enquired about the details of specific projects identified and allocations made/proposed there against for implementation in the North Eastern Region during the Eleventh Plan, the Department have informed that North East Region has a problem of accessibility. During the Eleventh Plan, it has been proposed to wet lease a aircraft that can link the various North Eastern destinations and the scheme has already been initiated during 2007-08. The proposed plan also envisages carrying of mails through the Departmental mail motor service on certain routes by augmenting mail motor vehicles. There is a proposal for comprehensive estate management for constructing Post Office building as well as staff quarters. The scheme of modernisation and computerisation of the Post Offices, mail offices, transit mail offices (TMO), administrative offices and Speed Post Centres has also been proposed to provide better customer satisfaction and improved efficiency of the operations.

IV. UTILISATION OF PLAN OUTLAYS

(i) Tenth Plan Analysis

50. A statement indicating the Tenth Plan proposals, Outlay, BE, RE and actuals in each year of the Tenth Plan has been given at

Appendix-I. The analysis of the data reveal that the proposed Outlay for Tenth Plan was Rs. 3619.83 crore. However, the Tenth Plan Outlay as approved by the Ministry of Finance was Rs. 1350 crore. The actual allocation during the Tenth Plan was Rs. 1273 crore out of which the Department were able to utilise the funds to the tune of Rs. 874.67 crore, percentage utilisation being 68.70. A few schemes mentioned below have under-performed:

	(%)
(i) Expansion of Postal Network	32.77
(ii) Computerisation and networking of Mail Offices	24.55
(iii) AMPCs	17.03
(iv) Research & Development/Studies & Surveys	27.65
(v) E-bill Post	16.20
(vi) New products and services (including financial services)	14.76

51. However, in terms of physical achievement, the Department have reportedly met almost all the targets that were set for the Tenth Plan.

52. When asked whether any review of the various schemes being implemented during the Tenth Plan was done, it has been stated that no separate review was undertaken during the Tenth Plan. However, the Planning Commission in its mid-term appraisal had observed that as a result of the programme of computerisation, the Department could make a beginning in delivery of e-services like e-post and e-bill post and also suggested that the system could also be leveraged to build front end delivery mechanisms.

53. The Secretary while elaborating the reason for under-achievement during the Tenth Plan stated as under,

“Basically in the Tenth Plan formulations, I think, certain anticipated things which they were looked at that time, they did not bear fruit and also the processes for obtaining sanctions, they consumed most of the first one or two years. Even up to the third year, there was not much progress. So, the major thing was the technology where there was a large plan for technology induction and we wanted to put computers in 7,700 offices. That major thing had to go to Cabinet and that Cabinet clearance came in January, 2004

and then we started the procurement process and that is why you find from the expenditure pattern, that all the expenditure has been loaded on in the last two years of the Plan period”.

54. On being asked about the mismatch between the physical and the financial achievements, the witness replied,

“In fact in terms of the physical targets, we have actually over achieved. The cost estimate was not very accurate or they could not foresee how they could become cheaper. It could not be anticipated say six or eight years ago that the electronic equipments would become so cheap.”

(ii) Outlay earmarked during the Eleventh Plan

55. The tentative approval of the Planning Commission for the Eleventh Five Year Plan has been received by the Department of Posts for Rs. 4000 crore. The statement indicating proposed Outlay, BE, RE and actual expenditure (upto January 2008) during the year 2007-08 and the proposed Outlay and agreed to Outlay during the year 2008-09 have been given at Appendix-II. The analysis of the aforesaid data indicates the following:—

	(Rs. in crore)	
	2007-08	2008-09
Proposed	317.69	1492.57
BE	315.00	600.00
RE	285.00	—
Actual	38.13 (upto Jan, 2008)	

56. When enquired further about the reasons for the meagre utilisation of Rs. 38.13 crore against the allocated sum of Rs. 315 crore *i.e.* just 12.10 per cent of the total amount during the year 2007-08, it was stated that being the first year of plans, all the schemes are at the stage of obtaining the approval. Hence funds to the extent anticipated could not be spent.

57. It was further submitted that steps are being initiated by the Department for obtaining the early approval of competent authority for the schemes in order to implement the schemes at the earliest and it is anticipated that the funds will be utilised to the full extent.

58. The Secretary, Department of Posts, in the same context during evidence admitted,

“Actually the issue is booking of expenditure. The booking takes place later. We do spend the funds. Funds booked upto February, 2008 are Rs. 75 crore”

59. He further added,

“It is true. We have certainly not been able to spend.”

60. The information furnished by the Department indicates that the targets fixed during the first two years of the Eleventh Plan under different Schemes are not proportionate to the overall target fixed for the Eleventh Plan as a whole.

61. A scrutiny of the Outcome Budget (2008-09) of the Department has revealed that there have been noticeable shortfalls in the achievement of targets in several schemes/projects earmarked during the year 2007-08. For example, under the scheme Access to the Postal Networks (SPOs) total of 1256 Branch Post Offices (BPOs), Sub-Post Offices (SPOs) Departmental Sub-Offices (DSOs) and franchise outlets were to be opened in both urban and rural areas during 2007-08. However, against this target, the physical achievement of the Department has been reported to be nil. Similar shortfalls have also been noticed in other Schemes/Programmes like Mail Operations, Banking and Money Transfer Operations, Insurance Operations, Estate Management, Computerisation and Modernisation of POs/AOs/MOs/PAOs, Human Resource Management, etc.

V. PLAN SCHEMES

(i) Access to Postal Network

62. When asked about the break-up of 155204 Post Offices as Head Post Offices, Branch Post Offices, Extra Departmental Post Offices, etc., and the number of Departmental Employees and Gramin Dak Sevaks in the country, the following information has been furnished by the Department.

(As on 31 March, 2007)

Total number of Post Offices in the country	155204
Post Offices in the rural areas	139046 (89.59 per cent)
Post Offices in the urban areas	16158 (10.41 per cent)
Departmental Post Offices	25651
Extra Departmental Post Offices	129553
Departmental Employees	2.20 lakh
Gramin Dak Sevaks	2.80 lakh

63. As regards accessibility of Post Offices by the public, on an average a Post Office covers an area of 21.2 sq. kms. and serves 7166 people. In rural areas, said accessibility is 22.61 sq. kms. and serves 5686 people.

64. The norms for setting up of Post Offices in rural as well as urban areas are stated to be as under:—

1. Norms for opening Extra Departmental Branch Post Offices:

1.1 Population:

(a) In Normal Areas:

3000 population in a group of villages (including the PPO village)

(b) In Hilly, Tribal, Desert and Inaccessible Areas:

500 populations in an individual village or 1000 population in a group of villages.

1.2 Distance:

(a) In Normal Areas:

The minimum distance from the nearest existing Post Office will be 3 Kms.

(b) In Hilly, Tribal, Desert and Inaccessible Areas:

The distance limit will be the same as above except that in Hilly Areas, the minimum distance limit can be relaxed by the Directorate in cases where such relaxation is warranted by special circumstances which should be clearly explained while submitting a proposal.

1.3 Anticipated Income:

(a) In Normal Areas:

The minimum anticipated revenue will be $33\frac{1}{3}\%$ of the cost.

(b) In Hilly, Tribal, Desert and Inaccessible Areas:

The minimum anticipated income will be 15% of the cost.

65. It is further to be ensured that as a result of the opening of a new Post Office, the loss in respect of the parent Post Office does not increase beyond the permissible limit nor is its income reduced below the minimum prescribed.

66. The Committee have been informed that the Tenth Plan Outlay under the head, 'Expansion of Postal Network' was Rs. 32.43 crore whereas the total expenditure was to the tune of Rs. 10.63 crore, hence utilisation being only 32.77 per cent.

67. During the Tenth Plan under the scheme 'Expansion of Postal Network' a target of opening of 2400 PSSKS, 450 Extra Departmental Post Offices and 45 Departmental Post Offices was set and percentage of achievement there against have been reported to be 99.98 and 100 respectively.

68. Further the Outlay approved for the aforesaid scheme 'Access to Postal Network' for the year 2007-08 was reported to be Rs. 7.45 crore against the proposed allocation of Rs. 5.50 crore. The actual expenditure upto December 2007 was Rs. 0.0097 crore, percentage of utilisation being 0.13. When asked about the reasons for the dismal performance, the Committee have been informed that necessary action has been taken to utilise an expenditure of Rs. 3.3588 crore during the said year for which necessary allocation has been made to the Circles. It has further been stated that an amount of Rs. 2.6 crore has been allocated for the year 2007-08 to the North East Circle for supporting 401 NRC Post Offices, Rs. 0.75 crore allocated to Circles for providing infrastructural equipment to EDBOs and Rs. 0.0020 crore allocated to Kerala Circle under the scheme 'Development of Postal Facilities in Special Areas' viz. Lakshadweep and an amount of Rs. 0.0068 crore allocated to J & K Circle for Ladakh Region under the same Scheme.

69. When asked to furnish State-wise details of the number of proposals/requests pending for opening of Post Offices across the country, the Committee have been informed that as on January, 2008 there are total 634 proposals pending for opening of Post Offices across the Circles. Out of these 634 requests, 196 requests have been found justified while 242 proposals are still under consideration and 196 have been rejected. Moreover, in the case of Andhra Pradesh, out of 47 requests for setting up of Post Offices none was found justified and decision in none of them are pending.

70. Asked about the number of HPOs, BPOs, EDBOs, running at losses and those making profits, the Department have informed that the entire rural network consisting of EDBOs, EDSOs, etc. comprising 89 per cent of the overall network being sub-subsized incurs loss. For revamping the loss making Post Offices and making the network more viable, the Department have taken certain initiatives like redeployment of existing manpower, relocation of unjustified Post Offices to needy areas, introduction of alternate means for providing access to postal services, such as franchising and increasing the basket of products provided through Post Offices to make them more relevant to customer needs and enhance revenues.

71. The Committee have further been informed that the Government's policy allows subsidy to the extent of 66.6 per cent of the recurring cost in normal rural areas and 85 per cent in remote, hilly, tribal and difficult areas. In this context, the Committee wanted to know the amount of subsidy provided in this regard during the Tenth Plan, the year 2007-08 and also the Outlay provided during 2008-09. In this regard, the Department have informed that there is an element of inbuilt subsidy in opening of Branch Post Offices in entire rural sector, hence opening of Post Offices in hilly, tribal, desert and inaccessible areas is highly subsidized. Besides, the norms for opening of sub Post Office/upgradation of EDBOs into DSOs in rural areas also provide for a permissible limit of loss to the extent of Rs. 2400 in normal rural areas and Rs. 4800 in hilly areas. However, no Outlay as such is reported to be provided for the purpose.

72. During evidence elaborating further about the increasing access to the Post Offices, the Secretary submitted,

"This is about expansion of Post Offices. This is being done after fairly a good gap. Since the demand has gone up, we have decided to expand it on a larger scale. Cities and towns have expanded and they have grown beyond their original boundaries. So, there is a huge demand. That is why we have gone in for these additional Post Offices and the franchised outlets."

73. When asked to give details of the working of the franchised outlets, the Secretary, Department of Posts submitted,

"It is a very simple scheme. We have franchised outlets for certain functions. For example, booking registered letters, speed post, booking money orders, etc.. They cannot do savings bank transaction. They cannot deliver mails. They can sell stamps."

74. Clarifying further the eligibility and pre-requisites in terms of distance , etc., he added,

“When we started the scheme, we put a limit. There was opposition also from some of our employees. We said we will show you the figures after six months. We said that if you feel that it is causing any hurt or loss to you, then we will not go ahead. We showed that it is not causing any hurt. In fact, they were adding to our revenue. They were bringing us more business. The parent Post Offices did not suffer. In fact, it got more business. After discussing it with the unions, the Board has decided to spread it across the country. We have not put any limit on numbers. But of course plan numbers are there. Every year we will be allotting certain number to each circle.”

75. In the same context, when asked about the Department’s plan of increasing people’s participation through *Panchayats*, etc., the Secretary, Department of Posts stated,

“There is not much expenditure involved. We have to give some stationery, etc. Target is really meant to spur up the people to go ahead and do it.”

76. The Committee were informed that the Department have a target of opening of 10,000 franchised outlets during the Eleventh Plan. When asked about the achievement for opening of franchisee outlets during the year 2007-08, the Committee have been informed that 19 franchisee outlets have so far been opened throughout the country and the Circles are making efforts to achieve maximum targets during the current financial year. Besides 2375 franchisee outlets are proposed to be opened during the year 2008-09.

77. To a specific query in the context of the Department’s plan for providing mobile Post-Offices in the remote, hilly, tribal and difficult areas, the Committee have been informed that presently the Department have no such proposal for opening of Mobile Post Offices as during the Eleventh Plan the Department are considering opening of 3,000 Branch Post Offices and relocating 500 Branch Post Offices which will also cover remote, hilly, tribal and difficult areas.

