

**16**

**STANDING COMMITTEE ON  
INFORMATION TECHNOLOGY  
(2010-11)**

**FIFTEENTH LOK SABHA**

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

*[Action Taken by the Government on the Recommendations/  
Observations of the Committee contained in their Fifth Report  
(Fifteenth Lok Sabha) on Demands for Grants (2010-11)]*

**SIXTEENTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*November, 2010/Kartika, 1932 (Saka)*

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(DEPARTMENT OF POSTS)

*[Action Taken by the Government on the Recommendations/  
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*Presented to Lok Sabha on 23.11.2010  
Laid in Rajya Sabha on 23.11.2010*



LOK SABHA SECRETARIAT  
NEW DELHI

*November, 2010/Kartika, 1932 (Saka)*

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## CONTENTS

	PAGE No.
COMPOSITION OF THE COMMITTEE .....	(iii)
INTRODUCTION .....	(v)
CHAPTER I Report .....	1
CHAPTER II Recommendations/Observations which have been accepted by the Government .....	24
CHAPTER III Recommendations/Observations which the Committee do not desire to pursue in view of the replies of the Government .....	42
CHAPTER IV Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and require reiteration .....	44
CHAPTER V Recommendations/Observations in respect of which replies are of interim in nature .....	60
APPENDICES	
I. Extra Departmental Sub-Offices (EDSO) downgraded into Extra Departmental Branch Offices (EDBO) (Information as on 30.6.2010) .....	65
II. State/Circle-wise details of requests received from various quarters for setting up/upgradation of Post Offices (As on January 2008) .....	66
III. State/Circle-wise details of requests received from various quarters for setting up/upgradation of Post Offices .....	67
IV. Minutes of the Second sitting of the Standing Committee on Information Technology (2010-11) held on 27th October, 2010 .....	68
V. Analysis of Action Taken by the Government on the Recommendations/Observations contained in their Fifth Report (Fifteenth Lok Sabha) of the Committee .....	70
	(i)

COMPOSITION OF THE STANDING COMMITTEE  
ON INFORMATION TECHNOLOGY  
(2010-11)

Shri Rao Inderjit Singh — *Chairman*

MEMBERS

*Lok Sabha*

2. Shri Rajendra Agrawal
3. Shri Nikhil Kumar Choudhary
4. Shri Milind Deora
5. Dr. Charles Dias
6. Shri Rajen Gohain
7. Smt. Darshana Vikram Jardosh
8. Shri Mithilesh Kumar
9. Shri Sadashivrao Dadoba Mandlik
10. Shri Inder Singh Namdhari
11. Shri Adhalrao Shivaji Patil
12. Shri Abdul Rahman
13. Shri Prem Das Rai
14. Shri Tufani Saroj
15. Shri Tathagata Satpathy
16. Smt. M. Vijaya Shanti
17. Dr. Bhola Singh
18. Shri Dhananjay Singh
19. Shri Sushil Kumar Singh
20. Shri C. Sivasami
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*Rajya Sabha*

22. Shri M.P. Achuthan
- \*23. Shri Mohammed Adeeb
24. Shri Salim Ansari
- \*25. Shri Rajeev Chandrasekhar
- \*26. Shri Rajkumar Dhoot
27. Shri Prabhat Jha
28. Prof. Alka Balram Kshatriya
29. Shri Ravi Shankar Prasad
30. Shri P. Rajeeve
31. Shri Jesudasu Seelam

SECRETARIAT

1. Shri T.K. Mukherjee — *Joint Secretary*
2. Smt. Sudesh Luthra — *Director*

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\*Nominated to the Committee *w.e.f.* 21st September, 2010.

## INTRODUCTION

I, the Chairman, Standing Committee on Information Technology (2010-11) having been authorized by the Committee to submit the Report on their behalf, present this Sixteenth Report on Action Taken by the Government on the Recommendations/Observations of the Committee contained in their Fifth Report (Fifteenth Lok Sabha) relating to Demands for Grants (2010-11) of Ministry of Communications and Information Technology (Department of Posts).

2. The Fifth Report was presented to Lok Sabha on 21 April, 2010 and laid on the Table of Rajya Sabha on 22 April, 2010. The Ministry of Communications and Information Technology (Department of Posts) furnished their Action Taken Notes on 4 August, 2010.

3. The Report was considered and adopted by the Committee at their sitting held on 27 October, 2010.

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

5. An analysis of Action Taken by the Government on the Recommendations/Observations contained in their Fifth Report (Fifteenth Lok Sabha) of the Committee is given at Appendix-V.

NEW DELHI;  
15 November, 2010  
24 Kartika, 1932 (Saka)

RAO INDERJIT SINGH,  
*Chairman,*  
*Standing Committee on*  
*Information Technology.*

## CHAPTER I

### REPORT

This Report of the Standing Committee on Information Technology deals with the action taken by the Government on the Recommendations/Observations of the Committee contained in their Fifth Report (Fifteenth Lok Sabha) relating to Demands for Grants (2010-11) of the Department of Posts (Ministry of Communications & Information Technology).

2. The Fifth Report was presented to Lok Sabha on 21 April, 2010 and was laid on the Table of Rajya Sabha on 22 April, 2010. It contained 31 Recommendations/Observations.

3. Action Taken Notes in respect of all the Recommendations/Observations contained in the Report have been received and categorized as under:

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

Para Nos: 1, 2, 4, 5, 6, 9, 14, 15, 17, 23, 24, 25, 27, 29 & 31

Total 15

Chapter II

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

Para No: 10

Total 01

Chapter III

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

Para Nos: 3, 7, 8, 11, 12, 18, 19, 21, 26 & 30

Total 10

Chapter IV

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

Para Nos: 13, 16, 20, 22 & 28

Total 05

Chapter V



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

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

#### **Recommendation (Para No. 3)**

##### **A. Revenue Receipts**

6. The Committee had recommended as under:—

“The Committee note that there is slow growth in the Revenue Receipts during each year of the Eleventh Plan. During the year 2008-09 Revenue Receipts were Rs. 5862.33 crore as compared to Rs. 5494.90 crore during the previous year. For the year 2009-10, Revenue Receipts upto January, 2010 are for Rs. 5730.32 crore. The data with regard to the trend of the Revenue Receipts further indicates that the Actuals during the year 2007-08 and 2008-09 are marginally lower than the projections made at Revised Estimates stage which were increased slightly as compared to BE during the year 2007-08 and reduced marginally during the year 2008-09 as compared to BE. The Revenue Receipts from total Postal Operations during the year 2008-09 were for Rs. 3059.87 crore which is only Rs. 73.27 crore more than the previous year. During the year 2009-10 upto February, 2010, Revenue from total Postal Operations is Rs. 2810.44 crore as compared to Rs. 3059.87 crore during the previous year. The item-wise analysis of the Revenue Receipts indicates that under the head ‘Postage realized in cash for Ordinary Post’, the Revenue Receipts have declined considerably as compared to the previous year. Besides there is slight decline under the head ‘Commission on Money Orders, IPOs’. Under the head ‘Others’, again the decline is apparent during the year 2009-10. Considering the status of Revenue Receipts during the year 2009-10, the Committee feel that the Department would at best be able to achieve Revenue Receipts

targets to the level of the year 2008-09. The Committee have persistently been recommending to take the desired action to ensure that all the working expenses of the Department are met from the Revenue earned by the Department. In spite of that, there is not much improvement. Year after year under some of the items the Revenue Receipts are declining. The Committee strongly recommend to analyze the position and take the effective steps to increase the Revenue Receipts particularly when the working expenses of the Department are increasing year after year. The Committee should also be kept apprised about the details of the action taken/proposed to be taken in this regard."

7. The Department has replied as under:—

**(Mail Business):**

"The decrease in revenue receipts in terms of postage realized in cash for ordinary mail is due to decline in the mail traffic over the last few years (2003-04 to 2007-08). The trend of declining in the mail traffic has, however, been reversed of late and during the year 2008-09 there was an increase of 2.34% in the mail traffic compared to that in 2007-08.

During the 11th Plan period, the Department has undertaken new initiatives to improve the quality of mail operations, which includes automation of mail processing activities, induction of dedicated freighter aircraft for transmission of mail, restructuring of the existing mail network, popularization of Pin Codes, creation of National Address Database Management System and introduction of RFID in mail offices. During the year 2009-10, the Department has placed the orders for setting up of Automated Mail Processing Systems at Delhi and Kolkata. The Department has also appointed a Consultant for the Mail Network Optimization Project and initiated the process of redesigning the existing mail network. Initiatives have also been taken to introduce RFID Technology in mail processing for the purpose of tracking of mail bags and articles during the current financial year. These initiatives are expected to result in better quality of service which in turn, would help the Department in increasing the mail traffic and revenue.

**(Global Business):**

The efforts are also being made to fetch revenue from marketing and promotion of International Parcels. A new international parcel product called "Flat Rate Boxes" in three standard sizes has been

introduced apart from a new international money remittance product called "MO Videsh" during the year 2009-10. Possibility of introducing a sub-2kg segment in international parcels is being explored, since such a segment is seen to hold business potential.

**(Business Development & Marketing):**

The following major steps have also been taken to increase the revenue from BD (Business Development) products:

- (i) Under Speed Posts, 25 new National Speed Post Centres have been opened during the year 2008-09 to expand the business network.
- (ii) Technological support was provided to the 41 existing National Speed Post Centres during 2008-09 and 18 NSPCs during the year 2009-10.
- (iii) During the year 2008-09, 17 Premium delivery centres were established whereas 22 Premium delivery centres have been established during 2009-10.
- (iv) Logistics Post Centres have been established across India with 45 National LTL routes.
- (v) Express Parcel Post Retail Service has been introduced to provide premium Parcel services to customers. 60 Parcel Post Centres have been established.
- (vi) Under Retail Post, we have been providing Railway Reservation Services, Sale of Gold Coins, Sale of Foreign Exchange, Sale of Application Forms and other utility services.
- (vii) 8449 Post Offices are offering e-payment services to the customers.
- (viii) Effecting from January, 2010, e-Post Corporate Services have been introduced to enable the businesses to send block mail through e-Post.
- (ix) Under Business Post, we have expanded the pre-mailing services to Head Post Offices and Mail Business Centres.
- (x) Under Logistics Post, India Post functions as a logistics solution provider to the Registrar General and Census Commission of India for 2011 Census. Under this project,

more than 16,000 MT of Census material will be booked, transmitted and delivered to more than 12,000 locations across the country.

This is a major initiative taken by the Department to provide supply chain management to RGI. Similarly, we have also been providing distribution solutions to various pharmaceuticals products for Government Medical Stores Depot.

**(Financial Services):**

All out efforts are made to increase the Revenue Receipts of the Department pertaining to Financial Services. The issue of increase in Rate of Remuneration on account of POSB/CC work was taken up with the Min. of Finance (DEA) at the highest level and with these efforts, the Min. of Finance (DEA) has setup an Expert Group to review the present rate and the yearly escalation rate which is as 5% at present. Third products are also being marketed extensively. Workshop at the Circle level are being organized by the Head Quarter to educate the nodal officers and to help them in preparing action plan to achieve the desired targets."

**Comments of the Committee**

8. The Department in the action taken note has not addressed to the observation of the Committee with regard to the declining trend of Revenue Receipts under the item 'Commission on Money Orders, IPOs' and under the head 'Others'. With regard to the declining trend under the item 'Postage realized in cash for ordinary Post', the Department has stated that it is due to declining mail traffic over the last few years. The Department has also stated that the declining trend has been reversed of late and during the year 2008-09, there was an increase of 2.34 per cent in the mail traffic as compared to the year 2007-08. The Department has chosen not to indicate the status of Revenue Receipts in this regard during the year 2009-10, even when the said financial year was over by the time the replies were made. The Committee would like the Department to find out the reasons for decline in Revenue Receipts of the aforesaid item and take the desired initiatives to reverse the declining trend.

The Committee would further like to emphasize that various proposals to improve the quality of mail operations which include Setting up of Automated Mail Processing System in Delhi and Kolkata, redesigning the existing mail network, introduction of RFID

Technology in mail processing should be finalized expeditiously so that these systems are in place. Besides, the issue of increase in rate of remuneration on account of POSB/CC work should be settled with the Ministry of Finance in a stipulated time frame as consistently being recommended by the Committee in their Reports. The Committee again emphasize that the Department has to work on a mission mode to ensure that the working expenses are met out of the Revenue Receipts. The concrete measures on the suggested line should be taken and the Committee informed accordingly.

#### Recommendation (Para No. 7)

#### B. Underspending in the Plan Outlay

9. The Committee had recommended as under:

“The Committee note from the data provided by the Department that against total Outlay of Rs. 4000 crore for the Eleventh Plan, during the first three years of Eleventh Plan, the amount projected at BE was Rs. 1535 crore which was subsequently reduced to Rs. 1035 crore at RE stage and Actual expenditure against this is submitted as Rs. 684.13 crore which is 44.56 per cent of the BE and 66.10 per cent of RE allocation. The Committee have repeatedly been expressing concern over under utilization of resources under the Plan Schemes. In spite of that, the trend of under utilization persists during the third year of the Eleventh Plan. The proposed allocation during the year 2009-10 was Rs. 2100 crore, however the amount allocated at BE stage was Rs. 620 crore which is less than one third of the proposed allocation. The allocations made at BE stage were reduced to Rs. 350 crore at RE stage which is about 50 per cent of the allocations made at BE stage implying Department could not utilize even the reduced allocations as the Actual expenditure position upto February, 2010 amounts to Rs. 318.52 crore. Another point of concern is the tendency of uneven spending during various quarters of the Annual Plan. During 2009-10, substantial part of the Revenue (Plan) allocation as provided at RE stage remained unspent during the first three quarters of the year, as only 78.54 crore *i.e.* 24.66 per cent of allocation was utilized, leaving Rs. 239.97 crore *i.e.* 75.33 per cent of the allocation to be utilized during the last quarter of the year. The aforesaid scenario indicates that there are serious problems in implementation of the Plan Schemes of the Department. The Committee strongly recommend that the analysis of the implementation of Plan Outlay should be done scheme-wise by

the Department and the corrective action taken accordingly. The Committee should be kept apprised about the detailed strategy of the Department to improve the status of implementation of the Plan Schemes which will impact on overall performance of the Department.”