(ii) IT induction–Postal Operations

78. As regards the targets and achievements in computerisation of Post Offices/Postal Accounts Offices/Administrative Offices during the

Tenth Plan period, the following information was furnished to the Committee:—

Review of Tenth Plan

Financial Achievement

	(Rs. in crore)
Outlay	836.27
Total expenditure	586.39
Percentage of Achievement over Targets	70.12 per cent

Physical Achievement

	Target	Achievement	Percentage
Computerisation of Post Offices	7706	8263	107%
Computerisation of postal Accounts and Management	22	19	86%
Computerisation of administrative Offices	245	245	100%

79. When asked to explain the mis-match between the physical and financial achievements under the aforesaid scheme, the Department have submitted that due to the reduction in the cost of hardware and peripherals, the Department of Posts have been able to achieve the physical targets with less expenditure and the savings have been utilised for computerisation of more number of Post Offices. As a result out of the target of 7706, the Department have been able to computerise 8263 offices within the same Outlay.

80. Further, under the scheme 'Computerisation and Networking of Mail Offices', the Committee were informed that the Department could only utilise Rs. 6.23 crore against the allocated Outlay of Rs. 25.37 crore. When asked to explain the reasons for this, the Department have submitted that the Scheme got approved only by the end of first financial year and two major activities under the Scheme *i.e.* setting up of Registration Sorting Centres and Track and Trace system for accountable article were not taken up on technical grounds leading to lesser utilisation of funds. The Department have further stated that these Schemes will be continued during the Eleventh Plan.

81. The Committee desired to know whether there was any plan for computerisation of Postal Accounts Offices and Postal Civil Wing during the Eleventh Plan. In reply, the following information was submitted :—

Sl. No.	Name of the Activity	Target date of completion	Software/hardware requirement (Rs. in crores)
1	2	3	4
2007-08			
1.	Development of Postal Account Current software (PACS)	09.2008	Rs. 20.62 lakh paid to NIC for development of software
2.	Development of Pension software project	12.2008	Rs. 7.40 lakh paid to NIC for development of software
2008-09			
3.	Implementation of "COMPACT & E-lekha" in all Postal Accounts Offices	2008-09	2.41
4.	Intranet for interacting and communicating accounts related information for PA Wing with PAOs & networking	2008-09	0.40
5.	Connectivity proposed for accessing Western Union Money Transfer (WUMT) and instant Money Order (iMO) software at Postal Accounts and Postal Accounts Wing at Directorate.	2008-09	0.83
6.	Development & Implementation of Pension Software and its replication	31.12.2008	*
7.	Development & Implementation of Account Current Software in all PAOs	31.03.2009***	4.66
2009-10			
8.	Digitisation & Modernisation of Postal Accounts Offices and Postal Accounts Wing at Headquarter:	31.03.2010	9.92

1	2	3	4
9.	Setting up of Field Zonal Centres for Accounts & Finance for imparting training activities on I.T.	31.03.2010	**
10.	Computerisation of remaining activities to complement other computerisation activities of department in Accounts Offices	31.03.2010	0.87
2010 & 2011			
11.	Remaining areas of PAO's & stabilisation of Computer activates already implemented in the annual plans of preceding years		
Total		28.02 lacs for Software and 19.09 crores for Hardware	

* Hardware already supplied.

** Proposal for hardware, etc. included in EPC on Training currently under submission for approval of competent authority.

*** To be implemented on Pilot basis in PAO's by 31.3.09 and full implementation by 31.3.10.

82. As regards the plans of the Department for upgrading the infrastructure and moving towards a fully networked and efficient service to make their operations more efficient and economical, the Committee have been informed that the Department have plans to undertake complete networking of Post Offices and connecting them through Wide Area Network. Further, National Data Centre would be setup, which will house all the computerised services and, which would be accessible through Post Offices across the country, which will provide a common platform and centralised pooling of data improving the efficiency and providing a platform for e-enabled services.

83. It was also stated that through this centralised and fully computerised network environment, the National Network Infrastructure will go a long way to meet the objective of delivering the Central/State/Citizen Centric Service/applications in a secure and reliable domain. The Network will be uniquely positioned to provide end-to-end solutions through technological excellence backed by 24x7 Network Operation Centre. The last mile connectivity to the offices of the Department of Posts will seamlessly be integrated by the use of National Informatics Centre, State/District Centre.

84. During evidence the Secretary, Department of Posts also stated:—

“We are trying to convert the Post Offices into a completely technology based network computerized system which connects from end to end.”

85. When asked whether the Department have any technology for networking all the Post Offices, the Secretary, Department of Posts during evidence submitted as under,

“Actually, technology will be different for different levels. The large Post Offices need certain machines. But some Branch Post Offices will need a very small device. When we go for procurement as the Chairman has said, we are going to engage the consultants who will advice us on the most effective and cheapest technology, where we can do communication by wireless most of the time, etc. We will be looking at that.”

86. He further added,

“We want to strengthen the network to offer better services..... ultimately, we aim to have ‘any time anywhere banking’ in the postal network. If you go to any Post Office, you may operate your account from anywhere in the country. That is the plan that we have. It should come into operation in the Eleventh Plan. Hopefully, before the Plan ends, we should see that in place.”

(iii) Mail Business Centres (MBCs)

87. The Committee were informed that the Department have plans for setting up of Mail Business Centres (MBCs) all over the country during the Eleventh Plan period. These centres will function as hub for mail related activities and will be equipped with the latest technology and state of the art equipments for assembly line processing, warehousing, packaging conveyance, IT infrastructure and security systems. During the Eleventh Plan, the Department have projected to set up and equip 300 Mail Business Centres across the country. The Committee have been informed that the Scheme has already been approved by the Government and is now under finalisation. Since the Scheme is yet to be finally approved, tentatively, the number of MBCs proposed to be set up/equipped and allocation required, year-wise, is as follows:—

(Rs. in crore)		
Year	Number of Locations	Estimated Expenditure
2007-2008	0	0.00
2008-2009	95	61.61
2009-2010	105	69.12
2010-2011	100	45.56
2011-2012	0	3.71
Total	300	180.00

(iv) Automatic Mail Processing Centres (AMPCs)

88. An Outlay of Rs. 71.05 crore was approved for the Tenth Plan for setting up of two AMPCs at Kolkata and Delhi. Against the total Tenth Plan Outlay of Rs. 71.05 crore under the aforesaid head for setting up of two AMPCs at Kolkata and Delhi, the total expenditure from 2002-03 to December 2006 was only Rs. 12.10 crore which is only 17.05 per cent utilisation of the total Outlay.

89. When asked to state specific reasons for the delay in the implementation of such important project, the Department have stated that a global tender was floated in August 2006 and two bids were received. The Technical Evaluation Committee considered the technical bids and only one responsive and effective bid was found technically qualified. Since it was difficult to assess the competitiveness and reasonableness of the bid amount, leading to cancellation of the bids, it was decided to re-tender for the AMPCs at Delhi and Kolkata. The Department further submitted that the time left in Tenth Plan was too short to do this.

90. In the Eleventh Plan also an Outlay of Rs. 25 crore was approved for the year 2007-08 and only Rs. 2.42 lakh which is not even one per cent of the allocated sum was utilised upto December, 2007 missing the target of setting up of 2 AMPCs once again. The Committee were also informed that the under utilisation of funds allocated was mainly because earlier tenders did not receive wider response. To overcome this deficiency, a meeting with machine manufacturers was held to understand the reasons, and the Notice Inviting Tender (NIT) now being developed to take care of this.

91. In the context of expected time completion for setting up of the AMPCs, the Department have informed that the NIT is in final stages of approval for setting up AMPCs at Delhi and Kolkata. These AMPCs are expected to be in operation within 18 months of the award of the tenders.

(v) National Data Centre (NDC)

92. The Committee have been informed that against the Tenth Plan Outlay of Rs. 10 crore under the head National Data Centre, only Rs. 5 crore was utilised during the Plan period which is just 50 per cent. When asked to furnish the recent update on the project of creating a

centralised database, the Committee have been informed that the National Data Centre has already been commissioned with total 30 High end Servers and many applications are already being accessed by the Post Offices through National Data Centre from New Delhi. However, in the case of disaster and recovery of data, the Disaster Recovery Centre needs to be set up for which the National Informatics Centre has been given the task of designing the hardware requirements. As decision of disaster recovery is based on the expected down time requirements, it will be finalised once all the applications are commissioned at the National Data Centre.

93. The Department have further stated that under the Eleventh Plan it is proposed to set up single integrated software which would henceforth create centralised database environment.

94. On being asked about whether the Department plan to propose Regional Data Centres during the Eleventh Plan period, the Committee have been informed that the Scheme is at the conceptual stage of examination and is yet to be formulated.

(vi) Banking and Money Transfer Activities

95. The Committee have been informed that Post Office Savings Bank is the largest retail bank in the country in terms of network. It was estimated that in 2001, the total amount of savings with the Post Office accounted to about seven per cent of India's GDP. The oldest and the largest Banking institution in the country, the Post Office Savings Bank (POSB) functions as an agency of the Ministry of Finance, the Government of India. The Ministry of Finance, pays an annual remuneration to the Department of Posts for the performance of Savings Bank function.

96. According to DoP, with a customer base of more than 170 million account holders, a branch network of 1,54,000 and the annual deposits exceeding Rs. 9,70,000 million, the POSB is twice the size of all the Banks in the country put together. There are products like Savings Account, Recurring Deposits (RD), Time Deposits (TD), Monthly Income Scheme (MIS), Public Provident Fund (PPF), Kisan Vikas Patra (KVP), National Savings Certificate (NSC) and Senior Citizen Saving Scheme (SCSS) retailed from the Post Office.

97. When asked to provide the detailed profile of the Savings Schemes in terms of the number of accounts and the total amount deposited in various schemes of the Department, the following information was furnished to the Committee:—

(Rs. in million)

Name of Scheme	Number of Accounts	Total amount deposited
Saving Accounts	64342873	185648.7
RD Accounts	67027234	602300.4
TD Accounts	12429827	367124.6
MIS Accounts	24921140	1894389.7
NSS Accounts (87 & 92)	812853	48607.6
PPF Accounts	2111082	194563.2
Sr. Citizen Savings Scheme (SCSS)	752260	222843.0
Total	172397269	3515477.2

98. The Committee have been informed that Electronic Fund Transfer Facility and Warrant Payment Schemes of the Department of Posts have become non-functional due to the discontinuation of V-SAT System. In place of this, the Department of Posts are proposing to set up Core Banking Solutions (CBS) enabling Anywhere-Anytime Banking in 4000 Branches during the Eleventh Plan. When asked to furnish details of the developments made in the field of Centralised Banking for Post Office Savings Bank (POSB) roadmap as proposed by the Department for total connectivity of the Post Offices across the nation by upgrading software infrastructure to carry out centralised banking operations successfully, it was stated that the Department have envisaged setting up of the National Data Centre and functional connectivity of all Head Post Offices and other Offices by the use of Wide Area Network. It was submitted that during the Tenth Five Year Plan, 1318 offices were to be connected to the National Data Centre and in the Eleventh Five Year Plan it was proposed to network all the remaining Post Offices including 64000 Branch Post Offices, and on this backbone the centralised banking solution of Post Offices would be set up.

99. The Committee wanted to be apprised of the deadline in this regard. It was stated by the Secretary, DoP during evidence, that the project on CBS for Post Office Savings Bank was at EFC memo stage and the deadline set up for making CBS functional in 4000 Post Offices is 2012.

100. He added,

“...but yes, the amount deposited is less than the amount withdrawn.”

101. When asked to indicate the measures initiated by the Department to improve the current trend, the Secretary, Department of Posts added,

“...Hon'ble Finance Minister announced in his Budget that some concessions been reintroduced, hopefully people will find it more attractive.”

102. The Committee were informed that the Department have plans for retailing of non-competing products and services of other service providers like tie-up with SBI in retailing of non-competing products in the rural areas. When desired to be updated on this development, the representative of the Department of Posts stated,

“With SBI we have got into a pilot kind of operations since 2 July, 2007. We are trying it in 100 Post Offices of five Circles. Here we are mainly concentrating on the loan products, they call it asset products. We are not having certain things in our Post Office. Ten-year term deposit and two-year term deposit are the things which we are not offering through our Savings Bank. Those are being offered by SBI.

103. He added,

“I would like to submit that their main focus is in the loan area. We do not offer loans to those who are having Savings Bank Post Office Account.”

104. In the same context, the Committee have been apprised that India Post are tapping into the fast growing mutual fund industry by entering into the business of retailing, providing investment opportunities through a larger clientele, further over 250 Post Offices are distributing select mutual funds of Principal/SBI/UTI/Franklin Templeton and Reliance. According to DoP, the common man's access to market based investment options are thereby provided through the Post Office.

105. It was further added that the Department are providing the facility of receiving remittances from more than 205 countries and territories on real time basis.

(vii) Insurance Activities

106. The Committee have been informed that Postal Life Insurance (PLI), introduced in 1884, has been the oldest life insurance scheme for the benefit of the Government employees. Initially meant only for the Postal employees, today it caters to the employees of the civil and military personnel Central and State Governments, local bodies, Government aided educational institutions, universities, nationalized banks, many autonomous & financial institutions and public sector undertakings of the Central and State Governments. In a major innovation, Rural Postal Life Insurance (RPLI) Scheme was also introduced in 1995 exclusively for the benefit of the rural populace. Children Policy under Postal Life Insurance and Rural Postal Life Insurance have been introduced with effect from 20 January, 2008.

107. When asked about the business accrued in terms of PLI/RPLI Business during 2007-08, the following statement was furnished :-

**PLI/RPLI Business : 2007-08
(Achievement upto December, 2007)**

Category	No. of policies	Sum assured (Rs. in million)
PLI	204904	28972.5
RPLI	527570	42018.2

108. The Committee have further been informed that Post Office Life Insurance Fund (POLIF) and the Rural Post Office Life Insurance Fund (RPOLIF) are presently placed at the disposal of the Ministry of Finance where they form a part of the Special Deposit Schemes (SDS) and earn interest as decided by the Ministry of Finance from time to time (current rate of interest is 8 per cent).

109. Now after the Cabinet approval, this corpus of POIF which on 31 March, 2007 stood at the value of Rs. 12628 crore (POIF – Rs. 10343 and RPO IF and RPO IF – Rs. 2285 crore) is proposed to be converted into dated securities over a period of three years.

110. Clarifying further about the size of the corpus, which is the investment resource for the Department of Posts, the representative of the Department submitted as under,

“One is that we will be freezing the corpus, which is around Rs. 15,000 crore. That will be frozen, and in three years that will get converted into tradable liquidity. The other is the net accretions. Those net accretions come to about Rs. 1200 crore per year, and that will be invested as per the IRDA guidelines, which says that certain percentage has to go into infrastructural bonds and into other securities.”

111. The Secretary, Department of Posts further added,

“Sir it is a big thing. We are planning and we are preparing for it.”

112. Adding further on the issue of requisite expertise to handle this mammoth fund, a representative of the Department stated in evidence:

“Basically, we also want to bring in a lot of professionalism into the insurance business which the Department of Posts is handling. That is mainly because we are the one major insurance provider in the rural areas, bringing out information, knowledge and the need for insurance in the rural areas. This is one of our priorities. Of course, we must have professionalism also in handling our funds. We have to bring professional people from out of the Department and giving them employment for becoming our agents and making them as professional people in handling insurance in the rural and urban areas.”

113. The Secretary, Department of Posts in evidence further added to the Department’s stand by stating,

“We are setting up an Investment Board. The Cabinet has approved that our funds will now be invested like any other insurance company invests. Till now, all our funds go into Special Accounts of the Ministry of Finance. Now, the Government has said: ‘No. In phases you take out this money and put it on the market and invest in terms IRDA guidelines and norms.’ So, far that, the Cabinet has approved setting up of an Investment Board. We are shortly going to notify that. That Board will have representatives of outside experts and it will be headed by one of our Members.

Sir, for day-to-day investment decisions, we are employing two Mutual Funds – UTI Mutual Fund and SBI Mutual Fund. Both of them will be actually doing the operations on our behalf. We hope that this will bring in much more professionalism and get better returns for PLI. Sir, it is a major step.”

114. The Committee further wanted to know the projected earning of the Department through this fund during the Eleventh Plan. In reply the Department submitted that the funds will be professionally managed and dated securities out of frozen corpus issued by Ministry of Finance will be effectively traded, so as to ensure a return of not less than existing interest of 8 per cent without depleting the corpus.

(viii) Business Development Activities

115. The Committee have been informed that the Business Development and Marketing Directorate which was set up in 1996 to design, monitor, develop and market value added premium products of the Department, was reorganized in the year 2004-05 and again in the year 2007-08 by setting up a separate division for Mail Business Development and Operations in addition to already existing Parcel and logistics Division and a Marketing Division.

116. The Committee wanted to be apprised of the new value added services that are proposed to be provided during the Eleventh Plan through the wide network of Postal Services throughout the country. The Department submitted that they are facing competition from private couriers (both organized and unorganised) in the express mail industry. The Department at present are providing business products like Speed Post, Bill Mail Service, Express Parcel Post, Logistics Post, E-Post, E-Payment, Business Post, Direct Post, Media Post, E-Bill Post, Bill Mail Service.

117. When asked to furnish information with regard to revenue earned from the premium products, the following statement was furnished :-

(Rs. in crore)		
Year	Traffic (in lakh)	Revenue earned
2002-2003	5764	297.15
2003-2004	7908	416.38
2004-2005	10224	559.25
2005-2006	13321	735.61
2006- 2007	16763	980.95

118. The Committee have also been informed that the Department have initiated a number of measures for the promotion of speed post business like offering Inland Speed Post, Speed Post International Service, Speed Post Money Order, Speed Post Passport Services, etc. which include collection from customers' premises, credit facility for corporate customers and volume based discount. It was further stated that a study was conducted by the Department in the year 2006 and as per the findings, the revenue share of Speed Post *vis-a-vis* the other major players in the organized courier industry is 27.55 per cent.

119. The Committee have further been informed that financial services like Instant Money Order (IMO) and International Money Transfer Services (IMTS) have been started which have a very good growth rate.

120. The Committee during the evidence pointed towards the decreasing mail traffic over the years despite the Department's best of the efforts. In reply the representative of the Department stated,

"For the last two years we have started looking at mails in a slightly different way, mail as a business activity. We are going to handle it in a business like manner and trying to see that we can get the business, which is going to others. We were losing mail traffic by about nine to ten per cent every year. You would be glad to know that after a long time, just last year for the first time, we have more or less not reduced it."

121. He further added:

"We have stopped the decline in a way. Now, in this Eleventh Plan, there are three or four major schemes, where we want to reverse this decline and increase the mail traffic by five to ten per cent this year. If that happens, may be Department's revenue projections will change substantially."

VI. INITIATIVES AND NEW SERVICES

(i) National Rural Employment Guarantee Act (NREGA)

122. The National Rural Employment Guarantee Act 2005 was enacted in September, 2005. The Act provides for guaranteed wage employment of atleast 100 days in every financial year to every household. Up till now, NREGA was applicable in 330 most backward districts. All the districts in the country will be covered *w.e.f.* 1 April, 2008. During examination, the Committee were informed

that the Department of Posts are at present involved in the disbursement of wages in 72 districts in the States of Andhra Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh and West Bengal. As regards the proposed strategy of the Department to get involved in all the districts in the country, the Committee have been informed that a model Memorandum of Understanding has been prepared and sent to the Ministry of Law for legal vetting. On finalisation, the MoU will be sent to all the Circles for tie-ups individually with the State Governments.

123. In reply to a question, the Committee were informed that earlier in Andhra Pradesh Circle, a service charge of two per cent of amount disbursed under NREGA was being charged from the State Government of Andhra Pradesh, which has now been withdrawn. DoP have submitted a proposal to the Ministry of Finance for sufficient remuneration to the Department of Posts for handling NREGA across the country. To another question, the Committee were informed that the Department are disbursing the wages under NREGA through Post Office Savings Bank Account. As on 29 February, 2008, 87,18,546 new accounts were opened in this regard.

(ii) National Old Age Pension Scheme

124. Postal Saving Bank facility is proposed to be utilised for the disbursement of pension under National Old Age Pension Scheme. The modalities in place for disbursement of pension is either through Post Office Savings Accounts or through Money Order service. In Bihar for disbursement of pension through Post Office Saving Accounts, the State Government is remunerating the Department at the rate of Rs. 18 per account for supply of MIS to the State Government. This is over and above the remuneration being received from the Ministry of Finance. In Himachal Pradesh, Karnataka, West Bengal and Tamil Nadu pension payment is made through Money Order service on payment of commission at the rate of 5 per cent of the amount remitted.

(iii) Loan to Self Help Groups

125. It has been indicated in the Economic Survey 2007-08 that 2000 Self Help Groups in five districts of Tamil Nadu have been credit-linked to the Post Offices on behalf of NABARD. This is a pilot scheme which is being implemented through revolving fund assistance from NABARD. Total 2823 Self Help Groups have opened account so far out of which 223 Self Help Groups have been credit-linked for Rs. 52,11,650. The rate of recovery upto February, 2008 is 148 per cent.

126. When enquired about the proposed strategy of the Department to be involved in other Central Sponsored Schemes like Indira Awaas Yojana, the representative during the course of oral evidence submitted as under:

“We have yet not been involved in it. In some States, they might have approached the Chief PMG. But I am not personally aware of that.”

(iv) Global Business Division

127. The Committee have been informed that the Department have created a Global Business Division (GBD) in September, 2007 with an eye on the business opportunities coming up in a big way with the growth of Indian economy and its integration with the international economy.

128. About the aims and objectives of the Division and the business strategies being adopted by it in furtherance of the same the Committee have been informed that the newly created GBD will provide focus towards the international operations and help India Post reap the benefits of globalisation. The initial strategy of the Global Business Division is to work closely with those National Posts which already have a global footprint and to forge partnerships with them, in such areas of postal business that are of relevance to India. Small and Medium Enterprises (SMEs) of the country are expected to form an important customer group for the Global Business Division, which aims to work towards inclusive globalisation.

129. Dwelling further in this regard, the representative of the Department stated:

“.....It is a new Division, which has come in the month of September last year. There is another International Relations Division but mine is the business focused Division. It is a very high degree of excitement. We are keen to see that the India Post stands on its legs and are very proud in the comity of nations, and also provide a service, which is world class, and attract joint ventures, partnerships with various service-providers, with the different postal administrations. Also, the bottom of everything is to generate revenue for India Post. We are also targeting not only the online remittances, you may recollect, Sir, that India is the largest recipient of remittances in the world, we get US \$27 billion in a year. This has outlasted Mexico and China. India is the largest remittance recipient and we are getting these remittances, which

come to India. This is as per the latest World Bank Sheet of 2007-08. It is there in the World Bank website also. Almost 60 per cent of these remittances come from the Middle East, from Dubai as well as from Saudi Arabia."

130. When queried about the remittances coming through their operation the representative said:

"Sir, we have just started this exercise. We have started with Dubai".

131. The Secretary, DoP further added:

"There is nothing much because we have an old money order service. That is a very old paper-based money order. I do not think we get much through that. We are now trying to get into the electronic business. Once we do it. I can assure you that we will make a dent because we are determined."

132. When asked about the business areas identified by the Department for pursuing their activities, the Committee have been informed that these include Helping Small and Medium Level Enterprises (SMEs) explore business avenues abroad, Express Sector, Logistics, Hybrid Mail Products, Hybrid Printing, Direct Entry of Letter Mail and Parcels and International Financial Services.

133. About the partnerships forged by the India Post through the operations of the Division, it has been stated that these include the Royal Mail, Deutsche Post World Net, Emirates Post, Hong Kong Post, Australia Post and *La Poste*. Discussions are also being held with some institutions in the private/joint sectors like M/s DHL and TNT.

(v) Retail Post

134. In the Annual Report it has been mentioned that India Post offers the facility to collect consumers bills for service industries like telephone/electricity/mobile phone users, etc. for Government and private organisations through retail post.

135. When asked whether the Post Offices charge rent for using the premises by various cellular companies, the Department have informed that the postal Circles have been empowered to enter into local tie ups with Private or Government agencies including Cellular companies. The Circles charge the service provider. DoP have not initiated any scheme on an all India basis. The exact revenue earned has to be ascertained from the concerned Circles.

136. In addition to the aforesaid retail facility, the Department of Posts are also involved in the sale of application forms of various Government and private educational institutions, the details of which are stated to be as under:-

- (a) Sale of application forms of UPSC examinations
- (b) Sale of application forms of the Armed Forces Medical College
- (c) Sale of LAW CET applications (Common Entrance Test for Law Colleges)
- (d) Sale of EAMCET applications (Common Entrance Test for Management Courses)
- (e) Sale of State Public Service Commission application forms in Tamil Nadu, Andhra Pradesh, Uttar Pradesh, etc. at present.

(vi) Setting up of an exclusive Rural Department

137. As per the Annual Report (2007-08) of the Department, the plans are on anvil for setting up of an exclusive rural Department to cater to the population of rural areas. On a query as to when the aforesaid Department would be set up, the Committee have been informed that a comprehensive study has been conducted and its report is under consideration.

VII. HUMAN RESOURCE MANAGEMENT/TRAINING

138. At the instance of the Committee, the Department of Posts furnished the following information with regard to the vacancies in the Department:-

Group 'A'	Group 'B'	Group 'C'	Group 'D'	Total
81	2060	40042	7849	50032

139. When the Committee wanted to be apprised of the steps taken to fill up these vacancies one of the representatives submitted as under:

"The promotion post is being filled up continuously and for direct recruitment, after 2005, clearance has not come."

140. The Department have further submitted that the Government's restriction in filling vacant posts have resulted in so many vacancies. During evidence, the Secretary, DoP submitted:

"There is a Committee of Secretaries examining this issue of exempting certain Departments from that cut."