10. The Department has replied as under:

“The Department of Posts has a wide network of Post Offices spread across the whole country and all Plan Schemes are being implemented across the country. Although the Schemes are approved and finalized at the Directorate level, actual implementation of schemes is being done at Circle/State level. Funds are released to the Circles in May or June of the Financial Year. Only thereafter, Circle will start implementing the schemes after following all codal formalities which is time consuming. Further, in many cases expenditure is being incurred during the first half of the financial year, but actual expenditure is reflected in the Books only after the bills are submitted by the DGS&D, other vendors and Civil/Electrical Wings and are adjusted. There is a gestation period between the expenditure incurred and reflection of expenditure in the books thereby indicating lesser utilization in the first half and the apparent utilization of the majority of funds during the second half of financial year. Effective monitoring is being undertaken by the Department with the Divisions and also at Circle level through regular Video Conferencing in order to ensure uniform utilization of funds allocated under various Plan Schemes.”

#### **Comments of the Committee**

**11. The Committee observe that instead of taking the corrective action, time consuming codal formalities by the Circles, gestation period between the expenditure incurred and reflection of expenditure in the books have been cited by the Department as the reason for underspending of the Plan outlay. So far as the issue of time consuming codal formalities by the Circles is concerned, the Committee emphasize to simplify the procedure so that actual implementation starts from day one of the financial year. With regard to the argument of the Ministry regarding the gap of time between the expenditure incurred and reflected in books, the Committee feel that if the amount is not reflected in a particular year, it would definitely be reflected in the expenditure of the following year. With the persistent trend of underutilization of Plan Outlay in every**

fiscal since Tenth Plan, the argument of the Department is not tenable. The Committee disapprove the way the Department has tried to justify the underspending under the Plan Schemes. The Committee find that the Plan outlay is earmarked for various projects/programmes of the Department like IT Induction which when implemented would change the entire working of Posts and would help in competing with the private sector as well as improving the financial health of the Department. The Department need to review the implementation of Projects/Programmes and take the desired corrective action. The desired initiatives as suggested should be taken and the Committee informed accordingly.

**Recommendation (Para No. 8)**

**C. Status of approval of various schemes of the Department**

12. The Committee had recommended as under:

“The Committee during the course of examination of Demands for Grants of the previous year had been informed that out of 14 Schemes which were pending for approval, only 4 Schemes could be approved. Further, 2 Schemes *viz.* Infrastructural Equipment for Material Management and Linkages of SB, EFT, ECS of Domestic Sector with International System have been dropped by the Department. Thus, 8 Schemes are still under consideration and the final approval is awaited. The Committee have repeatedly been expressing concern over the planning process of the Department whereby substantial part of the Plan period is wasted in getting merely approvals for various activities/Schemes from the Competent Authorities. The Committee express serious concern over this sorry state of affairs that even after completion of three precious years of the Eleventh Plan period, as many as 8 Schemes which include some of the important activities like Computerization and Networking of Post Offices, Special Purpose Vehicle, Building Component for Mail Business Units, etc. are still awaiting approval. The Committee recommend that the Department should retook its procedures for getting approval of the different Schemes and a specific time limit for getting approval at each of the stage should be fixed, since the preparation for Twelfth Plan would start shortly, the Committee emphasize that the Department should take care that the Schemes are approved well before the start of the Twelfth Plan so that the disconcerting scenario of much avoidable delay in taking approvals which affects the implementation aspects of the Schemes, is not repeated during the Twelfth Plan. Besides, the Committee would also like to be apprised the reasons for dropping two of the Schemes, the details of which have been given above.”

13. The Department has replied as under:

“Action for obtaining the approval/appraisal of the schemes can be initiated only after the approved outlays have been communicated by Planning Commission. During 11th Plan, approved outlays were communicated only in September, 2007 for various Plan Schemes. Thereafter, approval process was initiated by the Department and approval of most of the schemes was obtained during the second year of the 11th plan period and most of the schemes are under implementation stage.

Department has already initiated action for formulating proposal for Twelfth Plan. All the Divisional Heads and Circles have been advised to formulate concrete proposal for inclusion of the schemes during the Twelfth plan. Department is ensuring to finalise the approval/appraisal of all plan schemes before the commencement of Twelfth plan provided the plan outlays are communicated by Planning Commission within the stipulated time.

The proposal of the Department for the IT Modernisation Project (Phase-II) for computerization and networking of the remaining departmental Post Offices and all Branch Post Offices, establishment of datacenter and disaster recovery center and development of integrated scalable modular software has been recommended by the Expenditure Finance Committee (EFC) to the CCEA for approval”.

#### **Comments of the Committee**

**14. The Committee during the course of examination of Demands for Grants (2010-11) had been informed that 8 schemes which include some of the important activities like computerisation and networking of Post Offices, Special Purpose Vehicle, Building Component for Mail Business Units were still awaiting approval during the Eleventh Plan. The Committee had also been informed that two schemes viz. Infrastructural Equipment for Material Management and Linkages of SB, EFT, ECS of Domestic Sector with International System had been dropped. Even when the Committee expressed serious concern over the delay in approval of the Schemes, the action taken note does not indicate the clear cut status of the approval of the schemes which could have helped the Committee to understand the progress made in this regard. The Department even did not bother to indicate the reasons for dropping of the aforesaid two schemes as desired by the Committee. The awaited approval of the schemes during the**



fourth year of Eleventh Plan is a matter of serious concern. The Committee again express unhappiness over the whole planning process and the way the Department has responded to the concerns expressed by the Committee. The Committee reiterate to expedite approval of the schemes at least now. Besides, the reasons for dropping of two schemes should be informed to the Committee. The Committee again emphasize that process of approval of various Plan Schemes should be further streamlined so as to avoid the undesirable delay in approval of schemes during the Twelfth Plan.

#### Recommendation (Para Nos. 11 & 12)

#### D. Access to Postal Network

15. The Committee had recommended as under:

“India has the largest Postal Network in the world with 1,55,015 Post Offices out of which 1,39,144 Post Offices are in rural areas. Only 1,37,508 out of 5,95,113 inhabited villages have Post Offices and only 1,15,881 Gram Panchayats out of a total of 2,34,755 have Post Offices. It speaks volume of the monumental tasks before the Department to achieve efficient and time bound delivery of postal services to the people of the Country in general and the rural population in particular. The Committee are surprised to note that although almost three-fourth of the villages in the Country still do not have Post Offices, the Department considered the postal services in the Country as satisfactory. Not only that the Committee’s suggestion to open Mobile Post Offices and weekly Postal Bazaars though agreed to by the Secretary during the course of deliberations on Demands for Grants of the previous year, has now been straightaway rejected by the Department. The Committee disapprove the way the issue of providing postal services to the last person of the society has been addressed by the Department. In spite of the fact that there is a Plan Scheme of the Department *viz.* Opening of Branch Post Offices and Opening of Sub Post Offices and a lot of relocation of Post Offices are being done, the Department seems contented with the existing number of Post Offices in the Country. Even when the Economic Survey 2008-09 and the Hon’ble President’s address to Parliament on 4th June, 2009 have emphasized on revamping of Post Offices to become outreach units for financial inclusion, the Department is not interested in opening new Post Offices in the areas not covered so far. The Committee express serious concern over the way the Department is addressing one of the important issue.

The Committee strongly recommend that all the desired initiatives should be taken so that new Post Offices are opened as per the proposals given by various State Governments/UTs. Besides the suggestions of the Committee to open Mobile Post Office and Weekly Postal Bazars should be considered. The Committee should be informed about the concrete action taken in this regard”.

(Recommendation Para No. 11)

“The Department’s casual attitude towards the issue of opening of new Post Offices is further reflected in the fact that apart from relocation of Post Offices, increasing number of Extra Departmental Post Offices are being downgraded to Branch Offices which appears contradictory to the Department’s stand that it is envisaging an increasing role for the India Post. Not only that, two Schemes viz. Opening of Branch Post Offices and Opening of Sub Post Offices could be approved only during the last quarter of the Financial Year 2009-10, which means that precious three years of the Plan period were lost in getting approvals/clearances. Now when the Scheme has been approved, the Department should take desired initiatives so that the Branch Post Offices/Sub Post Offices are opened as per the proposals of various State Governments/UTs. The Committee would also like to be apprised of the number of proposals with regard to opening of Branch Post Offices/Sub Post Offices from the various State Governments/UTs during the first three years of the Eleventh Plan as well as the action taken/proposed to be taken by the Department in this regard. The Committee would also to be apprised of the number of cases where Extra Departmental Post Offices have been downgraded to Branch Post Offices and the reasons behind taking such steps by the Department”.

(Recommendation Para No. 12)

16. The Department has replied as under:

“India has the largest Postal Network in the world with 1,55,015 Post Offices, out of which 1,39,144 Post Offices are in rural areas. Only 1,38,861 out of 6,17,145 inhabited villages have Post Offices and only 1,20,541 Gram Panchayats out of total 2,40,436 have Post Offices. 89% of the Post Offices are functioning in rural areas. Average areas and population served per post office is 21.21 sq.km and 7,175 respectively. This compares favourably with other countries, including advanced countries.

Postal facilities in terms of regular delivery of mail at the doorstep of every customer, collection of letters from letter boxes and selling of stamps from/stationery is provided by the Department in every village irrespective of terrain through delivery agents while on their regular visit to respective beats.

The Department is constantly in the process of providing postal facilities through various means like opening of new BOs, alternative means of providing basic postal facilities through PSSKs, relocation of Post Offices to needy areas etc. Licensed Stamp Vendors and Licensed Postal Agents are also functioning in some places.

It is, therefore, clear that extensive postal facilities are available throughout the country including remote and far flung areas. Opening of new Post Offices is an ongoing Plan activity of the Department. Proposals for opening of Post Offices received from State Governments/UTs are examined as per prescribed norms and postal facilities are provided as per justification. During the year 2009-10, 124 SOs and 54 BOs were opened in new locations through out the country. The proposal for providing Mobile Post Offices and weekly Postal Bazaars was considered in consultations with the Circles. In view of the facts detailed above, implementation of the recommendation of the Committee was not feasible.

Financial inclusion of rural areas has been effected by disbursal of wages to beneficiaries under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and Indira Gandhi National Old Age Pension Scheme (IGNOAPS)".

*Reply to Recommendation Para No. 11*

"Government of India constituted one-man Committee with Shri R.S. Natraja Murti as Chairman for examining Extra departmental system, wage structure, facilities provided at various extra departmental offices etc. The Committee recommended that the Extra Departmental Sub Post Offices (EDSOs) be deleted from the category of Post Offices, and further observed that, there is no much distinction between the functioning of the Extra Departmental Sub Post Offices and Branch Post Offices (BOs) and the public will not be deprived of any Postal facilities, by the down gradation of EDSOs.

2. Department of Posts after careful examination, accepted the recommendation of the Committee and accordingly decided that all

the existing Extra Departmental Sub Post Offices in Urban and Rural areas will be down graded as Branch Post Offices.

3. Resultantly, 2026 EDSOs have been downgraded to EDBOs throughout the country, till 30.6.2010. State/Circle-wise details are annexed. (Annexure I)

4. Opening of new Post Offices is a ongoing Plan activity of the Department. Proposals for opening of Post Offices received from State Governments/Union Territories and other quarters are examined in accordance with the prescribed norms and Postal facilities are provided as per justification. Circle wise details of proposals received from various quarters during the last three years are annexed (Annexure II & III). During the year 2009-10, 124 Sub Post Offices and 54 Branch Post Offices were opened in new locations throughout the country by redeployment of existing posts. There is also a proposal for creation of 400 new Posts of Gramin Dak Sewaks (GDS) required for opening of 400 new BOs in rural areas. For creation of new GDS posts, approval of Ministry of Finance (Department of Expenditure) is required. The matter is presently under consideration within the Department.

*Reply to Recommendation Para No. 12*

#### **Comments of the Committee**

17. The Committee had made a series of observations on the issue of providing postal facilities to the last person of the society. While observing that the important schemes of the Department *viz.* opening of Branch Post Office and opening of Sub Post Offices would be approved during Eleventh Plan in the last quarter of the financial year 2009-10 *i.e.* after three precious years have been lost, the Committee had emphasized to take desired initiatives so that the Post Offices are opened as per the proposals of various State Governments/Union Territories. The Committee had also recommended to furnish the data with regard to number of proposals for opening of Branch Post Offices and Sub Post Offices as received from various State Governments/Union Territories during the first three years of Eleventh Plan as well as the action taken/proposed to be taken in this regard. The Department has furnished the data with regard to the last two years only *i.e.* 2008-09 and 2009-10. The data indicated that out of 707 proposals received during these two years, only 142 proposals were found justified. The Committee are unable to comprehend such a huge gap between the proposals and

the requests found justified by the Posts. The particular reasons for rejecting the requests of the State Governments/Union Territories for setting up of Post Offices may clearly be informed to the Committee.