141. During the Tenth Plan the actual expenditure under the aforesaid head was Rs. 30.88 crore out of the allocated amount of Rs. 61.30 crore which comes to 50.39 per cent of the total allocation. During the year 2007-08, the allocation at the RE stage was Rs. 26.27 crore out of which the utilisation was Rs. 3.26 crore *i.e.* around 12.40 per cent. When asked about the Department's roadmap for proper utilisation of funds for training purposes during the Eleventh Plan, it was submitted that the Department have proposed to optimize training activities by enhancing local level training by associating reputed training institutes, professionals for development of modules, impart training particularly for business development activities and use of technology for self learning tutorials. It is proposed to conduct focused Programmes to cover offices as a whole for training and also plan programmes for the development of core facilitators drawn from the staff to impart training to other personnel.

VIII. MISCELLANEOUS

(i) Losses and Frauds

142. The Committee drew the attention of the DoP to certain reports stating that more than five thousand cases of loss and suspected fraud were registered in the Department during the period 2003-04 to 2005-06 involving an amount of Rs. 32.73 crore, out of which only 34 per cent was recovered. 7,625 cases of theft were pending for settlement at the end of March, 2006. It was further pointed out that out of this, 63 per cent cases *i.e.* 4,816 cases were pending due to non-completion of the Departmental proceedings/investigations. Responding to this, DoP in a note stated that a total of 7088 cases of loss and fraud were pending with an amount of Rs. 226,59,52,773 involved therein as on 31 December, 2007.

143. When asked about the steps being taken to expedite the departmental proceedings/investigations, the Department have stated that investigation into loss and fraud cases is to be done by field officers prescribed by the Postal Directorate depending on the amount involved. As per present instructions cases involving amounts upto Rs. 50000 are investigated by officers upto Divisional Superintendents of Post Offices. All cases above Rs. 50000 require a Circle Level Inquiry (CLI), cases upto Rs. 1 lakh to be investigated by Assistant Director/ Assistant Postmaster General and those above Rs. 1 lakh are to be investigated by officers of rank of Director Postal Services or above. All cases upto Rs. 2 lakhs are monitored at the level of Postmaster General or Principal/Chief Postmasters General and cases above

Rs. 2 lakh are monitored by the Postal Directorate. Reports of all cases involving amount exceeding Rs. 2 lakh are to be mandatorily sent to the Postal Directorate.

144. It was further added that pendency of departmental inquiry into loss and fraud cases is monitored on quarterly basis at the Circle as well as Directorate level. The Secretary (Posts) conducts annual review and sends his observations to Heads of Circles, the review for year 2006-2007 was done *vide* Secretary (Posts) DO letter No. 10-1/2007-Inv. dated 30 December, 2007. In addition, CLIs pending for one year and above are specifically monitored through the monthly statement of important events sent by Heads of Circles to be a feeder statement for the Secretary's monthly report to the Cabinet Secretary. As a special measure of involvement of higher management, the Heads of Circles, are required to do a personal review of one longest pending case and one case involving the highest amount and to give details along with the monthly report mentioned above. These reports are reviewed in the Directorate by the Chief Vigilance Officer and observations thereof are conveyed to the Heads of Circles for early completion of pending investigations.

145. In the same context the Committee have been informed that the Secretary, (P) issued specific instructions for safety and security of Post Office cash addressed to all heads of Circles suggesting *inter alia* provision of inner locking safes, concrete embedding of safes, avoiding excess retention of cash and fitting of burglar alarm systems with autodialing facility.

(ii) Regulatory Mechanism

146. In view of the increased activities of the Department not only in the traditional field of postal operations but highly competitive and commercial insurance and other activities, the Committee desired to know whether there was a requirement for a regulatory mechanism that will make the Department more accountable and accessible to its customers and at the same time will render the Department's functioning more transparent. In this context, the Committee wanted to know whether the Department have a provision for an Ombudsman. Responding to this, the Secretary, Department of Posts stated as under,

"It is a political level decision to be decided by the Minister. But, in the regulatory mechanism that is perhaps under consideration now, there will be somebody who will regulate because there is a larger area that we have come to cover with our new role as a commercial player. Perhaps, some regulation is required."

(iii) Standardisation of Services

147. The Committee have been informed that there are 1116 computerized customer care centres now functioning across the country for proper addressing of public grievances. Quarterly statements received from the Circles are reviewed by the Public Grievance (PG) Branch. Complaint prone areas are identified, and, thereupon, concrete measures are taken to maintain fine quality of service. Functioning of the PG machinery in the Circles is regularly reviewed. The customers also have the facility to register their complaints on the Department's website www.indiapost.gov.in. Further, during the year 2006-07, the Department handled 864,475 cases of public grievances and a total of 808,042 cases were settled. It was also stated that to provide an on-the-spot redressal, Dak Adalats and Post Forums were conducted during the year on a regular basis.

148. In the same context, when the Committee asked whether the Department have evolved any mechanism to interact with the public to get the feedback regarding various new services introduced by them and to increase the revenue from their premium products in the coming years, it was stated that the Department of Posts conduct Customer Meets at various levels to ascertain the views and opinions of the customers regarding the various products developed and introduced. These meets act as forum where the customer is able to clarify doubts and offer their views for product development/improvement in services. The views and suggestions of the customers are taken into consideration when the Department are developing a new product/scheme or service. In addition, interaction with major customers are undertaken at different levels from time to time.

149. The Committee were further apprised that the Department have undertaken a major initiative for bringing out qualitative changes in the Postal operations and service delivery to the customers by adopting "*Sevottam*" – a Service Delivery Excellence Model developed by the Department of Administrative Reforms and Public Grievances, which stresses upon improvement in the areas of Citizens Charter, Public Grievance Mechanism and Service Delivery Capabilities. This is backed by Service Quality Management Standard IS 15700:2005, which basically seeks adoption of a 'process approach' with specific requirement of putting in place a Quality Management System with demonstrable ability to provide effective and efficient service that needs customer's requirements. The Department have taken a leading initiative for implementation of "*Sevottam*" and almost completed the various preparatory activities for getting the Department of Posts certified by the Bureau of Indian Standards (BIS).

(iv) Gender Budgeting

150. The Committee have been informed that as on 1 April, 2007, there were 2,20,081 Departmental employees which included 30,462

women employees in various grades of the Department, the percentage of women employees hence being 13.84 per cent which reflects a marginal increase of 0.39 per cent over the number of women employees as on 1 April, 2006. In Group B Non-Gazetted Cadre the percentage of women is 2.52 per cent which is far less than the average strength of women in the Department. It has been stated that Gender Sensitisation Modules have been included in all induction and in-service training programme of the Department. Every effort is being made to be sensitive to their needs and ensure a thriving and supportive environment, which will enable them to balance their responsibilities at work with those at home. This includes providing separate rest rooms and recreation rooms for women employees and providing crèche facilities wherever possible. Committees chaired by lady officers have been setup at Directorate level and at every level upto Division level in the field to look into the matter of prevention of sexual harassment.

151. It has been mentioned in the Annual Report that women employees work in night shifts too. When asked about the measures taken to provide safety and security to the women employees, in general and those working in the night shifts in particular, the Department have stated that the women employees are deployed for night shifts only rarely when it is not avoidable. The timing of the shift is so worked out that the public transport system is available for commuting to the workplace and back to their residence. Appropriate work conditions are provided to ensure that there is no hostile environment towards women at workplace. Proper security is also provided in and around the workplace. The Committee have further been informed that the Department will be making a separate and sufficient budgetary provision for the welfare activities of the women employees. The Committee were further informed that the Gender Budget Committee of the Department has been formed, which has identified the following schemes for Gender specific allocation:—

(Rs. in crore)

Details of the scheme	BE 2007-2008			RE 2007-2008			BE 2008-2009		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
3201.02.003-Training	0.00	0.00	0.00	0.03	0.00	0.03	0.00	0.00	0.00
5201.00.101.02.00.53— Postal Network (Construction)	0.00	0.00	0.00	2.00	0.00	2.00	2.00	0.00	2.00
3201.00.101.01 Control and Supervision- Circle offices	0.00	0.00	0.00	0.00	0.05	0.05	0.00	0.25	0.25

152. While pointing out that a large women workforce existed in the Department, the Committee during the course of the examination of the Demands for Grants for the year 2006-07 had recommend that the Department should provide for a separate and sufficient budgetary provision for welfare activities for the women employees. The Department in the action taken reply had submitted that they would provide for the aforesaid purpose during the Eleventh Plan. However, during the course of examination of the Demands for Grants (2008-09), the Committee have been informed that the Gender Budget Committee has been formed but no separate budgetary provision for the welfare schemes of the women employee could be made for the BE 2008-09.

153. It has also been stated by the Department in their Outcome Budget 2008-09 that separate provision for these Schemes, could not be made for BE 2008-09 as it is not feasible to identify gender specific component in various activities/operations/services provided by DoP, because of their universal character available to all citizens alike. Despite these, sincere efforts have been made to identify women specific programmes and pro-women programmes as per the Department's commitment towards gender responsive budgeting.

PART II

RECOMMENDATIONS/OBSERVATIONS

I. Budgetary Analysis

(i) Overview

1. The Department of Posts (DoP) under the Ministry of Communications and Information Technology are entrusted with the task of fulfilling the Universal Service Obligation for providing basic postal services throughout the country, irrespective of terrain at an affordable price. To fulfil this obligation, the Department have an elaborate network of 1,55,204 Post Offices. Of these, 1,25,439 are Branch Post Offices catering exclusively to the rural areas. Besides providing postal services, Post Offices perform certain agency functions on behalf of other Ministries/Departments of the Government of India/other organisations. The earnings of the Department are in the form of "Revenue" and "Recoveries". The deficit of the Department is met from the Budgetary Support by the General Revenues. Similarly, the Capital Expenditure of the DoP is also met from the General Revenues. The Demands for Grants of the Department of Posts for the year 2008-09 is Rs. 7989.01 crore *i.e.* Rs. 7562.40 crore under the Revenue Section (inclusive of Rs. 24 lakh charged) and Rs. 426.61 crore under the Capital Section. The various aspects arising out of examination of the Demands for Grants of DoP for the year 2008-09 by the Committee are dealt with in the succeeding paragraphs.

(ii) Revenue Expenditure

2. The Committee find that the gross expenditure under the Revenue Section has been increasing year after year. It has risen from Rs. 6429.15 crore in 2005-06 to Rs.7291.79 crore in 2007-08 (RE) and has been projected at Rs.7562.40 crore in 2008-09. The Department have attributed the rising trend in the gross expenditure to the expenditure incurred on salaries, pensionary charges, dearness allowance, operational expansion for mail delivery, business promotions for revenue enhancement, etc. While the Committee are aware of the constraints being faced by the Department in controlling the expenditure under Revenue Section, they desire that DoP should devise some mechanism to effectively monitor the expenditure under

different heads so as to keep a control over the same as far as possible.

3. In this context, an analysis of the hike under different Heads of the Revenue Section by the Committee revealed that a major hike has been under the Head 'Foreign Travel Expenses' where the proposed expenditure during the year 2008-09 is about 140 per cent more than the enhanced RE allocation of 2007-08. The Department have stated that they propose to impart training in the best practices to the officials to give them international exposure. Besides, the proposed expenditure is on account of regular visits to different countries for setting the inbound and outbound business to meet the ambitious targets to be achieved from the global business. While the Committee are indeed in favour of bringing professionalism in the Department they, at the same time, also expect the Department to achieve tangible results thereof commensurate with the expenditure incurred.

4. What has caused concern to the Committee is that the expenditure made on the various activities related to technology induction are not resulting in bringing down the expenditure of the Department. Rather, computerisation is adding to the expenses on electronics, consumables and stationery. In spite of this, it is surprising that the Department have made no efforts to know the actual impact of the technology induction on the overall expenditure by undertaking a formal review. The Committee wish to point out that in the prevailing market environment where the Department have to face stiff competition on various fronts, it is absolutely essential to bring about economies. They, therefore, strongly recommend that the Department should undertake a review to know the actual impact of the technology induction on the overall achievement of the Department. Besides, all possible steps should be taken to use the existing manpower and resources to their optimum utilisation in the enlarged activities of the Department.

(iii) Revenue Receipts

5. The Committee observe that the Revenue Receipts of DoP increased from Rs. 5023.49 crore in 2005-06 to Rs. 5322.44 crore in 2006-07 and to Rs. 5707.20 crore in 2007-08. For the year 2008-09, the Receipts have been projected at Rs. 6159.31 crore. The Committee's examination revealed that the growth in the Revenue Receipts during the entire Tenth Five Year Plan was rather slow. The Department attributed this largely to the decline in the traditional mail traffic,

money order traffic, etc. They also assured the Committee that with the introduction of innovative products and services like Speed Post, Passport Service, Business Post, Bill Mail Service, Retail Post, etc. and other agency services being promoted, the trend will undergo changes. At this stage, the Committee are not inclined to remain contented with this. In their opinion, if DoP want to remain a serious player in the market, they have to intensify their efforts commensurate with the customer requirements so that their Revenue Receipts get a boost.

(iv) Rate of Remuneration for Savings Bank and Cash Certificates

6. The Committee further note that the remuneration for Savings Bank and Savings Certificate constitutes nearly 46 per cent of the revenue of the Postal Department. In this regard, the Committee note that one of the reasons for lesser increase in Revenue Receipts was the Government not honouring the recommendation of the Expert Committee of the Ministry of Finance set up in 1993-94 for a hike of 10 per cent per annum in the rate of remuneration for the services performed by the Department of Posts on behalf of the Ministry of Finance in Savings Bank and Cash Certificate functions. According to DoP, with the continuous pursuance of the issue, the Ministry of Finance have now agreed to increase the rate of remuneration by 4.5 per cent during the year 2008-09. The Committee would like the Department to continue the efforts in this regard to get the hike of 10 per cent per annum as recommended by the Expert Committee so that DoP is compensated reasonably for the agency functions being discharged by them.

(v) Recoveries

7. The Committee note that the Department of Posts are paid agency charges for the services rendered by them on behalf of other Departments/Organisations like Postal Life Insurances, Pension Payments, Western Union Money Transfer Scheme, etc. The Committee note with concern that as against an amount of Rs. 293.25 crore for the year 2007-08, the actual recovery upto January, 2008 was Rs. 28.33 crore only. Further, recovery of about Rs. 20 crore pertaining to the sister Departments/agencies like Telecommunications, Employees Provident Fund, Coal Mines Provident Fund (CMPF), etc. in respect of the past years is still pending. Clearly, this is an unsatisfactory position. The Committee, therefore, recommend that arrears of recoveries due as on 31 March, 2008 against all Departments/Organisations should be worked out and recovery action

should be expedited with all concerned. The Committee would like to be informed of the progress in this regard with details within a period of three months.

(vi) Revenue Deficit

8. The Committee note that the revenue deficit of DoP was Rs. 1375.22 crore during the year 2003-04, Rs. 1381.84 crore in 2004-05, Rs. 1209.88 crore in 2005-06 and Rs. 1317.66 crore in 2006-07. Further during the year 2007-08, the deficit was to the tune of Rs. 3278.54 crore upto January, 2008 which the Department hoped to bring down to Rs. 1291.34 crore as proposed at Revised Estimates level. During the year 2008-09, the Budget Estimates for revenue deficit are for Rs. 1135.74 crore. The revenue expenditure of the Department during the year 2008-09 may increase further with the implementation of the recommendations of the Sixth Pay Commission. All these facts clearly establish that the efforts of the Department to reduce the revenue deficit urgently require a new thrust and direction. The Committee, no doubt, appreciate the Universal Service Obligation of the Department to provide efficient and accessible postal services in all corners of the country. However, the present day economic scenario warrants self sufficiency. The Department of Posts should, therefore, in the light of their experience during the Tenth Five Year Plan, devise ways and means to make them commercially viable without compromising with their national obligation.

9. The Committee have persistently been recommending to charge expenditure on account of pensionary charges in respect of the Department of Posts to the common head of account at par with other Ministries/Departments. However, the Ministry of Finance have not taken a decision in favour of DoP thus far. The Department of Posts have informed that they are pursuing the matter at the highest level with the Ministry of Finance. At the expense of sounding repetitive, the Committee wish to point out that the liability on this score tends to distort the overall financial performance of DoP and their case, therefore, deserves consideration. The Committee would accordingly like the Department to continue the efforts in this regard.

(vii) Capital Expenditure

10. The Committee note that the Gross Expenditure under the Capital Section has been Rs. 42.25 crore, Rs. 48.36 crore, Rs. 126.69 crore, Rs. 269.33 crore and Rs. 284.74 crore (Actuals) during the years 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07 respectively. During the last year of the Tenth Plan, against the RE of Rs. 380.20 crore,

an amount of Rs. 284.74 crore was spent showing a shortfall of almost Rs. 100 crore. A sum of Rs. 232.22 crore was allocated for the Capital Section at the BE stage during the year 2007-08. The allocation was scaled down to Rs. 202.22 crore at the RE stage. As against this, the actual expenditure upto January, 2008 is a meagre Rs. 33.25 crore *i.e.* about 16.44 per cent. The Committee find this gross under-utilisation of funds highly disconcerting, more so because the under-utilisation of funds meant for Capital creation has a direct bearing on the performance of the various Schemes of the Department. The Committee, therefore, strongly feel that emergent steps are required to be taken by the Department to stop this alarming trend. The Committee desire that the Department should initiate specific corrective measures to ensure that the allocation of Rs. 426.61 crore for the year 2008-09 meant for Capital Expenditure are prudently and optimally utilised.

(viii) Budgetary Allocation for North-Eastern Region

11. The Committee note that during each year of the Tenth Plan and the first and the second years of the Eleventh Plan, the allocation made exclusively for North-Eastern Region has been less than the mandatory allocation of 10 per cent of the total Outlay contrary to the norms fixed by the Planning Commission. Not only that, during the first four years of the Tenth Plan, substantial part of the Outlay could not be utilised and was deposited in non-lapsable pool of resources. Only during the year 2006-07, the financial achievement was more than 100 per cent. With regard to physical achievements, the Committee find that whereas the Department could achieve overall more than 100 per cent of the target under most of the Schemes as reflected elsewhere in the Report, in the case of North-Eastern Region, under six important Schemes of the Department *viz.* Departmental Post Offices, Extra Departmental Post Offices, *Panchayat Sanchar Sewa Kendra*, Computerisation of Postal Account Offices, Administrative Offices and Staff quarters, the achievements are nil. Unfortunately, the position during the year 2007-08 got worse, when the actual expenditure upto January 2008 has been reported to be nil. The Committee are really perturbed with the pathetic performance under different Plan Schemes of the Department in North-Eastern Region. The Committee are not able to accept the reasons furnished by the Department for such a poor performance and strongly recommend that the position should be reviewed and corrective steps taken accordingly. The Department should ensure that the mandatory allocation of 10 per cent of the total Outlay is earmarked during the year 2008-09. Not only that, it should be

ensured that the Outlay is meaningfully utilised. The prescribed norms for setting up Post Offices in these areas should be suitably relaxed to achieve the physical targets as well as to improve the accessibility of Post Offices.

12. The Committee further note that out of 235 proposals for setting up of Post Offices (as on January, 2008) in North Eastern areas only 45 proposals were found to be justified and 190 proposals are under examination. The Committee fail to understand as to why such a large number of proposals for setting up Post Offices in the Region is pending. The Committee would like to be apprised about the time since when the aforesaid 190 proposals are pending. The Committee hope that as assured to them during the course of oral evidence, the Secretary would personally review the position within three months and the Committee may be kept apprised.

13. The Committee appreciate the laudable initiative taken by the Department by operationalising an aircraft in North-East in August last year even though the load was only 4 tonnes against the aircraft's capacity of 14 tonnes. The aforesaid initiative was taken even when the aircraft was supposed to run at a loss in order to give better connectivity to the North-East. The Committee further find that even though initially there was loss on account of lower utilisation of capacity, the demand has increased over time as informed to the Committee during the evidence. The Committee feel that similar initiatives by the relaxation of norms are required in the case of these areas particularly when the Government have given top most priority and 10 per cent exclusive allocation is earmarked for these areas.

IV. Utilisation of Plan Outlays

(i) Tenth Plan Analysis

14. The Committee observe that out of the proposed Outlay of Rs. 3619.83 crore for different Plan Schemes during the Tenth Plan, the Department got Rs. 1350 crore *i.e.* 37 per cent of the proposed allocation. Surprisingly, the Department could not utilise even the allocated Outlay fully during the entire Tenth Plan. The Committee's examination revealed that the Department were able to utilise funds to the tune of Rs. 874.67 crore only which is 68.70 per cent of the allocated Outlay. The main reason for under-achievement of the financial targets as informed to the Committee during the course of oral evidence, was the inordinate delay in obtaining sanctions and getting the clearances. Curiously enough, the Committee's

examination further revealed that even though the financial targets were under-achieved, the Department could achieve almost cent per cent physical targets. The Committee are not convinced with the argument furnished by the Secretary for the mismatch in physical and financial targets during the course of oral evidence that cost estimates with regard to electronic equipments were not accurate as they could not foresee how these equipments could become cheaper. Evidently, there are serious problems in the whole planning process and preparing estimates for Five Year Plans as a whole as well as for the Annual Plans. The Department should atleast now ensure that the estimates prepared for the Annual Plans are realistic. Besides, all desired initiatives should be taken to ensure full utilisation of the scarce resources allocated for different Plan Schemes.

(ii) *Outlay earmarked for the Eleventh Plan*

15. The Committee further note that the performance under different Plan Schemes during the first year of the Eleventh Plan *i.e.* 2007-08 was equally disappointing. As regards financial achievement, the Department could utilise only Rs. 38.13 crore against the allocated sum of Rs. 315 crore *i.e.* just 12.10 per cent of the allocated Outlay. Even if the funds booked upto February, 2008, as informed by the Secretary during the course of oral evidence, are taken into consideration, the Department were able to utilise just Rs. 75 crore. Not only that, the physical achievement under the major Schemes of the Department *viz.* Access to the Postal Networks (SPOs), Branch Post Offices (BPOs), Sub-Post Offices (SPOs), Departmental Sub-Offices (DSOs) and franchise outlets has been reported to be nil during the said year. It is surprising to note that whereas during the Tenth Plan, the achievement of physical targets was cent per cent with the under-achievement of financial targets to the tune of 31.93 per cent, during the first year of the Eleventh Plan nothing concrete in physical terms could be achieved.

16. The Committee are constrained to conclude from the aforesaid scenario that there are serious problems in the whole planning process. The first two years of each Five Year Plan are almost wasted in obtaining various clearances. While expressing serious concerns in this regard, the Committee strongly recommend that the process of evaluation of the Schemes, restructuring of the Schemes, obtaining various clearances, etc. should be over before 1st April of the first year of a Five Year Plan so that the targets are realistically achieved. The Committee would like that their concerns in this regard should be duly communicated to the Ministry of Finance/Planning Commission as well as the Cabinet Secretariat.

17. The Committee further note that the physical targets set during the first two years of the Eleventh Plan are not proportionate to the overall targets set for the Eleventh Plan. For example, under Branch Post Offices, whereas the physical targets under the Eleventh Plan are 3000, the targets fixed during the first two years are just 750 which means that the remaining 75 per cent of the targets would have to be achieved in the 60 per cent of the available period of three years. With the position of achieving nil targets during the first two years, the situation appears to be rather grim. The Committee, therefore, strongly recommend that all out efforts should be made to increase the pace of implementation of various Plan Schemes in the coming years.

V. Plan Schemes

(i) Access to Postal Network

18. The Committee again note the gross mis-match between the physical and financial achievements during the Tenth Plan under one of the important Schemes of the Department *i.e.* 'Expansion of Postal Network'. As against the Tenth Plan Outlay of Rs. 32.43 crore, the actual expenditure was to the tune of Rs. 10.63 crore *i.e.* 32.77 per cent. Ironically, achievement of physical targets on this front was reported to be around 100 per cent. It is really difficult to comprehend as to how the physical achievement could be achieved to the extent of 100 per cent with the 32.77 per cent of the expenditure of the allocated Outlay. The argument of decreasing prices of electronic equipments over the years, as given by the Department, quoted in the earlier para of the report in the context of mismatch of the overall physical and financial achievements is not acceptable in this case on many grounds. The expenditure on account of electronic equipments like computer may be only one part of the expenditure for setting up of a Post Office. This only reinforces the apprehensions of the Committee about the serious problems in the process of making projections. Such unrealistic projections may deprive the other important projects of the much needed Outlay in a year. The Committee, therefore, strongly recommend once again that the Department should seriously review the process of making projections. Besides, the Department owe an explanation for such an unrealistic projection under one of the important Schemes.

19. The Committee note from the information provided by the Department that on the one side the demand for setting up Post Offices has gone up with the expansion of cities and towns

and on the other hand, 89 per cent of the overall postal network incurs loss due to being sub-sized. In this context, there is an urgent need to have the proper assessment of the category of the Post Office to be set up in a particular area so as to avoid chances of relocation. The Department should undertake a proper assessment in this regard keeping in view the existing population in a particular area where a type of Post Office is proposed to be set up. In this context the Committee note that perhaps there is an urgent need to tie up with the *Panchayati Raj* Institutions, which can help the Postal Department in setting realistic plans with regard to setting up of Post Offices in rural areas.

20. The Committee observe that the Scheme of setting up franchised outlets for certain postal functions (except traditional mail, selling stamps and doing Saving Bank transactions) has found favourable response and these outlets are in fact bringing more business to Post Offices. The Committee trust that the targets for setting up franchised outlets during the Eleventh Plan would be fully achieved.