The Committee are further concerned to note the complacency of the Department with regard to the reach of Posts in the country. Even when almost three-fourth of the villages of the country still do not have Post Offices, the Department considers the postal services in the country as satisfactory and has furnished the data already made available to the Committee. The Department has tried to substantiate that average area and population served per Post Office compares favourably with other countries including advanced countries. The Committee feel that there is no justification in comparing the accessibility of Post Office in our country and in advanced countries as the financial and the postal services would have been made available in those countries by private institutions. As such the Committee would like to emphasize to take the desired initiative so that the postal and financial services are made available in every nook and corner of the country.

On the concerns expressed by the Committee with regard to downgrading of Extra Departmental Post Offices to Branch Post Offices, the Committee find that the initiatives in this regard were taken on the recommendation made by one-man Committee who had observed that there was not much distinction between the functioning of the Extra Departmental Sub Post Offices and Branch Post Offices. The data furnished by the Department indicates that as many as 2026 Extra Departmental Sub Post Offices have been downgraded to Branch Post Offices throughout the country. The Committee would like to be apprised about the impact of the down gradation on the staff strength as well as services made available to the public so as to understand the concept of down gradation.

#### Recommendation (Para Nos. 18 & 19)

##### E. Wet Leasing of Aircraft

18. The Committee had recommended as under:

“The Committee during the course of examination of Demands for Grants have been informed that 5 aircraft were wet leased by the Department for carrying mails. The Committee have further been informed that the objective to improve the quality of mail transmission and delivery services through the use of dedicated

freighter aircraft was adversely affected on account of the inability of Air India to ensure on time performance of the freighters. Accordingly, the Department has decided to discontinue the freighter operations on the Metro routes *w.e.f.* 1st April, 2010. However, the North East freighter operations would continue which has shown better results and the capacity utilisation from Kolkata to destinations in the North-East has been very good. With regard to using the aircraft of private airlines for the purpose of carrying mails, the Committee have been informed that Private Operators were not in a position to offer dedicated chartered freighters to the Department. The Committee's further examination has revealed that Rs. 62.04 crore was spent during the year 2009-10 on account of wet leasing of aircraft. The Department has clarified that the aforesaid amount included outstanding dues pertaining to the North-East Freighter operations during 2008-09 and combined operations upto July, 2009. The Committee are unable to understand the reason for the inability of Air India to ensure on-time performance of the freighters even after signing an agreement with the Department. The Committee are further surprised to note the refusal by Air India to accept any penalty clause even after signing the agreement. The Committee are also unable to understand how the North-East freighter for which the services have been provided by Air India is working successfully, whereas, the other three freighters for the metros where the load capacity are substantially more when compared to North-East could not show results. The Committee would like the Department to clarify further in this matter. The Committee would also like to be apprised how the Department would manage the work load after the freighter operations on the Metro routes are discontinued *w.e.f.* 1st April, 2010 as stated by the Department. The Committee would also like to be apprised of the specific reasons due to which private carriers have not shown interest in this regard."

(Recommendation Para No. 18)

"The Committee further observe that now when Department has decided to discontinue the freighter operations on the Metro routes *w.e.f.* 1st April, 2010, the Department is planning to buy their own aircraft. In this connection, the Committee have also been informed that National Aerospace Laboratory made a presentation to the Department about the 'SARAS Aircraft Development Programme'. In this regard, the Committee would like to emphasize that before taking the decision to have their own aircraft, the Department should ensure that the option is cost

effective. The Committee would like to be apprised about the detailed reasons due to which Air India could not ensure on-time performance and the reluctance by private carriers in wet leasing of aircraft, so as to understand the viability of purchasing their own aircraft by the Department.”

(Recommendation Para No. 19)

19. The Department has replied as under:

“The Department had entered into an agreement with National Aviation Company of India Limited (NACIL) for combined freighter operations on metro sector as well as the North-East Region on 23rd July, 2009. Regular freighter operations commenced on 27th July, 2009. It was expected that the Air India would provide a reliable service. However, freighter operations were adversely effected on account of cancellation of one leg or the other of the schedule due to technical snags in the aircraft or non availability of adequate number of pilots for Boeing 737-200 aircraft. The issue was repeatedly taken up at the highest level in Air India with a request to ensure availability of the pilots. It was also requested that adequate attention be given to the issues relating to the maintenance of the aircraft so that the instances of technical snags were minimal. However, Air India could not take adequate remedial action in time and the continued cancellation of flights led to erratic transmission of mail. As a result, the Department was constrained to review the operations and discontinued the metro component with effect from 1st April, 2010.

During finalization of the agreement, the Department had emphasized the need to incorporate sufficient penalty clauses for the deficiency in the services and accordingly, had put such provisions in the draft agreement. At that stage the Air India, however, assured that on-time performance would be provided and had requested the Department not to incorporate the penalty clauses. Accordingly, the request from Air India was considered and penalty clauses were not made part of the Agreement.

The freighter operations on metro routes were not effected on account of lack of sufficient mail, parcel or logistics. In fact the Department had visualized an immense potential in the launch of its own dedicated freighter network on the metro routes, and accordingly, had introduced products such as, Logistics Post Air on this sector. However, Air India failed to resolve the problems

associated with the shortage of pilots for freighter operations. While they could provide pilots for the North-East operations involving one aircraft, they struggled with the problem of ensuring availability of sufficient number of pilots for the combined operations with four aircraft. Due to continued inability of Air India to provide adequate number of pilots as well as resolve the maintenance issues, mail transmission was adversely effected and quality of mail delivery suffered badly.

The Department uses, in addition to the regular passenger flights of Air India, private airlines such as—Blue Dart, Indigo, Kingfisher, Jet Airways and Spice jet for carriage of mail on various routes across the country. Mail arrangements have been revised with effect from 1st April, 2010 and the services of the airlines mentioned above are being utilized for transmission of mail.

The Department had explored the option of charter of freighter aircraft from the only two other players (apart from Air India) registered with the Director General of Civil Aviation (DGCA), India. While Blue Dart is a relatively well established firm in this sector, Deccan 360 is a new entrant. While both the firms have shown keen interest in offering a limited capacity on their freighters (as a majority of space is occupied by their own consignments), neither of them could offer complete charter due to lack of the capacity or non-availability of adequate number of freighter aircraft with them for dedicated operations for the Department of Posts.”

*Reply to Recommendation Para No. 18*

“The Department has no proposal at this stage to buy its own aircraft. National Aerospace Laboratory had made a presentation to the Department about the ‘SARAS Aircraft Development Programme’. However, the Department has not shown any interest to pursue the matter further.

The reasons for the inability of Air India to ensure on time performance and the reluctance by the private carriers in wet lease of aircraft have been discussed in reply to Recommendation No. 18.”

*Reply to Recommendation Para No. 19*

#### **Comments of the Committee**

**20. The Committee are concerned to note the way the issue of freighter operations on metro routes has been dealt with by the**



Department. The Department had entered into an agreement with National Aviation Company of India Limited (NACIL) for combined freighter operations on metro sector as well as the North-East Region on 23 July, 2009 followed by commencement of freighter operations on 27 July, 2009. Due to continued cancellation of flights, non-availability of pilots and maintenance of aircraft, the Department discontinued the metro component *w.e.f.* 1 April, 2010. The Committee are surprised to note that during finalization of the agreement, the incorporation of sufficient penalty clause was proposed. However, on the behest of Air India, the penalty clause was not included in the agreement. The unprofessional way the deal was made with Air India led to discontinuation of freighter services on metro routes which led to erratic transmission of mail. To handle the problem, the Department had explored the option of charter of freighter aircraft from the other two players *viz.* Blue Dart and Deccan 360 registered with Directorate General of Civil Aviation (DGCA) of India, but neither of them could offer complete charter due to lack of the capacity or non-availability of adequate number of freighter aircraft with them for dedicated operations of the Posts. In these circumstances, the Committee feel that the only option available with the Posts is to buy its own aircraft. The Committee find that National Aerospace Laboratory had made a presentation to the Department about the Saras Aircraft Development Programme. The Committee are surprised to note that even when the Department is facing serious problems on the issue of freighter services, no interest was shown to pursue the matter further. While private companies like Blue Dart and Deccan 360 are able to maintain their own freighter, it is surprising to note that Posts with more than 150 years of experience in the field, does not seem serious in owning its own freighter aircraft. The Committee while expressing serious concern over the unprofessional way the issue of freighter operations has been dealt with by the Department would like the Department to take the desired action to have its own aircraft. In this connection, the Committee would also like to be apprised about the specific reasons for not showing any interest in Saras aircraft.

#### Recommendation (Para No. 21)

#### F. Banking and Money Transfer operations

21. The Committee had recommended as under:

“The Committee in the First Report had recommended for adding the word ‘Bank’ with India Post so that public will be aware that

Post Offices also provide banking facilities. The Committee have now been informed that the Department has not consented to the suggestion of the Committee as their mandate is limited to the collection and disbursement of the money deposited in savings accounts and maintenance of records. To the surprise of the Committee, the Department has stated that the matter was not consulted with the Ministry of Finance. The Committee find that even on the small issue related to banking operations the Department has been frequently expressing their limitations due to issues regarding autonomy. On such a vital suggestion of the Committee, the Department did not feel the necessity of consulting the Ministry of Finance and outrightly rejected the suggestion of the Committee. This explains the callous attitude of the Department to the important suggestions given by the Committee. The Committee emphasize that the Department should reconsider their suggestion and concrete action should be taken in consultation with the Ministry of Finance and the Committee apprised accordingly."

22. The Department has replied as under:

"As per directions of the Committee, the issue was referred to the Ministry of Finance, Department of Economic Affairs whose Schemes are being operated by the Department of Posts. Reply has been received from the Ministry and the gist of the reply is as under:

The Post Offices are providing the Financial Services and not the Banking Services. Post Offices do not come under the purview of Banking Regulation Act and it would not be proper to use the word 'Bank' for these institutions. The purpose of these institutions and instruments provided by them is to promote savings. In the existing legal and regulatory framework, it would not be proper to use the word 'Bank' with India Post."

#### **Comments of the Committee**

**23. The Committee have consistently been recommending for adding the word 'Bank' with India Posts so that public may be aware that Post Offices also provide banking facilities. Initially, the Department had outrightly rejected the suggestion of the Committee. The Committee in Fifth Report recommended to reconsider this suggestion in consultation with the Ministry of Finance. Again the Ministry of Finance do not seem to agree with the suggestion of**

the Committee and has stated that it would not be proper to use the word 'Bank' for posts in the existing legal and regulatory framework. The purpose of these institutions and instruments is to promote savings. The Committee find that even when the Department has ambitious plans of setting up of Post Bank and the Government is emphasizing Posts to be instrument in financial inclusion, particularly in rural areas, in the existing legal framework, the simple suggestion of the Committee to add the word 'Bank' is not acceptable to the Government. The Committee are of the view that the foremost quality that an organization like India Post should possess to survive and grow in this era of cut throat competition is the ability to adapt to changing environment. As such, the Committee while reiterating the earlier recommendation would like the Department to again consider their recommendation and take up the matter with the Ministry of Finance.

#### Recommendation (Para No. 26)

#### G. Support for Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)

24. The Committee had recommended as under:

"The Committee during the course of examination of Demands of Grants of the previous year had made an important suggestion to introduce mobile services for the disbursement of wages to the workers at worksites. When asked about the action taken in this regard, the Committee have been informed that as part of its modernization effort, the Department of Posts is planning to put in place a ICT solution to cover 1,30,000 Rural Branch Offices. One key feature of this solution will be the possibility to disburse NREGS wages to workers at appropriate places. The detailed analysis of the aforesaid issue has further indicated that the system of payment of wages to NREGS workers at worksites would be possible only after equipments are supplied to Branch Post Offices and Branch Post Offices networked. The Department has further stated that there was a proposal for this activity in the EFC of the Project Management Unit of DoP which is under circulation to different Ministries. With the pace of implementation of IT-Induction, the detailed analysis of which has been done in the previous part of the Report, the Committee feel that it would take years together for the Department to introduce the system of payment of wages at the worksite. The aforesaid situation clearly indicates the insensitive and unprofessional attitude of the

Department. The Committee are apprehensive that if such attitude persists the Department would further lose its share in disbursement of wages under NREGS to workers. The Committee again emphasize that the practical solution to the suggestion made by the Committee to introduce mobile services for disbursement of wages to NREGS workers should be worked out and the Committee informed accordingly."

25. The Department has replied as under:

"Generally, pay orders/wage list along with cheques for a particular work are received at post offices after lapse of considerable time, mostly after completion of work. In the meantime, the worksite shifts to some other location. Therefore, it does not appear to be feasible to make payments to NREGS beneficiaries at the worksite."

#### **Comments of the Committee**

**26. The Committee find that the Department has expressed inability to implement the recommendation of the Committee to disburse wages to labourers under Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) on the pretext that pay orders/wage list along with the cheques for a particular work received at Post Offices after lapse of considerable time mostly after completion of work. This clearly indicates the inordinate delay in disbursement of wages to labourers under MGNREGA. The Committee emphasize to coordinate with the State Governments/ Union Territory Administration and nodal Ministry/Department in the Union Government *i.e.* Department of Rural Development (Ministry of Rural Development). The Department should take all the desired initiatives to ensure that labourers get the wages timely and the wages are disbursed at the worksite.**

#### **Recommendation (Para No. 27)**

27. The Committee had recommended as under:

"The Committee would further like to recommend that an official working in a Post Office Branch involved for the purpose of disbursement of wages under NREGS should be nominated as a nodal officer to whom the NREGS workers can contact for the redressal of their grievances. The nominated official should be provided a mobile phone, and his phone number displayed on the display board erected at the worksite. Such a system would

definitely help in getting the feedback from the NREGS workers. The concrete action on the suggested lines should be taken and the Committee informed accordingly.”