21. The Committee find that the far-flung tribal, hilly and other difficult areas are scarcely populated and the people have to travel long distances to avail of the various facilities of Posts. The population norms for setting up Post Offices are difficult to be met in these areas. The situation is further aggravated during the unfavourable weather conditions like extreme winter in J&K, and other hilly areas, when it is difficult to go outdoor to avail of postal facilities. More so, banks and other financial institutions also may not be interested in opening branches in these areas due to commercial reasons. The most economical and easy solution in this case is mobile Post Offices. Mobile Post Offices equipped with all the possible postal services and equipment can be of a great help to the people of these areas by providing the postal facilities at the doorstep. Another possible solution may be weekly *bazaars* of postal services at a prominent place in different villages in the rural areas. A proper coordination with the *Panchayats* can help the Postal Department in getting the space for opening the weekly *bazaars* in the *Panchayat* headquarters. The Committee would like the Department to explore the possibilities of opening mobile and weekly Post Offices on the suggested lines and apprise the Committee about the concrete action taken in this regard.

22. The Committee would also like the Government to explore the feasibility of creating a Universal Service Obligation Fund (USOF), on the line of the telecom services after considering all its implications, to compensate operation of effective Postal services in rural, remote and difficult areas.

23. The Committee also find that as on January, 2008 out of a total of 634 proposals pending for opening of Post Offices across the various Circles, 196 requests have been found justified while 242 proposals are still under consideration. Besides, 196 proposals have been rejected. The Committee desire that in the justified cases, Post Offices should be set up expeditiously. Also early decision should be taken on the proposals still under consideration.

(ii) IT Induction—Postal Operations

24. The Committee observe that the Department could achieve more than 100 per cent targets under two Schemes *viz.* (i) Computerisation of Post Offices, and (ii) Computerisation of Administrative Offices by spending 70 per cent of the Outlay earmarked during the Tenth Plan. The over achievement of targets has reportedly been possible due to the reduction in the cost of hardware peripherals. However, under the Scheme, 'Computerisation of Postal Accounts and Management', the Department could not achieve the same level of results. The Committee feel that the savings made possible due to the reduction in the cost of hardware and peripherals as stated by the Department could have been leveraged for better achievement of physical targets. The Committee would like to be informed about the constraints leading to under achievement of physical targets under the aforesaid Scheme.

25. The Committee further note that the Department aim to have 'Anytime Anywhere Banking' in the postal network during the Eleventh Plan whereby a person can operate account from anywhere in the country. The Committee strongly recommend to complete the task of networking of various types of Post Offices so that the ambitious plan to have 'Anytime Anywhere Banking' can be achieved during the Eleventh Plan.

(iii) Mail Business Centres (MBCs)

26. The Committee note that the Department propose to set up and equip 300 Mail Business Centres (MBCs) across the country at the estimated expenditure of Rs. 180 crore. These Centres will function as hub for mail related activities. The Committee further find that the Scheme has already got the approval of the Government

and is under finalisation. The Committee recommend that the Scheme should be finalized expeditiously so that the targets of setting up the Mail Business Centres during the year 2008-09 can be achieved.

(iv) Automatic Mail Processing Centres (AMPCs)

27. The Department had planned to set up two AMPCs at Kolkata and Delhi for which Rs. 71.05 crore were allocated during the Tenth Plan. In response to the global tender invited, two bids were received. After technical evaluation one of them was found technically qualified. Since it was difficult to assess the competitiveness and reasonableness of the bid amount, the bid was cancelled. The retendering could not be done as the time left in the Tenth Plan was too short. The Committee observe that even when the bid failed and nothing concrete could be done for the two AMPCs, the Department utilised Rs. 12.10 crore out of Rs. 71.05 crore during the Tenth Plan. The Committee would like to be apprised of the details of the expenditure particularly when nothing concrete could be done due to the cancellation of the bid.

28. Again during the Eleventh Plan, Rs. 25 crore were approved for the year 2007-08, out of which only Rs. 2.42 lakh could be utilised upto December, 2007. The reason again is not receiving wider response for the tenders invited. The Committee further note that to overcome this deficiency, a meeting with machine manufacturers was held to understand the reasons. The Committee would like to be apprised about the reasons that have come out for the poor response of the tenders during the aforesaid meeting. The Committee further note that the Notice Inviting Tenders (NITs) is at the final stage of approval and these AMPCs are expected to be in operation within 18 months of the award of tenders. The Committee hope that the tenders would receive favourable response this time and AMPCs at Kolkata and Delhi would be set up by the targeted period.

(v) National Data Centre (NDC)

29. During the Tenth Plan period, DoP had decided to establish a National Data Centre with the objective of networking of various activities of the Department in the Central Data Base. In their earlier Reports, the Committee had commented upon the delay in the setting up of the Centre. The Committee note that at last the National Data Centre has finally been commissioned at New Delhi with a total of 30 high end servers and many applications are already being accessed by the Post Offices through the Centre. The ultimate end of the setting up of the National Data Centre is complete makeover to

automation and efficiency. The Committee have been informed in this regard, that the disaster recovery centre is planned to be set up in case of disaster and recovery of data for which the National Informatics Centre has already been given the task of designing the hardware requirements. During the Eleventh Plan, the Department plan to set up single integrated software which would henceforth create centralized database environment. The Committee would like that topmost priority should be given to setting up the disaster recovery centre within a stipulated time-frame so that the objectives behind establishing the Centralised Data Base are fully achieved.

30. The Committee further note that the Department also propose to set up Regional Data Centres during the Eleventh Plan and the Scheme is at the conceptual stage of examination. The Committee trust that all relevant considerations including the full potential utility of the National Data Centre will be carefully looked into before taking the final decision. The Committee would like to be informed of the decision taken in the matter.

(vi) Banking and Money Transfer Activities

31. The Committee note that as on date the DoP are maintaining 17,23,97,269 Postal Accounts involving a total deposit of Rs. 3,51,548 crore in various Saving Schemes of Post Offices. However, during the course of oral evidence, the Committee have been informed that although the number of accounts in Postal Saving Banks are increasing, the total money deposited is coming down. This is a matter of concern to the Committee. They wish to point out that various Saving Schemes of Post Offices have been popular for parking funds especially for the middle class. The negative growth by way of more withdrawals than deposits is an important aspect which should be thoroughly looked into and corrective action taken to arrest this disturbing trend. The Committee would like to be informed of the precise action taken in this regard.

32. The Committee further note that the Department have taken some novel initiatives in the field of Savings Bank operations. They have tied up with SBI in 100 Post Offices of 5 Circles in a pilot project. The main concentration is on loan products. Besides, ten year term deposit and two year term deposit which are not the Schemes with the Posts are being offered through SBI. In another initiative, the Postal Department are tapping into the fast growing mutual fund industry by entering the business of retailing and providing investment opportunities through a larger clientele. Under

this project, over 250 Post Offices are distributing select mutual funds. The Committee appreciate the aforesaid initiatives. The Committee feel that the Department have the biggest advantage in terms of reach due to their wider network in the country. By tying up with various Banks particularly SBI and mutual funds, the Post Offices can reach to the last person living in the remotest of the areas through these initiatives where banks and other mutual fund companies may feel the handicap. The Committee would like the Department to consider the feasibility of extending the aforesaid operations to other areas also. The Committee would also like to be apprised about the action taken thereon with the relevant details.

33. The Committee further note that the Department are providing the facility of receiving remittances from more than 205 countries and territories on real time basis. The Committee would like to be apprised of the details of the results of operations of the service.

(vii) Insurance Activities

34. The Committee note that the Post Office Life Insurance Fund (POLIF) and the Rural Post Office Life Insurance Fund (RPOLIF) are presently placed at the disposal of the Ministry of Finance where they form a part of the Special Deposit Scheme (SDS) and earn interest. Now after the Cabinet approval, this corpus which on 31 March, 2007 stood at the value of Rs. 12628 crore is proposed to be converted into dated securities over a period of three years. The Secretary, DoP further informed during the evidence that the corpus of Rs. 15000 crore would be frozen and converted into tradeable liquidity in three years. The net accretions of Rs. 1200 crore per year would be invested as per the IRDA guidelines. The Committee hope that with the implementation of the aforesaid decision, the revenue by way of interest and returns through investments of the Department of Posts would increase. The Committee would like to be kept apprised of the further developments in this area.

(viii) Business Development Activities

35. The Committee note that as per a study conducted by the Department in the year 2006, the revenue share of Speed Post *vis-a-vis* the other major players in the organised courier industry is 27.55 per cent. The Committee have also been apprised that the Posts are facing stiff competition from private couriers (both organized and unorganized) in the express mail industry. With the changing attitude of the Department of looking at mails as a business

activity, and taking a number of measures for promotion of Speed Post business, the Department have been able to stop the trend of losing mail traffic by about 9 to 10 per cent every year. The Department are optimistic that during the Eleventh Plan they would be able to reverse this decline. The Committee desire that the Department should closely monitor the market trends and take appropriate action in order to make their presence in the industry pronounced and improve their financial health in the process.

VI. Initiatives and New Services

(i) *National Rural Employment Guarantee Act (NREGA)*

36. The Committee are happy to note that the Department of Posts at present are involved in the disbursement of wages under NREGA in 72 districts in the States of Andhra Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh and West Bengal. With the intention of getting involved throughout the country, a model Memorandum of Understanding has been prepared and sent to the Ministry of Law for legal vetting. On finalisation, the MoU will be sent to all the Postal Circles for tie-ups individually with the State Governments. The Committee further find that the Department of Posts have withdrawn the service charge of two per cent of the amount disbursed under NREGA. However, a proposal has been submitted to the Ministry of Finance for sufficient remuneration for handling NREGA across the country. The Committee recommend that the model MoU be finalised expeditiously, so that various Circles can tie-up individually with the State Governments to be involved in all the districts in this regard. While recommending for the country-wide involvement of the Department of Posts in the implementation of the Programme, the Committee also desire that the Ministry of Finance should consider compensating DoP by way of sufficient remuneration for discharging this onerous social responsibility.

37. The Committee further note that as on 29 February 2008, 87,18,546 new accounts were opened under NREGA. With the NREGA being extended country-wide from 1 April, 2008, the Department of Posts can capture rural sector by the strategy of opening Savings Bank Account of every BPL family covered under NREGA with the objective of financial inclusion. To achieve the aforesaid objective, the officials of the Department should involve *Panchayati Raj* Institutions. Besides, the involvement of Posts in various schemes needs to be publicised through close interaction with the

functionaries of the *Panchayati Raj* Institutions as well as through the forum of *Gram Sabha* meetings.

(ii) *National Old Age Pension Scheme*

38. The Committee further find that the Department of Posts are also involved in the disbursement of pension under 'National Old Age Pension Scheme' in Bihar, Himachal Pradesh, Karnataka, West Bengal and Tamil Nadu. In Bihar, the State Government is remunerating the Department at the rate of Rs. 18 per account for the supply of Monthly Income Scheme (MIS) to the State Government over and above the remuneration being received from the Ministry of Finance, whereas in the remaining States, payment under the Scheme is made through money order service on payment of commission at the rate of 5 per cent of the amount remitted. The Committee welcome this initiative and would like to be apprised of the total revenue received from State Governments/ Ministry of Finance on account of providing service under 'National Old Age Pension Scheme'. Besides, the Committee recommend that the Department should take the desired initiatives to get involved in the whole country in this regard.

(iii) *Loan to Self Help Groups*

39. The Committee also note the initiative taken by the Department of Posts to get involved in credit linking of Self Help Groups under the pilot project. The recovery rate of 148 per cent in this regard is really noteworthy. The Committee would like the Department to take the lead to get involved in the disbursement of Self Help Groups in all the States particularly when the recovery rate is so encouraging.

40. The Committee further note that out of 2823 Self Help Groups who have opened account so far, only 223 Self Help Groups which is approximately 8 per cent could be credit linked. In this regard various pro-active initiatives to provide forward and backward linkages should be taken to enable Self Help Groups to start the economic activity. Further, the Department should also publicise the initiatives taken by them in this regard so that more and more Self Help Groups approach to DoP for disbursement of loans.

41. The Committee observe that there are lots of opportunities for the Department of Posts by way of actively being involved in various Centrally Sponsored Schemes like *Indira Awaas Yojana*. The involvement in more and more Centrally Sponsored, Central Sector

and State Sponsored Social Sector Schemes would not only help the Department to increase the revenue but also fulfil the social commitment on the part of the Department.

(iv) Global Business Division

42. The Committee note that a Global Business Division has been created by the Department in September, 2007 with the objective of expanding their operations at international level. The intention is to maximise the benefits accruing from the growth of Indian economy and its integration with the international economy. The Committee feel that these are steps in right direction and should be pursued earnestly to provide efficient and customer friendly services as there are immense possibilities of its growth particularly in countries where there is a large concentration of people of Indian origin.

(v) Retail Post

43. The Committee appreciate the new initiative being taken by the Department in the field of retail post whereby the 'India Post' offers the facility to collect consumers' bills for service industries like telephone/electricity/mobile phone bills, etc. for the Government and also private organisations. The Committee are anxious to know about the extent of coverage of the aforesaid facility in the whole country. They, therefore, would like to be apprised of the details in this regard both, for rural and urban areas, separately. The Department should also consider extending the aforesaid facility in all the Post Offices particularly in rural areas based on the feedback received.

44. The Committee note with satisfaction the initiatives taken by the Posts to sell the application forms of various Government and private institutions through Post Offices in the country. There is enough scope to sell the forms of common entrance tests for Government and private institutions not covered so far. The Committee note that these initiatives would not only increase the revenue of the Department but also help the Department to fulfil the social obligation. The students in rural and remote areas can particularly be benefitted. In addition to the sale of application forms for various competitive examinations, the Department can also take the initiative of selling forms for various housing schemes of respective State Governments. The Committee may be kept apprised about the concrete action in this regard.

45. The Committee further note that the Postal Circles have been empowered to enter into local tie-ups with private or Government agencies. The Department as such have not initiated any scheme on an All India basis and are not aware of the revenue earned by the concerned Circles in this regard. The Committee note that the Department of Posts have a very wide network of Post Offices throughout the country and the infrastructure created for setting up of Post Offices is the biggest asset of the Department. There is an urgent need to explore possibilities to ensure the optimum use of the area occupied by Post Offices. The Committee would like the Department to examine the matter with a view to assessing its impact and extending its coverage if felt desired. The Committee would like to be apprised of its details with regard to the revenue earned by the concerned Circles through this initiative.

(vi) Setting up of an exclusive Rural Department

46. The Committee find that a comprehensive study has been conducted by the Department to set up an exclusive Rural Department to cater to the population of rural areas. The Committee trust that the report on the Study will be examined and follow-up action taken expeditiously to address to the cause of the rural sector.

VII. Human Resource Management/Training

47. The Committee note that there are 50032 vacancies in Groups A, B, C and D in the Department. The Government's restrictions in filling vacant posts have resulted in the sizeable number of vacancies. The Committee have further been informed that a Committee of Secretaries is presently examining the issue of exempting certain Departments from the cut. The Committee hope that the Government would get an appropriate decision taken in the matter expeditiously so that the enlarged activities of the Department of Posts do not suffer.

48. Human resource is undoubtedly the biggest asset for any Department. To get best of the results, training is a *sine qua non*. Unfortunately, the track record of the Department of Posts in the matter is totally uninspiring. The Committee's examination of the data in this regard reveal that the utilisation of resources under the Head 'Human Resource Development' during the Tenth Plan, was dismal. Out of the allocated Outlay of Rs. 40.65 crore, the DoP utilised Rs. 12.2 crore only, *i.e.* about 30 per cent. Similarly, during the year 2007-08, the Department have allocated Rs. 26.27 crore under the Head out of which the utilisation is just Rs. 3.26 crore *i.e.*

12.40 per cent. The Committee deplore the under utilisation of Outlay under one of the important Head *i.e.* Human Resource Management. They strongly recommend that the Department should take all initiatives to impart training to the various level of officers so as to bring professionalism in the Department which may ultimately help in facing the stiff competition from the private sector.

VIII. Miscellaneous

(i) *Losses and Frauds*

49. The Committee are concerned to note that a total of 7088 cases of losses and frauds involving Rs. 227.00 crore were pending as on 31 December, 2007. There is an urgent need to finalise those cases to their logical conclusion and also to take effective steps to check recurrence of such cases. The Committee, therefore, desire that the DoP should look into the same and inform them of the follow-up and corrective action taken in this matter.

(ii) *Regulatory Mechanism*

50. The Committee further find that with the increased activities of the Department in the various fields of postal operations and with the highly competitive commercial banking and insurance activities being undertaken, there is an urgent need for some sort of regulatory mechanism. The Committee recommend that the Government should consider setting up of a regulatory mechanism in this regard. The Committee would like to be informed of the action taken in the matter.

(iii) *Standardisation of Services*

51. The Committee further find that the Department have taken a laudable initiative for the implementation of '*Sevottam*', a Service Delivery Excellence Model developed by the Department of Administrative Reforms and Public Grievances, which stresses upon improvement in the areas of Citizens Charter, Public Grievances Mechanism and Service Delivery Capabilities. The Committee have been informed that the DoP have almost completed the various preparatory activities for getting the Department of Posts certified by the Bureau of Indian Standards (BIS). The Committee hope that the Department would be certified expeditiously by the BIS which may give assurance to the public about the quality of services being rendered by the Posts and further help in enlarging the business in the country.

(iv) Gender Budgeting

52. The Committee note that the women employees constitute only 13.84 per cent of the workforce in the Department of Posts. Infact, in Group B non-gazetted services, only 2.52 per cent of the employees are women. They have also noted the various steps being taken by the Department to ensure a supportive environment to their women employees including gender sensitive training programmes, setting up of committees at various levels for prevention of sexual harassment, provision of separate rest rooms and recreation rooms and crèches and additional facilities to women employees performing night duties. While taking note of the steps taken by the Department, the Committee recommend that the initiatives taken should further be geared up to provide healthy environment at work place and also to attract more women to join the Department.

53. The Department have also informed that the Gender Budget Committee of the Department has been formed which has identified (i) Training (ii) Postal Network (construction) and (iii) Control and Supervision Circle Office Schemes for gender budgeting. The Committee are, however, pained to note from the Outcome Budget, 2008-09 of the Department that gender specific allocation is not feasible in the Schemes identified by the Department. It is inexplicable as to why such Schemes were identified in the first instance. The Committee regret to conclude that in the instant case the Department's deeds have not matched their lofty words. The Committee, therefore, desire that the Department should make concerted attempts to identify Schemes where gender specific allocations are possible and revert back with concrete and workable proposals to the Committee at the earliest.

NEW DELHI;
10 April, 2008
21 Chaitra, 1930 (Saka)

NIKHIL KUMAR,
Chairman,
Standing Committee on
Information Technology.

List of ABBREVIATIONS

AMPC	Automatic Mail Processing
AO	Administrative Office
BE	Budget Estimates
BIS	Bureau of Indian Standards
BPO	Branch Post Office
BSNL	Bharat Sanchar Nigam Limited
DoP	Department of Posts
DoT	Department of Telecommunications
DSO	Departmental Sub Office
EAMCET	Common Entrance Test for Management Courses
EDBO	Extra Departmental Branch Office
EPFO	Employee's Provident Fund Organisation
GBD	Global Business Division
HPO	Head Post Office
HQ	Head Quarters
IAY	Indira Awaas Yojna
IMO	International Money Order
IMTS	International Money Transfer Service
KVP	Kisan Vikas Patra
LAWCET	Common Entrance Test for Law Colleges
MBC	Mail Business Centre
MIS	Monthly Instalment Scheme
MO	Mail Office/Money Order
MoU	Memorandum of Understanding
NAREGA	National Rural Employment Guarantee Act
NDC	National Data Centre
NOAPS	National Old Age Pension Scheme
NSC	National Saving Certificate
PAO	Postal Accounts Office
PLI	Postal Life Insurance

PO	Post Office
POLIF	Post Office Life Insurance Fund
POSB	Post Office Savings Bank
PPF	Public Provident Fund
RD	Recurring Deposit
RE	Revised Estimate
RPLI	Rural Postal Life Insurance
SB/CC	Savings Bank/Cash Certificate
SCSS	Senior Citizen Saving Scheme
SHG	Self Help Group
SPO	Sub Post Office
TD	Term Deposit
UPSC	Union Public Service Commission
WUMT	Western Union Money Transfer

APPENDIX I
CORPORATE PLANNING DIVISION
DETAILS OF THE TENTH PLAN OUTLAY, FUNDS ALLOCATED AT BE, RE AND
ACTUAL EXPENDITURE FOR EACH ANNUAL PLAN

FINANCIAL

Sl.No.	Particulars	Tenth Plan proposal	Tenth Plan outlay	Annual Plan 2002-03		Annual Plan 2003-04		Annual Plan 2004-05		Annual Plan 2005-06		Annual Plan 2006-07		Total expenditure for 5 years	Percentage of achievement (BE)					
				BE	RE	Actuals	BE	RE	Actuals	BE	RE	Actuals	BE			RE	Actuals			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
1.	Expansion of Postal Network	41.25	32.435	3.41	0.91	1.02	2.10	1.88	2.19	2.75	4.46	1.77	4.63	4.75	1.63	5.00	4.51	4.02	10.63	32.77
2.	Computerisation of Pos/PAOs/Aos	1876.71	836.27	38.86	19.08	8.38	59.32	0.25	0.48	140.00	140.00	105.22	250.10	321.45	238.87	270.00	276.86	233.44	586.39	70.12
3.	Computerisation and Networking of MOs	43.89	25.37	13.32	11.46	0.82	0.82	0.82	0.578	5.00	1.37	0.53	1.87	3.87	1.31	6.00	6.00	2.99	6.23	24.55
4.	Upgradation of Customer Care Centre	47.8	11.57	11.57	0.10	0.08	11.57	10.75	9.48	0	0	0	0	0	0	0	0	0.00	9.56	82.63
5.	Modernisation & Upgradation of VSAT/ESMOS	0	3.00	0.75	0.75	2.32	2.00	2.38	0.389	0.50	0.10	0.08	0.05	0.06	0	0.45	0.45	0.00	2.79	93.03
6.	Modernisation of operative/working systems (improving ergonomics)	282.64	48.50	5.54	6.14	1.35	5.06	4.56	4.21	6.86	7.02	6.22	16.78	16.01	13.33	14.70	15.50	13.20	38.31	78.99

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
7.	AMPCs	45	71.05	24.00	15.00	11.15	0.05	1.00	0.60	1.00	0.05	0.15	20.00	0.50	0.14	59.00	44.00	0.06	12.10	17.03
8.	Mechanisation/Modernisation on of Mail Movement	12.65	21.00	0.30	0.30	0	15.31	12.76	12.58	0.47	0.05	0.04	0.02	1.86	1.03	0.97	2.99	0.72	14.37	68.43
9.	Modernisation/Upgradation of Premium Products	44.6	41.09	2.74	1.74	1.22	5.94	5.14	4.98	5.02	6.02	4.17	9.93	9.73	7.03	7.50	12.46	9.36	26.76	65.13
10.	Upgradation & Promotion of Philately	10.8	7.31	0.84	1.32	1.17	1.00	1.06	0.94	1.49	1.49	1.16	0.91	0.95	0.838	2.67	2.67	2.49	6.60	90.23
11.	Training	112.68	61.30	6.65	4.07	2.37	11.28	10.46	7.34	9.85	8.00	5.49	8.00	9.00	8.968	8.00	8.80	6.72	30.89	50.39
12.	Construction of Buildings	585	115.40	28.00	28.00	13.90	24.00	17.35	15.01	18.00	18.00	15.72	24.00	24.00	21.63	32.00	32.00	20.62	86.88	75.29
13.	Modernisation/Upgradation of CSDs	2.52	2.52	0.26	0.26	0.60	0.01	0.70	0.47	0.66	0.78	0.41	0.44	0.54	0.37	0.24	0.24	0.18	2.03	80.56
14.	Computerisation of International Mail Processing	6.04	3.33	1.26	1.27	0.81	2.06	2.23	1.64	0	0	0	0.61	0.61	0.478	0	0	0.00	2.93	87.93
15.	National Data Centre	10	10.00	5.00	0.20	0	0.50	0.00	0	0.10	0	0	10.00	4.00	0	5.00	5.00	5.00	5.00	50.00
16.	Research & Development/ Studies & Surveys	30	4.00	1.00	0	0.01	0.07	0.08	0.08	1.00	0.05	0	0.75	0.70	0.676	0.50	0.50	0.34	1.11	27.65
17.	Establishment of Express Parcel Post	3.25	7.02	0.50	0.15	0	0.01	0	0	1.00	0.55	0	3.05	2.80	2.228	2.52	3.17	1.51	3.74	53.25
18.	e-Post	10	5.00	0.50	2.70	0.71	2.30	2.30	1.78	0.71	0.15	0.04	0.20	0.15	0.010	0.50	0.50	0.27	2.81	56.20

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
19.	e-Bill Post	30	5.00	0.50	0.50	0.00	3.00	0.65	0.06	0.25	0.06	0	0.10	0.52	0.46	0.50	0.50	0.29	0.81	16.20
20.	New Products & Services (Including financial services)	425	34.00	5.00	1.05	0	3.60	0.63	0.26	3.00	1.02	0.75	2.55	2.00	1.99	3.00	2.45	2.02	5.02	14.76
21.	Improvement of Quality of Services		4.835	0		0	0	0	0	2.34	1.40	0	0	0.50	0.00	0.40	0.4	0.03	0.03	0.62
22.	Purchase of Aircraft Carriage for North East		0.00	0		0	0	0	0	0	0	0	0	0	0	0.05	0	12.00	12.00	
	Miscellaneous								0.23			0.41			0.12			6.93	7.69	
	Total	3619.83	1350.00	150.00	95.00	45.91	150.00	75.00	63.30	200.00	190.57	142.16	354.00	404.00	301.11	419.00	419.00	322.19	874.67	64.79