28. The Department has replied as under:

“Divisional Superintendents of Postal Divisions have been made nodal officers for the purpose of disbursement of wages under MGNREGS, who can be contacted by MGNREGS workers for redressal of the grievances. Contact details of Divisional Superintendents (including land line/mobile no.) will be notified to local authorities.”

#### **Comments of the Committee**

**29. Pursuant to the recommendation of the Committee, the Department has made Divisional Superintendent of Postal Division as nodal officers for the purpose of disbursement of wages under MGNREGA. The Department has also assured that the contact details of Divisional Superintendent (including landline and mobile number) would be notified to the local authorities. The Committee desire that while making the contact details of nodal officers available to the local authorities, it should also be emphasized that the phone numbers are displayed on the display board erected at the work site so that the labourers can contact these officers to express their grievances.**

#### **Recommendation (Para No. 30)**

30. The Committee had recommended as under:

“The Committee would further like to recommend that there is an urgent need to make monitoring mechanism more effective. In this connection, the Committee may like to highlight the mechanism of Telephone Advisory Committee prevalent at District and Zonal Levels in the sister Department *i.e.* Department of Telecommunications and the mechanism of District and Block Level Vigilance Committees with the Ministry of Rural Development. In the case of Telephone Advisory Committee, the sitting local Member of Parliament is a Co-Chairman. However, in case of District and Block Level Vigilance Committee of the Ministry of Rural Development, the local MP is the Chairman of the Committee. The Committee strongly recommend that the Department should think of having the mechanism of Vigilance Committee of DoP at District and Zonal Level on the lines of the mechanism presently available with the Department of

Telecommunications and the Ministry of Rural Development. While devising the suggested mechanism, the Department should ensure that the local sitting MP is the Chairman of the proposed Committee. The Committee are of the firm view that the proposed mechanism would certainly help the Department in expanding its customer base as it would address the grievances of the public at large and would also act as an important link between the customers and the implementing agencies.”

31. The Department has replied as under:

“Department of Posts had introduced a Post forum in 1990, a venture to foster better relationship with clients and to create a ready responsiveness to the public needs. Post forum is a representative body of the users of the Post Office to advise the Post Office on matters of its service in public interest conceived in the widest sense. It consists of not more than seven members who are the users of Post Offices. It meets once in three months and also advises the Post Office for streamlining the existing procedures and speedy disposal of complaints.

In the circumstances, it may not be necessary to constitute District and Block Level Committees under the Chairmanship of the Member of Parliament.”

#### **Comments of the Committee**

**32. The Committee in the Fifth Report had strongly recommended to set up the mechanism of Vigilance Committee at District and Zonal levels under the Chairmanship of local M.P. on the lines of the mechanism presently available with the Department of Telecommunications and the Ministry of Rural Development. Instead of taking the concrete action in this regard, the Department has tried to sidetrack the matter by giving reference to the existing mechanism of Post Forum, a representative body of the users of the Post Offices. The Committee while disapproving the way the Department has dealt with one of the important recommendations emphasize to take the concrete action on the suggested line and inform them accordingly.**

## CHAPTER II

### RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### **Recommendation (Para No. 1)**

The Department of Posts (DoP) under the Ministry of Communication & Information Technology is entrusted with the task of fulfilling Universal Service Obligation for providing basic postal services throughout the Country, irrespective of terrain at an affordable price. To fulfill this obligation, the Department operate through mammoth network of 1,55,015 Post Offices, out of which 1,39,144 Post Offices *i.e* around 89 per cent are in rural areas and 15,871 are in Urban areas. The Department constitutes of 2,10,000 Departmental Employees and 2,73,000 Gramin Dak Sevaks to successfully carry out the entrusted task. Besides providing basic postal services, Post Offices also perform certain agency functions on behalf of other Ministries/ Departments of the Government of India/other organisations. The Demands for Grants of the Department of Posts for the fiscal 2010-11 are for Rs. 11658.33 crore *i.e.* Rs. 11328.78 crore under the Revenue Section (inclusive of Rs. 10 lakh charged) and Rs. 329.55 crore under the Capital Section and the projected Deficit for the fiscal 2010-11 is Rs. 3936.59 crore, The earnings of the Department are in the form of 'Revenue' and 'Recoveries' and the Deficit of the Department is met from the budgetary support by the General Revenues. Similarly, Capital Expenditure of the Department of Posts is also met from the General Revenues. Various aspects arising out of examination of the Demands for Grants of DoP for the year 2010-11 by the Committee are dealt within the succeeding paragraphs.

#### **Action Taken by the Government Needs no action**

[Department of Posts letter No. 20-2/2010-BGT(PA)/5th Report,  
dated 2.08.2010]

#### **Recommendation (Para No. 2)**

The Committee observe from the data made available by the Department that the gross expenditure of the Department under Revenue Section is increasing over the years. The working expenses of the Department during the year 2009-10 were proposed to be

Rs. 12090.20 crore at Budget Estimates stage which however at Revised Estimates stage, increased to Rs. 12526.80 crore *i.e.* an enhancement of Rs. 336.60 crore. Actuals in this regard upto January, 2010 are to the tune of Rs. 11063.87 crore. The Committee feel that by the end of the financial year, the Working Expenses might cross projections of RE. The Department's projections for Gross Expenditure during the year 2010-11 has been indicated as Rs. 11328.78 crore at BE stage which is Rs. 771.42 crore lesser than the RE and Rs. 1198.02 crore lesser than the BE of the previous year. The detailed examination in this regard has revealed that the Department appears optimistic to contain the working expenses to the level of the BE projections inspite of the fact that Rs. 618.46 crore *i.e.* 60 per cent of the total arrears of Time Related Continuity Allowance (TRCA) to Grameen Dak Sewaks as per the recommendations of One-man Committee are also payable during the financial year 2010-11. The Committee hope that the Department would be able to contain working expenses to the level of BE projections *i.e.* 11328.78 crore during the year 2010-11 by better management and taking austerity measures. The Committee in this context feel that there is an urgent need to review the overall position of the working expenses of the Department so as to understand the areas of growing expenditure. This exercise would help the Department to devise mechanism to contain the expenses in the areas where there is considerable growth.

#### **Action Taken by the Government**

The expenditure (amounting to Rs. 12906.15 crore) during the year 2009-10, of the Department have virtually increased by Rs. 379.35 crore over the RE 2009-10 (Rs. 12526.80 crore) as viewed by the Committee. However, the Circles/Units being allotted with the funds during the current year 2010-11, are invariably instructed to contain their expenditure within the available Grant so as to ensure the expenditure within the approved ceiling by observing austerity measures.

[Department of Posts letter No. 20-2/2010-BGT(PA)/5th Report,  
dated 2.08.2010]

#### **Recommendation (Para No. 4)**

The Committee observe from the information made available by the Department that per person percentage increase in revenue earned by each employee is 9.66 per cent during the year 2008-09 as against 5.51 per cent during the year 2007-08. The Committee appreciate that the Department is maintaining the information with regard to revenue earned per person which can definitely help the Department in



maintaining the track of efficiency and productivity of the human resource of the Department. However, looking at the trend of marginal increase in the Revenue Receipts, the details of which have been given above, the Committee are of the view that the hike in revenue earned per person is not reflected in the position of the Revenue Receipts of the Department. While acknowledging the aforesaid fact, the Department in the written note has tried to justify the position by stating that it is due to hike in pay and allowances of employees and payment of arrears in pursuance of the implementation of the Sixth Pay Commission's recommendations. While noting that the impact of increase in salary and arrears would be reflected in the gross expenditure of the Department the statement of the Department that it has affected the position of Revenue Receipts is not understandable. The Committee would like to be clarified about the mechanism of calculating revenue earned per person. The Department also need to analyze why the percentage hike in revenue earned per person is not reflected in the earnings of the Department.

#### **Action Taken by the Government**

There are two ways of Revenue realization in the Department of Posts as under:—

- (i) Revenue Receipts from Postal Operation and Financial Services.
- (ii) Revenue received by way of Recovery from other Ministries/Departments for services rendered to them.

The earning per person has been ascertained by taking into account the both kinds of Revenue realized with reference to the number of employees of the Department during the year concerned.

Further, it has not been tried to justify that the hike in Pay & Allowances of the employees due to implementation of sixth pay Commission's Report has adversely affected the revenue receipt of the Department, instead, it has been stated that the increase in gap between the Revenue Receipt (even after increase) and Working Expenses was due to increase in expenditure due to implementation of Pay Commission's Report.

The above both [(i) & (ii)] kinds of Revenue are taken into account every where while ascertaining the Financial Result of the Department.

[Department of Posts letter No. 20-2/2010-BGT(PA)/5th Report,  
dated 2.08.2010]

### **Recommendation (Para No. 5)**

The difference between the Gross Expenditure and Revenue Receipts is the Deficit of the Department. The data furnished by the Department indicates that the Revenue Deficit is multiplying over the years. During the year 2008-09, the Revenue Deficit was Rs. 3593.09 crore as compared to Rs. 1511.44 crore of the previous year. During the year 2009-10, the Revenue Deficit upto January, 2010 is to the tune of Rs. 5237.52 crore against Rs. 3593.09 crore during the previous year. The Committee have consistently been recommending to take the desired action to contain Revenue Deficit by increasing the Revenue Receipts and containing the Working Expenses of the Department but to the displeasure of the Committee, no improvement is seen in this regard. The Committee during the course of examination of Demands for Grants of the previous year had been apprised that the mandate given to the Department during the previous Plan was that the Department should become Deficit free. The trend of multiplying of Revenue Deficit during the first three years of Eleventh Plan indicates that there are bleak chances of wiping out the Revenue Deficit by the Department during the current fiscal or in the remaining period of the Eleventh Plan. The Committee would like to emphasize that the Department has to take concerted efforts to increase the revenue by multi pronged strategy which include expanding the business of the Department by aggressive marketing strategy, by capturing the rural market, by imparting training to its employees to make them efficient and by introducing customer friendly and competitive devices to lure the customers for various services provided by the Department. The concrete action on the suggested line should be taken by the Department and the Committee informed accordingly.

### **Action Taken by the Government**

#### **(Mail Business)**

During the 11th Plan period, the Department has undertaken new initiatives to improve the quality of mail operations, which includes automation of mail processing activities, induction of dedicated freighter aircraft for transmission of mail, restructuring of the existing mail network, popularization of Pin Codes, creation of National Address Database Management System and introduction of RFID in mail offices. During the year 2009-10, the Department has placed the orders for setting up of Automated Mail Processing Systems at Delhi and Kolkata. The Department has also appointed a Consultant for the Mail Network Optimization Project and initiated the process of

redesigning the existing mail network. Initiatives have also been taken to introduce RFID Technology in mail processing for the purpose of tracking of mail bags and articles during the current financial year. These initiatives are expected to result in better quality of service which in turn, would the Department in increasing the mail traffic and revenue.

### **(Business Development & Marketing)**

The Department has chalked out an appropriate strategy to face the challenges and to improve the Postal Services in the country and has taken a number of steps in this regard so as to ensure the increase in the revenue receipts. Some major steps taken by the Department of Posts in this regard are as under:

#### **Customer Care and Competitive Measures**

- (i) Introduction of Web Based Track and Trace system called 'Speed Net' for Speed Post Articles.
- (ii) Introduction of One India One Rate in respect of Speed Articles weighing up to 50 grammes.
- (iii) Reduction in local Speed Post charges.
- (iv) Web based connectivity of all 1301 National and State Speed Post Centres spread across the country through Speednet.
- (v) Deployment of International Postal System Software at Mumbai, Chennai, Kolkata and Delhi for tracing of International Speed post Articles.
- (vi) Technological up gradation of major Speed Post Centres for improving the efficiency of operations.

#### **Expansion of Services**

- Introduction of Logistics Post Air services. linking North Eastern Sector.
- Introduction of Warehousing order processing and Logistics Service providing express distribution facilities to business customers including Government Text Books Corporations, Govt. Medical stores, BHEL, SAIL, TI Cycles, HCL Computers, Pawan Hans Helicopter Limited, Air Force etc. Introduction of e-Post corporate and e-Payment Services,

Reservation of Railway Tickets under PRS System in association with Indian Railways has provided convenience to the public.

- Introduction of forex services at selected Post Offices has provided convenience to the public for getting foreign exchange.
- We have introduced Print to Post Services for providing printing services, mailing services, distribution and collection of bills as a total package to the business.
- The first Print to Post Hub has already been established in Kolkata and the second one will be in operation in Delhi soon.
- The Department has plans to introduce flat rate parcel boxes for sending parcel within the country and outside India with a view to develop parcel business.

### **Marketing**

- Branding exercise of Project Arrow Post Offices in a phase-wise manner.
- The Brand identity of India Post was enhanced with the launch of New Logo. Wide publicity through various media was given to the event.
- New products/schemes like Sale of Gold Coins through Post Offices, Electronic Money Order, World Net Express, International Flat rate Box, Freighter Service and MO Videsh were advertised effectively.
- A month long nation-wide AV campaign was released on 17 National/Regional TV Channels across India to promote India Post as a Brand.
- Release of various campaigns of Premium Services of Department of Posts on Radio/web etc.

### **Training**

The training programmes under the Plan Scheme—HRD for 2010-11 include development Programmes for Managers, Refresher Training on Financial Services, Technology Training for Managers, Supervisors, Operators and System Administrators, Business Orientation

Programmes for Gramin Dak Sewaks and Soft Skill Programmes for Postmen and frontline Staff.

Trainers are also being trained to ensure quality training at local level. Further, Training Needs Analysis is also being taken up through reputed institutions for major cadres like Postmen, Gramin Dak Sewaks and frontline staff.

### Financial Services

Financial Services products are being marketed and a variety of products are being offered to the customers in the Post Office Savings Bank and the remittance sectors. Technological upgradation and training are a constant endeavour so as to increase customer satisfaction. The Post Office is also trying to introduce innovative schemes such as a Girl Child Development Account Scheme with the approval of Ministry of Finance.

### PLI

Further, there has been a substantial growth in PLI/RPLI business procured in terms of number of policies, sum assured, corpus and revenue to the DoP during the year 2009-10 over the previous years 2006-07, 2007-08 & 2008-09 increasing thereby the revenue of the Department. The Statistics are as under:—

Year	PLI (Postal Life Insurance)		
	No. of Policies in Force	Sum Assured Rs. in Crore	Corpus of Fund Rs. in Crore
2006-07	32,97,825	26,753.17	10,342.61
2007-08	35,50,084	31,469.00	12,081.71
2008-09	38,41,539	38,403.00	14,152.59
2009-10	43,98,613	50,707.83	Under preparation
	RPLI (Rural Postal Life Insurance)		
2006-07	52,46,673		2284.92
2007-08	61,67,928		3003.78
2008-09	73,56,446		3994.36
2009-10	1,35,87,051		Under preparation

Details of Revenue to DoP from PLI and RPLI are as under:

Schemes	2007-08	2008-09	2009-10
PLI	130.32 Cr.	130.37 Cr.	176.85 Cr.
RPLI	67.27 Cr.	92.03 Cr.	120.98 Cr.
Total	197.57 Cr.	222.40 Cr.	297.83 Cr.

Premium Income of PLI and RPLI during 2007-08 o/w are as under:

Schemes	2007-08	2008-09	2009-10
PLI	1480.34 Cr.	1860.52 Cr.	2301.24 Cr.
RPLI	664.70 Cr.	879.24 Cr.	1262.11 Cr.

The following activities were taken to increase the business and to improve the technical and professional efficiency of the staff:

- (i) Rural PLI Micro Insurance drive was launched in November, 2009 and till 31.03.2010 more than million policies were procured.
- (ii) Publicity of PLI and RPLI products through Print and Electronic Media, All India Radio across the Circles.
- (iii) Training of 10068 PLI/RPLI marketing personnel including Gramin Dak Sewaks to improve their selling Skills.
- (iv) Insurance Marketing and interactive workshop for HAG/SAG/JAG officers at PLI Directorate/I.I.M. Shillong.

[Department of Posts, letter No. 20-2/2010-BGT(PA)/5th Report, dated 2.08.2010]

#### **Recommendation (Para No. 6)**

The Committee observe that the Capital Expenditure of the Department was 39.02 per cent of BE during 2007-08, 53.98 per cent during 2008-09 and 43.8 per cent (considering Actuals till January, 2010) of BE for 2009-10. However, BE for 2010-11 is Rs. 329.55 crore which is Rs. 53.25 crore less than the fiscal 2009-10. The Committee are concerned to observe the consistent shortfalls on the part of the Department throughout the Eleventh Plan period despite the Department's efforts for judicious utilisation of the allocations. Further, the Committee observe that due to alarming pattern of under spending

in all years of the Eleventh Plan, the Department are getting a reduced allocation in successive years and that too is drastically pruned down at RE stages. The Committee are perturbed with this reduction of Outlay at RE stage which is negatively affecting various important Schemes of the Department. Expressing serious concern over this alarming situation hindering the effective implementation of various Schemes and gross under utilisation of the Capital Outlay during the ongoing fiscal and in previous years, the Committee strongly recommend that at least now the Department should take the desired initiatives for effective utilisation of Capital expenditure particularly when the performance under the Capital Section has direct impact on the overall working of the Department.

#### **Action Taken by the Government**

During the first two years of the plan period, funds could not be utilized as anticipated as some of the schemes got approved only during the last quarter of the first year and most of the schemes got approved only during the second year. Thus the schemes were ready for implementation in full swing only during the third year *i.e.* 2009-10. During the year 2009-10, the Department has been able to utilize Rs. 252.81 (March 2010 SYIA/C) crore under Capital segment against the allotment of Rs. 214.77 crore at RE 2009-10 stage which amounts to 117.71% utilisation under capital segment and 72.23% utilization of RE Outlay of Rs. 350 crore allocated. Thus there can be seen a considerable improvement in utilization of funds. The Department is making all out efforts for utilization of the allocated funds. Regular monthly monitoring is being taken up with all the plan divisions at the Directorate level and also through video-conferencing with all the Circles' Heads. During 2010-11, the Department is emphasizing on release of funds to the Circles at the earliest in order to ensure that the funds allocated are proportionately utilized before the RE stage. The Department is confident of fuller utilization of funds allocated during the Annual Plan 2010-11 as almost all the Plan Schemes are ready for implementation.

[Department of Posts, letter No. 20-2/2010-BGT(PA)/5th Report,  
dated 2.08.2010]

#### **Recommendation (Para No. 9)**

The Committee note that the Department have been able to spend, 31.48 per cent of the BE Outlay during 2008-09, 9.39 per cent (till January, 2010) of BE Outlay during 2009-10 and BE projected for 2010-11 is Rs. 66 crore. Further, unspent amount to the extent of

Rs. 15.52 crore for 2007-08 and Rs. 27.40 crore for 2008-09 has been deposited in the non-lapsable pool of resources. This is the sorry state of affairs. The Committee strongly recommend that all the initiatives should be taken to ensure effective implementation of the Plan Schemes in the North East Region.

#### **Action Taken by the Government**

Due to adverse climatic condition, environmental and developmental condition, there is a limited scope for implementing the schemes in N.E. Region. The Department has, however, undertaken and completed "Computerisation and Networking of Post Offices", Upgradation of Speed Post Centres, Setting up of Postal Finance Marts, Training of officials to the full extent in all POs. In spite of all the constraints, efforts have been made by the Department for implementation of all Plan Schemes.

[Department of Posts, letter No. 20-2/2010-BGT(PA)/5th Report, dated 2.08.2010]

#### **Recommendation (Para No. 14)**

The Committee further note that 40 per cent of the total arrears of Time Related Continuity Allowance (TRCA) as agreed to by One Man Committee have already been paid to GDS employees. 60 per cent of the arrears are still payable during the year 2010-11 for which an Outlay of Rs. 618.46 crore has already been allocated. The Committee strongly recommend that the arrears should be paid to GDS employees expeditiously. The Committee are of the firm opinion that all these initiatives would certainly raise the morale of GDS employees and would act as an incentive for them to perform their duties more efficiently.

#### **Action Taken by the Government**

The funds for payment of 60% arrear of Time Related Continuity Allowance to the GDS employees have been released to the Circles for effecting payment of the same.

[Department of Posts, letter No. 20-2/2010-BGT(PA)/5th Report, dated 2.08.2010]

#### **Recommendation (Para No. 15)**

The Committee note that the target of opening 10,000 Franchisee Outlets were initially set during the Eleventh Plan. The targets were



then scaled down to 8,100 in the SFCs Memo. The Committee during the course of oral evidence have been apprised that so far 943 Franchisee Outlets could be set up under the Non-Plan Scheme. From the data made available by the Department, the Committee observe that these Outlets are performing well and the business transacted in respect of various items has increased considerably. In spite of the fact that these Outlets are performing well, there was significant delay in getting approval for the Plan scheme with regard to opening of Franchisee Outlets during the Eleventh Plan. During the year 2009-10, the target of opening 500 Outlets was fixed. However, the Scheme could be approved only in the last quarter of 2009-10. As per the documents furnished by the Department, the achievement against this has been shown as 'Nil'. The Committee strongly recommend that all the initiatives should be taken now when the Scheme has been formally approved so that the target of opening 500 Outlets during 2009-10 are achieved.

#### **Action Taken by the Government**

The SFC have approved targets for opening of 8100 Franchisee Outlets during the Eleventh Five Year Plan. During the Financial Year 2009-10, 272 Franchisee Outlets were opened in various Circles out of a target of 300. At present there are 1122 Franchisee Outlets operating in the country.

[Department of Posts, letter No. 20-2/2010-BGT(PA)/5th Report,  
dated 2.08.2010]

#### **Recommendation (Para No. 17)**

The Committee note that initially Rs. 470.88 crore was allocated for the scheme during the Eleventh Plan. The Outlay was later enhanced to Rs. 614.28 crore. During the first three years of the Eleventh Plan Rs. 158.67 crore were allocated, but the financial achievement upto January, 2010 was Rs. 102.52 crore. Looking at the trend of allocation and utilisation, the Committee find that only about one sixth of the allocation provided during the Eleventh Plan could be utilized during the first three years of the Eleventh Plan. Keeping in view the fact that Mail Operations is an important scheme the objective of which is to further streamline Mail Operations, the Committee strongly recommend that all out efforts should be made for the effective implementation of the scheme at least during the last two years of the Eleventh Plan.

### **Action Taken by the Government**

The Plan Schemes pertaining to Mail Operations are at different stages of implementation. The Department is making all efforts for their effective implementation during the remainder of the current Plan period.

[Department of Posts, letter No. 20-2/2010-BGT(PA)/5th Report,  
dated 2.08.2010]

### **Recommendation (Para No. 23)**

The Committee note that 50 Post Offices were selected for Project Arrow in Phase-I, 450 in Phase-II and 500 Post Offices in Phase-III. The Committee have further been informed that with the launch of Phase IV in April, 2010, all Head Post Offices in the Country would be covered. The Committee note that the findings of the survey done by TUV India Private Limited have been quiet encouraging with respect to certain parameters relating to customer satisfaction, modernization, infrastructure, delivery performance, etc., in respect of 50 Post Offices covered under Phase I of Project Arrow. Now the Department proposes to conduct External Audit for Post Offices covered under Phase II and III. While appreciating the success of the Project Arrow, the Committee would like to emphasize that financial performance should also be a parameter while conducting the audit review under Phase II and III. The audit should be done expeditiously and the Committee apprised about its findings.

### **Action Taken by the Government**

The scope of the proposed External Audit of Project Arrow Phase II and III Post Offices will also cover audit of the financial performance of these offices. Request for proposal (RFP) for external audit of Project Arrow Post Offices Phase II and III is under preparation.

[Department of Posts, letter No. 20-2/2010-BGT(PA)/5th Report,  
dated 2.08.2010]

### **Recommendation (Para No. 24)**

The proposal to set up AMPCs has long been pending with the Department of Posts. While it is possible to sort only 1000 articles per hour manually, the AMPCs can sort 36,000 articles per hour. As has been stated by the Secretary, Department of Posts during the course of oral evidence that Delhi, Chennai and Kolkata generate about

20 crore pieces in a day, manually sorting such huge mails must have become a serious odd for the Department. The setting up of AMPCs will have a great impact on the way people send and receive their mails in the Country. The Committee are of the firm view that setting up of AMPCs will effectively enable the Department in quicker delivery of mail articles in the Country. As such, the Committee recommend that sincere efforts should be made by the Department for achieving the Plan target of replacing existing AMPCs at Mumbai and Chennai, installations of new system at Delhi and Kolkata and medium size machines at Bengaluru and Hyderabad and the Committee informed accordingly.

#### **Action Taken by the Government**

The Department has initiated the process for setting up of AMPCs in Delhi and Kolkata and orders have been placed to the selected vendor for supply, installation and commissioning of the AMPCs in these cities. Action has also been initiated for preparation of Request for Proposal (RFP) with respect to setting up of AMPCs in four other metro Cities. The Department would make all efforts to achieve the plan target in this respect.

[Department of Posts, letter No. 20-2/2010-BGT(PA)/5th Report,  
dated 2.08.2010]

#### **Recommendation (Para No. 25)**

The Committee note that the Department is involved in the disbursement of wages to labourers under one of the flagship programmes of the Government *i.e.* NREGS. The Committee during the course of examination of Demands for Grants have been informed that the total number of NREGS accounts opened till February, 2010 are 4.07 crore. The Committee during the course of examination of Demands for Grants of the previous year in the month of October-November, 2009 have been informed that the share of Department in the disbursement of wages all over the Country was 46.14 per cent. The Committee are unhappy to note that the aforesaid share has now declined to 40.32 per cent within a span of less than six months. The Committee find that great opportunities are being provided through various centrally sponsored schemes particularly through NREGS. The Department can capture the rural market particularly when it has the advantage of its reach to the last person of the society because of its vast network and the support given by the Government in the form of budgetary support. The aforesaid declining share of the Department in disbursement of wages under NREGS clearly indicates that the Department is losing its share to banks. The Committee would like the Department to explain the

reasons for such decline. The Committee also emphasise that the concrete action should be taken to arrest the declining share of Posts in disbursement of wages under NREGS.

### **Action Taken by the Government**

Department of Posts is involved in the disbursement of wages to beneficiaries under one of the flagship programme of the Government *i.e.* Mahatma Gandhi NREGS. Disbursement of wages under MGNREGS is done through the accounts of the beneficiaries opened either in banks or in post offices. Individual beneficiary has the choice to open NREGS account either in bank or in post office depending on the location of the bank/post office and convenience of the beneficiary. In places where disbursement of wages through post offices is low, disbursement is done through nationalised banks, local co-operative banks or through cash. Therefore, the prime concern of Department of Posts is to disburse wages to the beneficiaries within the prescribed time limit and not the number of MGNREGS accounts opened in post offices.