APPENDIX II

DEPARTMENT OF POSTS

**DETAILS OF THE PROPOSED ALLOCATION, BUDGET ESTIMATES, REVISED ESTIMATES AND ACTUAL EXPENDITURE,
ALONGWITH PERCENTAGE OF UTILISATION FOR 2007-08 AND 2008-09**

(Rs. in crore)

Sl.No.	Particulars	Annual Plan 2007-08				Actual Expenditure upto Jan. 2008	Percentage of Utilisation	Annual Plan 2008-09	
		Proposed by Department	Budget Estimates	Revised Estimates				Proposed by Department	Approved by Planning Commission
1	2	3	4	5	6	7	8	9	
1.	Access to Postal Network	5.50	7.35	6.36	0.10	1.59	9.70	8.00	
2.	Mail Operations	6.00	17.50	38.67	0.06	0.16	376.00	70.00	
3.	Banking and Money Transfer Operations	21.00	20.50	8.82	0.11	1.26	18.84	15.00	
4.	Insurance Operations	7.00	7.00	7.00	0.00	0.00	15.00	7.00	
5.	Philately Operations	4.00	4.00	4.00	0.01	0.25	4.65	3.00	
6.	Estates Management	31.00	33.00	38.48	1.107	28.77	37.00	14.00	

1	2	3	4	5	6	7	8	9
7.	IT-Induction Postal Operations	173.10	173.10	139.57	20.17	14.45	940.31	360.00
8.	Material Management	1.50	1.50	1.50	0.00	0.00	12.00	3.00
9.	Human Resource Management	29.70	29.70	26.27	3.26	12.41	23.00	15.00
10.	Marketing, Research and Development	10.50	11.00	14.00	1.69	12.07	54.32	24.00
11.	Quality Management	7.05	7.25	0.33	0.00	0.00	1.75	1.00
12.	Development of Special Areas	3.09	3.10	0.00	0.00	—	0.00	0.00
13.	North East Sub Plan	18.25	0.00	0.00	0.00	—	0.00	0.00
14.	Support for NREGS Miscellaneous	0	0	0	0		0	80.00
					1,6588			
	Total	317.69	315.00	285.00	38.13	13.38	1492.57	600.00

APPENDIX III

DEPARTMENT OF POSTS

**DETAILS OF THE ACTUAL ACHIEVEMENTS IN NORTH EAST
PHYSICAL**

Sl.No.	Particulars	2002-03	2003-04	2004-05	2005-06	2006-07
1	2	3	4	5	6	7
1.	Opening of Post Offices					
(a)	Departmental Post Offices	4	2	3 POs opened by relocation	0	0
(b)	Extra Departmental Post offices	24	13	nil	0	0
(c)	Panchayat Sanchar Sewa Kendras	15	65	nil	0	0
2.	Computerisation of Pos/PAOs/Aos					
(a)	Computerisation of Post Offices	nil	nil	175	206	298
(b)	Computerisation of Postal Accounts Offices	nil	nil	2	0	0
(c)	Computerisation of Speed Post Centres	2	19	28	43	7
(d)	Upgradation of Track & Trace (Speed Net)	2	8	12	18	4

1	2	3	4	5	6	7
3.	Modernisation of operative/ working systems (improving ergonomics)					
	(a) Post offices	nil	4	nil	11	64
	(b) Speed Post Centres	nil	nil	12	9	0
	(c) Infrastructural Equipments to EDBOs	188	187	9	209	145
	(d) Mail Motor Vehicles	2	2	nil	3	0
4.	Training					
	(a) Group 'A' Officers	nil	nil	8	9	20
	(b) Inservice Training to officials	298	231	147	403	287
	(c) Computer Training to officials	794	961	730	541	553
	(d) Training to Postmen	352	369	314	326	435
	(e) Training to GDSBPMs	nil	689	895	850	0
5.	Philately					
	(a) Provision of Tools & Equipments	8	2	4	57	1
	(b) Philatelic Exhibitions	8	21	32	17	2
6.	Construction of Buildings					
	(a) Post Offices/Mail Offices	3	7	1	1	1
	(b) Administrative offices	nil	nil	nil	0	0
	(c) Staff Quarters	28	1	14	0	0

ANNEXURE I

MINUTES OF THE TWENTY-FIRST SITTING OF THE STANDING
COMMITTEE ON INFORMATION TECHNOLOGY (2007-08)

The Committee sat on Friday, the 28th March, 2008 from 1100 hours to 1335 hours in Committee Room 'G-074', Parliament Library Building, New Delhi.

PRESENT

Shri Nikhil Kumar — *Chairman*

MEMBERS

Lok Sabha

2. Shri Abdullakutty
3. Shri Ramesh Dube
4. Shri Nikhil Kumar Choudhary
5. Shri Sanjay Shamrao Dhotre
6. Shri Narhari Mahato
7. Shri Bhubaneshwar Prasad Mehta
8. Shri Tufani Saroj

Rajya Sabha

9. Shri Praveen Rastrapal
10. Shri N.R. Govindraj
11. Shri Eknath K. Thakur

SECRETARIAT

1. Shri P. Sreedharan — *Joint Secretary*
2. Smt. Sudesh Luthra — *Director*
3. Shri P.C. Koul — *Deputy Secretary*

WITNESSES

Representatives of the Department of Posts (DoP)

1. Shri I.M.G. Khan — *Secretary (Posts)*
2. Ms. K. Noorjehan — *Member (O&M)*

3. Ms. Annie Moraes	—	Financial Advisor (Posts)
4. Brig. Y.P.S. Mohan	—	DDG (PO & I)
5. Shri S. Samant	—	CGM (PLI)
6. Shri M.S. Bali	—	Sr. DDG & CGM (MBDO)
7. Ms. Sunita Trivedi	—	CGM (PLI)
8. Shri S.K. Sinha	—	DDG (CP)
9. Shri P.T.S. Kumar	—	DDG (Global Business)
10. Shri K.L. Khanna	—	DDG (E&PN)
11. Shri Kaushal Kishore	—	General Manager (F) BD
12. Dr. Brajesh Singh	—	Director (Budget & Administration)
13. Shri Pranav Khullar	—	Director (IA)
14. Shri K.K. Tripathi	—	Director (Accounts)

2. At the outset, the Committee expressed their appreciation of the contribution of Shri Eknath K. Thakur, M.P. and a member of the Committee whose term in Rajya Sabha is coming to an end on 2 April, 2008.

3. The Chairman then welcomed the representatives of the Department of Posts to the sitting of the Committee. The representatives of the Department then gave a brief account of the Demands for Grants (2008-2009) with the help of an audio-visual presentation.

4. The members sought certain clarifications on the issues relating to the Demands for Grants (2008-2009) of the Department. The representatives of the Department responded to the queries raised by the members.

5. The Chairman thanked the representatives of the Department for appearing before the Committee as well as for furnishing valuable information that the Committee desired in connection with the examination of the Demands for Grants (2008-2009).

A verbatim record of the proceedings has been kept.

The witnesses, then withdrew.

The Committee, then, adjourned.

ANNEXURE II

MINUTES OF THE TWENTY-THIRD SITTING OF THE STANDING
COMMITTEE ON INFORMATION TECHNOLOGY (2007-08)

The Committee sat on Thursday, the 10th April, 2008 from 1100 hours to 1210 hours in Committee Room G-074, Parliament Library Building, New Delhi.

PRESENT

Shri K.V. Thangka Balu — *In the Chair*

MEMBERS

Lok Sabha

2. Shri Abdullakutty
3. Shri Nikhil Kumar Choudhary
4. Shri Sanjay Shamrao Dhotre
5. Shri Narhari Mahato
6. Shri Bhubaneshwar Prasad Mehta
7. Shri P.C. Thomas

Rajya Sabha

8. Shri Praveen Rastrapal
9. Shri Ravi Shankar Prasad
10. Shri N.R. Govindrajaram
11. Shri Rajeev Chandrasekhar
12. Shri Gireesh Kumar Sanghi

SECRETARIAT

1. Shri P. Sreedharan — *Joint Secretary*
3. Shri P.C. Koul — *Deputy Secretary*
4. Shri D.R. Mohanty — *Under Secretary*

2. As the Chairman was not present, the Committee under Rule 258(3) chose Shri K.V. Thangka Balu, M.P. and a Member of the Committee to preside over the meeting.

3. The Committee, then took up the following Draft Reports for consideration and adopted the same:

- (i) *** *** *** ***
- (ii) Draft Report on Demands for Grants (2008-2009) relating to the Department of Posts.
- (iii) *** *** *** ***
- (iv) *** *** *** ***
- (v) *** *** *** ***

4. The Committee, then, authorised the Chairman to finalise the above Draft Reports in the light of the factual verficiations made by the concerned Ministry/Departments and present the same to the House on a date convenient to him.

The Committee, then, adjourned.

***Matter not related to this Report.

FIFTY-SIXTH REPORT
STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2007-2008)

(FOURTEENTH LOK SABHA)

MINISTRY OF COMMUNICATIONS AND
INFORMATION TECHNOLOGY
(DEPARTMENT OF POSTS)

DEMANDS FOR GRANTS
(2008-2009)

Presented to Lok Sabha on 16 April, 2008

Laid in Rajya Sabha on 15 April, 2008



LOK SABHA SECRETARIAT
NEW DELHI

April, 2008/Chaitra, 1930 (Saka)

C.I.T. No. 178

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COMPOSITION OF THE STANDING COMMITTEE
ON INFORMATION TECHNOLOGY
(2007-2008)

Shri Nikhil Kumar — *Chairman*

MEMBERS

Lok Sabha

2. Shri Abdullakutty
3. Shri Ramesh Dube
4. Shri Nikhil Kumar Choudhary
5. Shri Sanjay Shamrao Dhotre
6. Smt. Jayaprada
7. Shri Narahari Mahato
8. Shri Bhubaneshwar Prasad Mehta
9. Shri Harish Nagpal
10. Shri G. Nizamuddin
11. Shri Sohan Potai
12. Shri Lalmani Prasad
- *13. Vacant
14. Shri Badiga Ramakrishna
- @15. Vacant
16. Shri Tufani Saroj
17. Shri Tathagata Satpathy
18. Smt. Rubab Sayeda
19. Shri K.V. Thangka Balu
20. Shri P.C. Thomas
21. Shri Kinjarapu Yerrannaidu

* *Vice* Kunwar Jitin Prasad ceased to be a member on being inducted to the Union Council of Ministers on 7 April, 2008.

@ *Vice* Shri Prem Kumar Dhumal ceased to be a member on resignation from Lok Sabha on 7 January, 2008.

Rajya Sabha

22. Shri Praveen Rashtrapal
23. Shri Ravi Shankar Prasad
24. Shri Dara Singh
25. Shri A. Vijayaraghavan
26. Shri N.R. Govindraj
- \$27. Vacant
- %28. Vacant
29. Shri Shyam Benegal
30. Shri Rajeev Chandrasekhar
31. Shri Gireesh Kumar Sanghi

SECRETARIAT

1. Shri M. Rajagopalan Nair — *Secretary*
2. Shri P. Sreedharan — *Joint Secretary*
3. Smt. Sudesh Luthra — *Director*

\$ *Vice* Shri Motiur Rahman passed away on 18 December, 2007.

% *Vice* Shri Ekanath K. Thakur ceased to be a member on expiry of his term in Rajya Sabha on 2 April, 2008.

INTRODUCTION

I, the Chairman Standing Committee on Information Technology (2007-08) having been authorised by the Committee to submit the Report on their behalf, present this Fifty-Sixth Report on Demands for Grants (2008-2009) relating to the Ministry of Communications and Information Technology (Department of Posts).

2. The Standing Committee on Information Technology (2007-2008) was constituted on 5 August, 2007. One of the functions of the Standing Committee, as laid down in Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha is to consider Demands for Grants of the concerned Ministry/Department and make a Report on the same to the House.

3. The Committee considered the Demands for Grants pertaining to the Ministry of Communications and Information Technology (Department of Posts) for the current year *i.e.* 2008-2009, which were laid on the table of the House on 17 March, 2008. The Committee took evidence of the representatives of the Department of Posts on 28 March, 2008.

4. The Report was considered and adopted by the Committee at their sitting held on 10 April, 2008.

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

6. For facility of reference and convenience Recommendations/Observations of the Committee have been printed in bold letters in Part-II of the Report.

NEW DELHI;
10 April, 2008

21 Chaitra, 1930 (Saka)

NIKHIL KUMAR,
Chairman,
Standing Committee on
Information Technology.

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**STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2007-2008)**

FOURTEENTH LOK SABHA

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

**DEMANDS FOR GRANTS
(2008-2009)**

FIFTY-SIXTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 2008/Chaitra, 1930 (Saka)