The information relating to number of MGNREGS accounts opened in post offices and disbursement of wages to MGNREGS beneficiaries are furnished below:—

(i)	Number of MGNREGS accounts as on 01.04.2009:	Rs. 2.92 crores
(ii)	Number of MGNREGS accounts as on 01.04.2010:	Rs. 4.25 crores
(iii)	Number of MGNREGS accounts as on 01.06.2010:	Rs. 4.41 crores
(iv)	Amount disbursed through post offices in financial year 2008-09:	Rs. 3863 crores
(v)	Amount disbursed through post offices in financial year 2009-10:	Rs. 7900 crores
(vi)	Amount disbursed through post offices in financial year 2010-11:	
	(April and May 2010)	Rs. 2039.96 crores
(vii)	Monthly average disbursement for 2008-09:	Rs. 306.91 crores
(viii)	Monthly average disbursement for 2009-10:	Rs. 658.33 crores
(ix)	Monthly average disbursement for 2010-11:	Rs. 1019.05 crores

Thus, it is clear that number of MGNREGS accounts opened in post offices as well as amount disbursed through these accounts show an increasing trend.

[Department of Posts, letter No. 20-2/2010-BGT(PA)/5th Report,  
dated 2.08.2010]

### **Recommendation (Para No. 27)**

The Committee would further like to recommend that an official working in a Post Office Branch involved for the purpose of disbursement of wages under NREGS should be nominated as a nodal officer to whom the NREGS workers can contact for the redressal of their grievances. The nominated official should be provided a mobile phone, and his phone number displayed on the display board erected at the worksite. Such a system would definitely help in getting the feedback from the NREGS workers. The concrete action on the suggested lines should be taken and the Committee informed accordingly.

### **Action Taken by the Government**

Divisional Superintendents of Postal Divisions have been made nodal officers for the purpose of disbursement of wages under MGNREGS, who can be contacted by MGNREGS workers for redressal of the grievances. Contact details of Divisional Superintendents (including land line/mobile no.) will be notified to local authorities.

[Department of Posts, letter No. 20-2/2010-BGT(PA)/5th Report, dated 2.08.2010]

### **Comments of the Committee**

(Please see Para No.29 of Chapter I)

### **Recommendation (Para No. 29)**

The Committee from the observations of C&AG observe serious irregularities and lapses committed by the Department of Posts. In this regard, the Committee would like to recommend that there should be effective grievance redressal mechanism with the Department to get the feedback from the customers with regard to the various schemes and to take the corrective actions. In this regard, the Committee would also like the Department to organize Lok Adalats whereby the complaints of the customers can be addressed on the spot. The proposed mechanism would certainly help the Department in increasing their customer base for the various services.

### **Action Taken by the Government**

The system of acceptance/receipt of complaints in the Department of Posts is readily accessible to the Public. Each Post Office works as

a receiving point for the complaints. The Department has also introduced the facility for customers to register complaints online at its website *www.indiapost.gov.in* from the year 2001.

The Department has a well laid out procedure for handling public grievances for its services. A monitoring mechanism to ensure the quality of services and prompt redressal of public grievance is in place. Steps have been taken to strengthen the customer care infrastructure in the Department by adopting modern technology. Complaints are looked into at all levels—Head Post Offices, Divisions, Regions, Circles and the Directorate. An enquiry is initiated to redress the grievances and if the loss has occurred due to improper handling by an employee, action under the Departmental Rules is taken against the employee at fault. During such enquiry, shortcoming in the service is also examined.

During 2003, the Department has developed a web-based system to interconnect its customer care centres to redress the grievances. The main objective of public grievance redressal machinery is to ensure systematic handling and quick redressal to public grievances. The web-based operation has been able to ensure better interactive control and monitoring besides providing data access at all levels of administration for an effective management of customer grievance redressal system. Presently, 3304 Computerised Customer Care Centers (CCCCs) have been established in the NSPCs, Project Arrow CCCs, other CCCs, Postal Divisions, RMS Divisions, Regions, Circles and the Directorate across the country for online exchange of information amongst all the units for speedy redressal of public grievances. This network covers all Head Post Offices in the country with the objective of providing easy and speedy access to the information and help required by the customer, apart from redressal of grievances.

In addition to the above, regular Dak Adalats are held at Regional and Circle level every six months, wherein, complaints cases received are settled on the spot. Review of service norms is also carried out to remove the shortcomings notices in mail delivery or any other deficiency in service, which gave rise to the complaints.

[Department of Posts, letter No. 20-2/2010-BGT(PA)/5th Report,  
dated 2.08.2010]

#### **Recommendation (Para No. 31)**

The Committee observe that some of the issues recommended by the Committee in the various Reports are long pending with the

Ministry of Finance for implementation. Such issues include providing autonomy to the Department of Posts on the issues of rates of interest provided under various Small Savings Schemes, increasing the ceiling of Deposits in Single and Joint Accounts of the Postal Savings Bank, starting of new schemes under Small Savings Schemes, policy matters with regard to insurance activities of the Department, and positive consideration in fixing the rate of remuneration provided to the Department for various agency services, etc. While examining the Action Taken Notes on the Sixty-second Report on 'Management of funds by the Department of Posts through banking and insurance activities', the Committee took evidence of the representatives of Department of Posts and Departments of Economic Affairs and Financial Services of the Ministry of Finance at their sitting held on 4th March, 2010. The Secretaries of the said Departments at the aforesaid sittings were requested to settle the issues within one month. The Secretary, Department of Posts have now informed the Committee that the points for discussion have been identified and the Secretaries of the Departments of Posts, Financial Services and Economic Affairs would be meeting shortly. Since, the period of one month provided by the Committee for the purpose is already over, the Committee emphasize that the issues should be sorted out without any further delay. Further, the Committee are of the view that most of the long pending issues are of inter-Ministerial in nature. In the absence of a permanent mechanism to sort out the differences between the Departments/Ministries, a considerable time is generally lost for arriving at any conclusion. In this regard, the Committee would like to recommend for having a structured inter-ministerial mechanism which would definitely help in sorting out the issues pending with the Ministry of Finance. The concrete actions on the suggested lines should be taken and the Committee apprised accordingly.

#### **Action Taken by the Government**

A meeting of Secretary Posts with Finance Secretary and the Secretaries of the Department of Financial Services as well as Department of Revenue was held on 19.4.2010 where Finance Secretary agreed to the proposals of the Department in principle and asked for detailed proposals on all the issues. Accordingly, the proposals were sent to Min. of Finance (Department of Economic Affairs) for removing ceiling of investment in Post Office Savings Accounts, allow grant of loan against NSC/KVP and TD Accounts and start of new schemes like Girl Child Development Account and Female Flexi RD Account. As regards increase in rate of Remuneration, the Ministry of Finance has already setup an Expert Group to examine the issue in which there are two representatives of the DoP.

There is periodic interaction with the Ministry of Finance for sorting out various issues concerning operation of Savings Bank. However the suggestion for having structured inter-ministerial mechanism for sorting pending issues with the Ministry of Finance has been taken up with the Ministry of Finance. In Pursuance to 62nd Report of the Standing Committee on IT with regard to removal of conditionalities for extension of clientele and introduction of new products without coming under IRDA being the schemes managed by the Govt. of India and exempted under Section 118(c) of Insurance Act 1938 and Section 44(d) of LIC Act 1956, the developments for reaching an amicable settlement is as follows:

A meeting was held under the Chairmanship of Finance Secretary on 19.04.2010 and the case was referred to the Deptt. of Legal Affairs, Ministry of Law for seeking its opinion about competence of IRDA to regulate the activities of Government (DoP), the Postal Life Insurance.

[Department of Posts, letter No. 20-2/2010-BGT(PA)/5th Report,  
dated 2.08.2010]



### CHAPTER III

#### RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES OF THE GOVERNMENT

##### **Recommendation (Para No. 10)**

The Committee during the course of examination of Demands for Grants of the previous year had observed that Actual expenditure position in respect of the Outlay provided to North-East is not indicated in all the Budget documents and against the column expenditure, the position is stated as 'Nil'. When enquired about the reasons for that the Committee had been informed that Circles are booking expenditure under the common head 3201 and 5204 for Revenue and Capital Outlay respectively which is not bifurcated at the final compilation stage. While taking note of the existing practice, whereby, it is difficult to analyse position of Outlay and Expenditure at a particular period of time during a Financial Year, the Committee in the First Report had strongly recommended that the Department should issue suitable instructions to Circles to maintain Outlay and Expenditure position separately which may be monitored and reflected as such in the Budget documents. During the year 2009-10 although the Actual position with regard to Outlay and Expenditure has not been indicated in the Budget documents yet the Department has informed that all the budgeting units have been directed to compile the monthly statement showing expenditure under different heads. Further the Department propose to take up the matter with CGA for approving the Major head 2552 and 4552 for accommodating the expenditure of North-East Region. While noting the steps taken by the Department in pursuance of the recommendation, the Committee emphasise that this matter should be pursued further so that the Actual expenditure and Outlay with regard to North-East is reflected separately atleast in the Budget documents for the next year *i.e.* 2011-12.

##### **Action Taken by the Government**

The Department of Posts apprised the Recommendations/Observations of the Committee on IT to the Ministry of Finance and sought, *vide* letter No. 20-2/NE/2010-BGT(PA) dated 08.03.2010, their guidance for suitable necessary action to be taken in this regard so as to maintain the expenditure under the Heads 2552 and 4552 separately.

The Ministry of Finance in turn, *vide* their O.M. No. 2(16)-B(CDN)/2010 dated 21st April, 2010, intimated that:

- (i) This system is not unique to the Department of Posts alone but applicable to all the Ministries/Departments across the board and therefore, there is no need to change the existing system of provision of lump sum amount for NE Region initially and incurring expenditure under the functional Major Heads after necessary re-appropriation.
- (ii) The Department of Posts may continue the existing system of budgeting accounting in so far as the budget provision for NE Region is concerned and maintain the expenditure figures against the budget provisions in lump sum for NE Region separately for reporting the same to the Standing Committee on IT.
- (iii) The classification of provisions for relating to the North-East separately in budget/account is not feasible in the present function based classification system.

Thus the expenditure against the provisions of funds for the North-East Region may not be maintained separately in the Budget/Accounting documents of the Department.

However, the Circles in allotment of Grants under the Heads 2552 and 4552 have been instructed to maintain their expenditure against these heads separately also from the year 2010-11 to monitor the utilization of the Grants *vis-a-vis* achievement of targets.

[Department of Posts, letter No. 20-2/2010-BGT(PA)/5th Report,  
dated 2.08.2010]

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

**Recommendation (Para No. 3)**

The Committee note that there is slow growth in the Revenue Receipts during each year of the Eleventh Plan. During the year 2008-09 Revenue Receipts were Rs. 5862.33 crore as compared to Rs. 5494.90 crore during the previous year. For the year 2009-10, Revenue Receipts upto January, 2010 are for Rs. 5730.32 crore. The data with regard to the trend of the Revenue Receipts further indicates that the Actuals during the years 2007-08 and 2008-09 are marginally lower than the projections made at Revised Estimates stage which were increased slightly as compared to BE during the year 2007-08 and reduced marginally during the year 2008-09 as compared to BE. The Revenue Receipts from total Postal Operations during the year 2008-09 were for Rs. 3059.87 crore which is only Rs. 73.27 crore more than the previous year. During the year 2009-10 upto February, 2010, Revenue from total Postal Operations is Rs. 2810.44 crore as compared to Rs. 3059.87 crore during the previous year. The item-wise analysis of the Revenue Receipts indicates that under the head 'Postage realized in cash for Ordinary Post', the Revenue Receipts have declined considerably as compared to the previous year. Besides there is slight decline under the head 'Commission on Money Orders, IPOs'. Under the head 'Others', again the decline is apparent during the year 2009-10. Considering the status of Revenue Receipts during the year 2009-10, the Committee feel that the Department would at best be able to achieve Revenue Receipts targets to the level of the year 2008-09. The Committee have persistently been recommending to take the desired action to ensure that all the working expenses of the Department are met from the Revenue earned by the Department. In spite of that, there is no much improvement. Year after year under some of the items the Revenue Receipts are declining. The Committee strongly recommend to analyze the position and take the effective steps to increase the Revenue Receipts particularly when the working expenses of the Department are increasing year after year. The Committee should also be kept apprised about the details of the action taken/proposed to be taken in this regard.

## **Action Taken by the Government**

### **Mail Business**

The decrease in revenue receipts in terms of postage realized in cash for ordinary mail is due to decline in the mail traffic over the last few years (2003-04 to 2007-08). The trend of declining in the mail traffic has, however, been reversed of late and during the year 2008-09 there was an increase of 2.34% in the mail traffic compared to that in 2007-08.

During the 11th Plan period, the Department has undertaken new initiatives to improve the quality of mail operations, which includes automation of mail processing activities, induction of dedicated freighter aircraft for transmission of mail, restructuring of the existing mail network, popularization of Pin Codes, creation of National Address Database Management/System and introduction of RFID in mail offices. During the year 2009-10, the Department has placed the orders for setting up of Automated Mail Processing Systems at Delhi and Kolkata. The Department has also appointed a Consultant for the Mail Network Optimization Project and initiated the process of re-designing the existing mail network. Initiatives have also been taken to introduce RFID Technology in mail processing for the purpose of tracking of mail bags and articles during the current financial year. These initiatives are expected to result in better quality of service which in turn, would the Department in increasing the mail traffic and revenue.

### **Global Business**

The efforts are also being made to fetch revenue from marketing and promotion of International Parcels. A new international parcel product called "Flat Rate Boxes" in three standard sizes has been introduced apart from a new international money remittance product called "MO Videsh" during the year 2009-10. Possibility of introducing a sub-2kg segment in international parcels is being explored, since such a segment is seen to hold business potential.

### **Business Development and Marketing**

The following major steps have also been taken to increase the revenue from BD (Business Development) products:

- (i) Under Speed Posts, 25 new National Speed Post Centres have been opened during the year 2008-09 to expand the business network.

- (ii) Technological support was provided to the 41 existing National Speed Post Centres during 2008-09 and 18 NSPCs during the year 2009-10.
- (iii) During the year 2008-09, 17 premium delivery centres were established whereas 22 premium delivery centres have been established during 2009-10.
- (iv) Logistics Post Centres have been established across India with 45 National LTL routes.
- (v) Express Parcel Post Retail Service has been introduced to provide Premium Parcel Services to customers. 60 Parcel Post Centres have been established.
- (vi) Under Retail Post, we have been providing Railway Reservation Services, Sale of Gold Coins, Sale of Foreign Exchange, Sale of Application Forms and other utility services.
- (vii) 8449 Post Offices are offering e-payment services to the customers.
- (viii) Effecting from January, 2010, e-Post Corporate Services have been introduced to enable the businesses to send block mail through e-Post.
- (ix) Under Business Post, we have expanded the pre-mailing services to Head Post Offices and Mail Business Centres.
- (x) Under Logistics Post, India Post functions as a logistics solution provider to the Registrar General and Census Commission of India for 2011 census. Under this project, more than 16,000 MT of Census material will be booked, transmitted and delivered to more than 12,000 locations across the country. This is a major initiative taken by the Department to provide supply chain management to RGI. Similarly, we have also been providing distribution solutions to various pharmaceuticals products for Government Medical Stores Depot.

### **Financial Services**

All out efforts are made to increase the Revenue Receipts of the Department pertaining to Financial Services. The issue of increase in Rate of Remuneration on account of POSB/CC work was taken up with the Ministry of Finance (DEA) at the highest level and with these efforts, the Ministry of Finance (DEA) has set up an Expert

Group to review the present rate and the yearly escalation rate which is 5% as at present. Third products are also being marketed extensively. Workshop at the Circle level are being organized by the Head Quarter to educate the nodal officers and to help them in preparing action plan to achieve the desired targets.

[Department of Posts, letter No. 20-2/2010-BGT(PA)/5th Report,  
dated 2.08.2010]

### **Comments of the Committee**

(Please see Para No. 8 of Chapter I)

### **Recommendation (Para No. 7)**

The Committee note from the data provided by the Department that against total outlay of Rs. 4000 crore for the Eleventh Plan, during the first three years of Eleventh Plan, the amount projected at BE was Rs. 1535 crore which was subsequently reduced to Rs. 1035 crore at RE stage and Actual expenditure against this is submitted as Rs. 684.13 crore which is 44.56 percent of the BE and 66.10 percent of RE allocation. The Committee have repeatedly been expressing concern over underutilization of resources under the Plan Schemes. In spite of that, the trend of underutilization persist during the third year of the Eleventh Plan. The proposed allocation during the year 2009-10 was Rs. 2100 crore, however, the amount allocated at BE stage was Rs. 620 crore which is less than one-third of the proposed allocation. The allocations made at BE stage were reduced to Rs. 350 crore at RE stage which is about 50 per cent of the allocations made at BE stage implying Department could not utilize even the reduced allocations as the Actual expenditure position upto February, 2010 amounts to Rs. 318.52 crore. Another point of concern is the tendency of uneven spending during various quarters of the Annual Plan. During 2009-10, substantial part of the Revenue (Plan) allocation as provided at RE stage remained unspent during the first three quarters of the year, as only 78.54 crore *i.e.* 24.66 per cent of allocation was utilized, leaving Rs. 239.97 crore *i.e.* 75.33 per cent of the allocation to be utilized during the last quarter of the year. The aforesaid scenario indicates that there are serious problems in implementation of the Plan Schemes of the Department. The Committee strongly recommend that the analysis of the implementation of Plan Outlay should be done scheme-wise by the Department and the corrective action taken accordingly. The Committee should be kept apprised about the detailed strategy of the Department to improve the status of implementation of the Plan Schemes which will impact on overall performance of the Department.

### **Action Taken by the Government**

The Department of Posts has a wide network of Post Offices spread across the whole country and all Plan Schemes are being implemented across the country. Although the Schemes are approved and finalized at the Directorate level, actual implementation of schemes is being done at Circle/State level. Funds are released to the Circles in May or June of the Financial Year. Only thereafter, Circle will start implementing the schemes after following all codal formalities which is time consuming. Further, in many cases expenditure is being incurred during the first half of the financial year, but actual expenditure is reflected in the Books only after the bills are submitted by the DGS&D, other vendors and Civil/Electrical Wings are adjusted. There is a gestation period between the expenditure incurred and reflection of expenditure in the books thereby indicating lesser utilization in the first half and the apparent utilization of the majority of funds during the second half of financial year. Effective monitoring is being undertaken by the Department with the Divisions and also at Circle level through regular Video Conferencing in order to ensure uniform utilization of funds allocated under various Plan Schemes.

[Department of Posts, letter No. 20-2/2010-BGT(PA)/5th Report, dated 2.08.2010]

### **Comments of the Committee**

(Please see Para No. 11 of Chapter I)

### **Recommendation (Para No. 8)**

The Committee during the course of examination of Demands for Grants of the previous year had been informed that out of 14 Schemes which were pending for approval, only 4 Schemes could be approved. Further, 2 Schemes *viz.*, Infrastructural Equipment for Material Management and Linkages of SB, EFT, ECS of Domestic Sector with International System have been dropped by the Department. Thus, 8 Schemes are still under consideration and the final approval is awaited. The Committee have repeatedly been expressing concern over the planning process of the Department whereby substantial part of the Plan period is wasted in getting merely approvals for various activities/Schemes from the Competent Authorities. The Committee express serious concern over this sorry state of affairs that even after completion of three precious years of the Eleventh Plan period, as many as 8 Schemes which include some of the important activities like Computerization and Networking of Post Offices, Special Purpose

Vehicle, Building Component for Mail Business Units, etc. are still awaiting approval. The Committee recommend that the Department should relook its procedures for getting approval of the different Schemes and a specific time-limit for getting approval at each of the stage should be fixed, since the preparation for Twelfth Plan would start shortly, the Committee emphasize that the Department should take care that the Schemes are approved well before the start of the Twelfth Plan so that the disconcerting scenario of much avoidable delay in taking approvals which affects the implementation aspects of the Schemes, is not repeated during the Twelfth Plan. Besides, the Committee would also like to be apprised the reasons for dropping two of the Schemes, the details of which have been given above.

#### **Action Taken by the Government**

Action for obtaining the approval/appraisal of the schemes can be initiated only after the approved outlays have been communicated by Planning Commission. During XI Plan, approved outlays were communicated only in September, 2007 for various Plan Schemes. Thereafter, approval process was initiated by the Department and approval of most of the schemes was obtained during the second year of the 11th Plan period and most of the schemes are under implementation stage.

Department has already initiated action for formulating proposal for twelfth Plan. All the Divisional Heads and Circles have been advised to formulate concrete proposal for inclusion of the schemes during the twelfth plan. Department is ensuring to finalise the approval/appraisal of all Plan Schemes before the commencement of Twelfth Plan provided the plan outlays are communicated by Planning Commission within the stipulated time.

The proposal of the Department for the IT Modernisation Project (Phase-II) for computerization and networking of the remaining departmental Post Offices and all Branch Post Offices, establishment of datacenter and disaster recovery center and development of integrated scalable modular software has been recommended by the Expenditure Finance Committee (EFC) to the CCEA for approval.

[Department of Posts, letter No. 20-2/2010-BGT(PA)/5th Report,  
dated 2.08.2010]

#### **Comments of the Committee**

(Please see Para No. 14 of Chapter I)



### **Recommendation (Para No. 11)**

India has the largest Postal Network in the world with 1,55,015 Post Offices out of which 1,39,144 Post Offices are in rural areas. Only 1,37,508 out of 5,95,113 inhabited villages have Post Offices and only 1,15,881 Gram Panchayats out of a total of 2,34,755 have Post Offices. It speaks volume of the monumental tasks before the Department to achieve efficient and time bound delivery of postal services to the people of the country in general and the rural population in particular. The Committee are surprised to note that although almost three-fourth of the villages in the country still do not have Post Offices, the Department considered the postal services in the country as satisfactory. Not only that the Committee's suggestion to open Mobile Post Offices and weekly Postal Bazaars though agreed to by the Secretary during the course of deliberations on Demands for Grants of the previous year, has now been straightaway rejected by the Department. The Committee disapprove the way the issue of providing postal services to the last person of the society has been addressed by the Department. In spite of the fact that there is a Plan Scheme of the Department *viz.*, Opening of Branch Post Offices and Opening of Sub-Post Offices and a lot of relocation of Post Offices, are being done, the Department seems contented with the existing number of Post Offices in the Country. Even when the Economic Survey 2008-09 and the Hon'ble President's address to Parliament on 4th June, 2009 have emphasized on revamping of Post Offices to become outreach units for financial inclusion, the Department is not interested in opening new Post Offices in the areas not covered so far. The Committee express serious concern over the way the Department is addressing one of the important issue. The Committee strongly recommend that all the desired initiatives should be taken so that new Post Offices are opened as per the proposals given by various State Governments/UTs. Besides the suggestions of the 'Committee to open Mobile Post Office and Weekly Postal Bazaars' should be considered. The Committee should be informed about the concrete action taken in this regard.

### **Action Taken by the Government**

India has the largest Postal Network in the world with 1,55,015 Post Offices, out of which 1,39,144 Post Offices are in rural areas. Only 1,38,861 out of 6,17,145 inhabited villages have Post Offices and only 1,20,541 Gram Panchayats out of total 2,40,436 have Post Offices. 89% of the Post Offices are functioning in rural areas. Average areas and population served per post office is 21.21 sq.km and

7175 respectively. This compares favourably with other countries, including advanced countries.

Postal facilities in terms of regular delivery of mail at the doorstep of every customer, collection of letters from letter boxes and selling of stamps/stationery is provided by the Department in every village irrespective of terrain through delivery agents while on their regular visit to respective beats.

The Department is constantly in the process of providing postal facilities through various means like opening of new BOs, alternative means of providing basic postal facilities through PSSKs, relocation of Post Offices to needy areas etc. Licensed Stamp Vendors and Licensed Postal Agents are also functioning in some places.

It is, therefore, clear that extensive postal facilities are available throughout the country including remote and far flung areas. Opening of new Post Offices is an ongoing Plan activity of the Department. Proposals for opening of Post Offices received from State Governments/UTs are examined as per prescribed norms and postal facilities are provided as per justification. During the year 2009-10, 124 SOs and 54 BOs were opened in new locations throughout the country. The proposal for providing Mobile Post Offices and weekly Postal Bazaars was considered in consultations with the Circles. In view of the facts detailed above, implementation of the recommendation of the Committee was not feasible.

Financial inclusion of rural areas has been effected by disbursal of wages to beneficiaries under the Mahatma Gandhi Rural National Rural Employment Guarantee Scheme (MGNREGS) and Indira Gandhi National Old Age Pension Scheme (IGNOAPS).

[Department of Posts, letter No. 20-2/2010-BGT(PA)/5th Report,  
dated 2.08.2010]

#### **Comments of the Committee**

(Please *see* Para No. 17 of Chapter I)

#### **Recommendation (Para No. 12)**

The Department's casual attitude towards the issue of opening of new Post Offices is further reflected in the fact that apart from relocation of Post Offices, increasing number of Extra Departmental Post Offices are being downgraded to Branch Offices which appears

contradictory to the Department's stand that it is envisaging an increasing role for the India Post. Not only that, two Schemes *viz.*, Opening of Branch Post Offices and Opening of Sub-Post Offices could be approved only during the last quarter of the Financial Year 2009-10, which means that precious three years of the Plan period were lost in getting approvals/clearances. Now when the Scheme has been approved, the Department should take desired initiatives so that the Branch Post Offices/Sub-Post Offices are opened as per the proposals of various State Governments/UTs. The Committee would also like to be apprised of the number of proposals with regard to opening of Branch Post Offices/Sub-Post Offices from the various State Governments/UTs during the first three years of the Eleventh Plan as well as the action taken/proposed to be taken by the Department in this regard. The Committee would also to be apprised of the number of cases where Extra Departmental Post Offices have been downgraded to Branch Post Offices and the reasons behind taking such steps by the Department.

#### **Action taken by the Government**

Government of India constituted One-man Committee with Shri R.S. Natraja Murti as Chairman for examining Extra departmental system, wage structure, facilities provided at various extra departmental offices etc. The Committee recommended that the Extra Departmental Sub-Post Offices (EDSOs) be deleted from the category of Post Offices, and further observed that there is no much distinction between the functioning of the Extra Departmental Sub-Post Offices and Branch Post Offices (BOs) and the public will not be deprived of any Postal facilities, by the downgradation of EDSOs.

2. Department of Posts after careful examination, accepted the recommendation of the Committee and accordingly, decided that all the existing Extra Departmental Sub-Post Offices in urban and rural areas will be downgraded as Branch Post Offices.

3. Resultantly, 2026 EDSOs have been downgraded to EDBOs throughout the country, till 30.6.2010. State/Cirde-wise details are annexed. (Annexure I)

4. Opening of new Post Offices is an ongoing Plan activity of the Department. Proposals for opening of Post Offices received from State Governments/Union Territories and other quarters are examined in accordance with the prescribed norms and Postal facilities are provided as per justification. Circle-wise details of proposals received from

various quarters during the last three years are annexed (Annexure II & III). During the year 2009-10, 124 Sub-Post Offices and 54 Branch Post Offices were opened in new locations throughout the country by redeployment of existing posts. There is also a proposal for creation of 400 new Posts of Gramin Dak Sewaks (GDS) required for opening of 400 new BOs in rural areas. For creation of new GDS posts, approval of Ministry of Finance (Department of Expenditure) is required. The matter is presently under consideration within the Department.

[Department of Posts, letter No. 20-2/2010-BGT(PA)/5th Report,  
dated 2.08.2010]

#### **Comments of the Committee**

(Please *see* Para No. 17 of Chapter I)

#### **Recommendation (Para No. 18)**

The Committee during the course of examination of Demands for Grants have been informed that 5 aircraft were wet leased by the Department for carrying mails. The Committee have further been informed that the objective to improve the quality of mail transmission and delivery services through the use of dedicated freighter aircraft was adversely affected on account of the inability of Air India to ensure on time performance of the freighters. Accordingly, the Department has decided to discontinue the freighter operations on the Metra routes *w.e.f.* 1st April, 2010. However, the North-East freighter operations would continue which has shown better results and the capacity utilisation from Kolkata to destinations in the North-East has been very good. With regard to using the aircraft of private airlines for the purpose of carrying mails, the Committee have been informed that private operators were not in a position to offer dedicated chartered freighters to the Department. The Committee's further examination has revealed that Rs. 62.04 crore was spent during the year 2009-10 on account of wet leasing of aircraft. The Department has clarified that the aforesaid amount included outstanding dues pertaining to the North-East freighter operations during 2008-09 and combined operations upto July, 2009. The Committee are unable to understand the reason for the inability of Air India to ensure on-time performance of the freighters even after Signing an agreement with the Department. The Committee are further surprised to note the refusal by Air India to accept any penalty clause even after signing the agreement. The Committee are also unable to understand how the North-East freighter for which the services have been provided

by Air India is working successfully, whereas, the other three freighters for the metros where the load capacity are substantially more when compared to North-East could not show results. The Committee would like the Department to clarify further in this matter. The Committee would also like to be apprised how the Department would manage the work load after the freighter operations on the Metro routes are discontinued *w.e.f.* 1st April, 2010 as stated by the Department. The Committee would also like to be apprised of the specific reasons due to which private carriers have not shown interest in this regard.

#### **Action Taken by the Government**

The Department had entered into an agreement with National Aviation Company of India Limited (NACIL) for combined freighter operations on metro sector as well as the North-East Region on 23rd July 2009. Regular freighter operations commenced on 27th July, 2009. It was expected that the Air India would provide a reliable service. However, freighter operations were adversely effected on account of cancellation of one leg or the other of the schedule due to technical snags in the aircraft or non availability of adequate number of Pilots for Boeing 737-200 aircraft. The issue was repeatedly taken up at the highest level in Air India with a request to ensure availability of the pilots, It was also requested that adequate attention be given to the issues relating to the maintenance of the aircraft so that the instances of technical snags were minimal. However, Air India could not take adequate remedial action in time and the continued cancellation of flights led to erratic transmission of mail. As a result, the Department was constrained to review the operations and discontinued the metro component with effect from 1st April, 2010.

During finalization of the agreement, the Department had emphasized the need to incorporate sufficient penalty clauses for the deficiency in the services and accordingly, had put such provisions in the draft agreement. At that stage the Air India, however, assured that on-time performance would be provided and had requested the Department not to incorporate the penalty clauses. Accordingly, the request from Air India was considered and penalty clauses were not made part of the Agreement.

The freighter operations on metro routes were not effected on account of lack of sufficient mail, parcel or logistics. In fact the Department had visualized an immense potential in the launch of its own dedicated freighter network on the metro routes, and accordingly, had Introduced products such as, Logistics Post Air on this sector.

However, Air India failed to resolve the problems associated with the shortage of pilots for freighter operations. While they could provide pilots for the North-East operations involving one aircraft, they struggled with the problem of ensuring availability of sufficient number of pilots for the combined operations with four aircraft. Due to continued inability of Air India to provide adequate number of pilots as well as resolve the maintenance issues, mail transmission was adversely effected and quality of mail delivery suffered badly.

The Department uses, in addition to the regular passenger flights of Air India, private Airlines such as—Blue Dart, Indigo, Kingfisher, Jet Airways and Spice Jet for carriage of mail on various route across the country. Mail arrangements have been revised with effect from 1st April, 2010 and the services of the Airlines mentioned above are being utilized for transmission of mail.

The Department had explored the option of charter of freighter aircraft from the only two other players (apart from Air India) registered with the Director General of Civil Aviation (DGCA), India. While Blue Dart is a relatively well established firm in this sector, Deccan 360 is a new entrant. While both the firms shown keen interest in offering a limited capacity on their freighters (as a majority of space is occupied by their own consignments), neither of them could offer complete charter due to lack of the capacity or non-availability of adequate number of freighter aircraft with them for dedicated operations for the Department of Posts.

[Department of Posts, letter No. 20-2/2010-BGT(PA)/5th Report, dated 2.08.2010]

#### **Comments of the Committee**

(Please *see* Para No. 20 of Chapter I)

#### **Recommendation (Para No. 19)**

The Committee further observe that now when Department has decided to discontinue the freighter operations on the Metro routes *w.e.f.* 1st April, 2010, the Department is planning to buy their own aircrafts. In this connection, the Committee have also been informed that National Aerospace Laboratory made a presentation to the Department about the 'SARAS Aircraft Development Programme'. In this regard, the Committee would like to emphasize that before taking the decision to have their own aircraft, the Department should ensure that the option is cost effective. The Committee would like to be

apprised about the detailed reasons due to which Air India could not ensure on-time performance and the reluctance by private carriers in wet leasing of aircraft, so as to understand the viability of purchasing their own aircraft by the Department.

#### **Action Taken by the Government**

The Department has no proposal at this stage to buy its own aircraft. National Aerospace Laboratory had made a presentation to the Department about the "SARAS Aircraft Development Programme". However, the Department has not shown any interest to pursue the matter further.

The reasons for the inability of Air India to ensure on time performance and the reluctance by the private carriers in wet lease of aircraft have been discussed in reply to recommendation number 18.

[Department of Posts, letter No. 20-2/2010-BGT(PA)/5th Report,  
dated 2.08.2010]

#### **Comments of the Committee**

(Please *see* Para No. 20 of Chapter I)

#### **Recommendation (Para No. 21)**

The Committee in the First Report had recommended for adding the word 'Bank' with India Post so that public will be aware that Post Offices also provide banking facilities. The Committee have now been informed that the Department has not consented to the suggestion of the Committee as their mandate is limited to the collection and disbursement of the money deposited in savings accounts and maintenance of records. To the surprise of the Committee, the Department has stated that the matter was not consulted with the Ministry of Finance. The Committee find that even on the small issue related to banking operations the Department has been frequently expressing their limitations due to issues regarding autonomy. On such a vital suggestion of the Committee, the Department did not feel the necessity of consulting the Ministry of Finance and outrightly rejected the suggestion of the Committee. This explains the callous attitude of the Department to the important suggestions given by the Committee. The Committee emphasize that the Department should reconsider their suggestion and concrete action should be taken in consultation with the Ministry of Finance and the Committee apprised accordingly.

### **Action Taken by the Government**

As per directions of the Committee, the issue was referred to the Ministry of Finance, Department of Economic Affairs whose Schemes are being operated by the Department of Posts. Reply has been received from the Ministry and the gist of the reply is as under:

The Post Offices are providing the Financial Services and not the Banking Services. Post Offices do not come under the purview of Banking Regulation Act and it would not be proper to use the word "Bank" for these institutions. The purpose of these institutions and instruments provided by them is to promote savings. In the existing legal and regulatory framework, it would not be proper to use the word "Bank" with India Post.

[Department of Posts, letter No. 20-2/2010-BGT(PA)/5th Report,  
dated 2.08.2010]

### **Comments of the Committee**

(Please *see* Para No. 23 of Chapter I)

### **Recommendation (Para No. 26)**

The Committee during the course of examination of Demands of Grants of the previous year had made an important suggestion to introduce mobile services for the disbursement of wages to the workers at worksites. When asked about the action taken in this regard, the Committee have been informed that as part of its modernization effort, the Department of Posts is planning to put in place a ICT solution to cover 1,30,000 Rural Branch Offices. One key feature of this solution will be the possibility to disburse NREGS wages to workers at appropriate places. The detailed analysis of the aforesaid issue has further indicated that the system of payment of wages to NREGS workers at worksites would be possible only after equipments are supplied to Branch Post Offices and Branch Post Offices networked. The Department has further stated that there was a proposal for this activity in the EFC of the Project Management Unit of DoP which is under circulation to different Ministries. With the pace of implementation of IT-Induction, the detailed analysis of which has been done in the previous part of the Report, the Committee feel that it would take years together for the Department to introduce the system of payment of wages at the worksite. The aforesaid situation clearly indicates the insensitive and unprofessional attitude of the Department. The Committee are apprehensive that if such attitude



persists the Department would further lose its share in disbursement of wages under NREGS to workers. The Committee again emphasize that the practical solution to the suggestion made by the Committee to introduce mobile services for disbursement of wages to NREGS workers should be worked out and the Committee informed accordingly.

#### **Action Taken by the Government**

Generally, pay orders/wage list along with cheques for a particular work are received at post offices after lapse of considerable time, mostly after completion of work. In the meantime, the worksite shifts to some other location. Therefore, it does not appear to be feasible to make payments to NREGS beneficiaries at the worksite.

[Department of Posts, letter No. 20-2/2010-BGT(PA)/5th Report, dated 2.08.2010]

#### **Comments of the Committee**

(Please *see* Para No. 26 of Chapter I)

#### **Recommendation (Para No. 30)**

The Committee would further like to recommend that there is an urgent need to make monitoring mechanism more effective. In this connection, the Committee may like to highlight the mechanism of Telephone Advisory Committee prevalent at District and Zonal Levels in the sister Department *i.e.* Department of Telecommunications and the mechanism of District and Block Level Vigilance Committees with the Ministry of Rural Development. In the case of Telephone Advisory Committee, the sitting local Member of Parliament is a Co-Chairman. However, in case of District and Block Level Vigilance Committee of the Ministry of Rural Development, the local MP is the Chairman of the Committee. The Committee strongly recommend that the Department should think of having the mechanism of Vigilance Committee of DoP at District and Zonal Level on the lines of the mechanism presently available with the Department of Telecommunications and the Ministry of Rural Development. While devising the suggested mechanism, the Department should ensure that the local sitting MP is the Chairman of the proposed Committee. The Committee are of the firm view that the proposed mechanism would certainly help the Department in expanding its customer base as it would address the grievances of the public at large and would also act as an important link between the customers and the implementing agencies.

### **Action Taken by the Government**

Department of Posts had introduced a Post forum in 1990, a venture to foster better relationship with clients and to create a ready responsiveness to the public needs. Post forum is a representative body of the users of the Post Office to advise the Post office on matters of its service in public interest conceived in the widest sense. It consists of not more than seven members who are the users of Post Offices. It meets once in three months and also advises the Post Office for streamlining the existing procedures and speedy disposal of complaints.

In the circumstances, it may not be necessary to constitute District and Block Level Committees under the Chairmanship of the Member of Parliament.

[Department of Posts, letter No. 20-2/2010-BGT(PA)/5th Report,  
dated 2.08.2010]

### **Comments of the Committee**

(Please *see* Para No. 32 of Chapter I)

## CHAPTER V

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

#### **Recommendation (Para No. 13)**

Out of the total Postal employees of 4,83,000 the total number of Grameen Dak Sewaks who are mainly posted in rural areas stands at 2,73,000. Besides out of the total Post Offices of 1,55,015 under the Department of Posts, only 25,531 are Departmental Post Offices and the rest which accounts to 1,29,484 Branch Post Offices mainly in rural areas are manned by Grameen Dak Sewaks. The aforesaid data clearly indicates the important role of Grameen Dak Sewaks in the functioning of Post Offices. The Committee observe that Grameen Dak Sewaks are the main employees managing workload of the Post Offices. As such there is an urgent need to use the workforce of the Department more efficiently. Above all, there is an urgent need to boost the morale of such a huge workforce of the Department. The Committee during the course of examination on Demands for Grants (2010-11) have been informed that the Grameen Dak Sewak's Committee had recommended that the Grameen Dak Sewaks should be given the Social Security Scheme more or less on the lines of the Departmental employees. The Department has informed the Committee that in this regard action has already been initiated and Pension Regulatory Authority has been requested for formulating proposals and evolving detailed Guidelines. The scheme is being taken up with the Ministry of Finance for formal approval. While taking note of the status of Pension Scheme, the Committee emphasize that the scheme should be finalized expeditiously and the Committee informed accordingly.

#### **Action Taken by the Government**

The recommendation in respect of Social Security Scheme examined in consultation with Pension Fund Regulatory Development Authority of India and approved by the Hon'ble Minister of Communications & IT. The Scheme has been formulated and sent to the Ministry of Finance (Department of Expenditure) for their approval.

[Department of Posts, letter No. 20-2/2010-BGT(PA)/5th Report,  
dated 2.08.2010]

### **Recommendation (Para No. 16)**

The Secretary during the course of oral evidence has informed that the department can look into the commission rates that are being paid to the Franchisees for various transactions they perform to attract more people. The Committee recommend that the final decision in this regard should be taken and the Committee informed accordingly.

### **Action Taken by the Government**

The task of looking into the various alternative schemes for providing postal facilities in urban areas has been taken in hand. The Department is considering to provide a viable consolidated, comprehensive and attractive scheme for providing commission based outlets in rural areas in addition to existing Departmental Post Offices. The outlets will be provided in those locations where the Department is not in a position to open the new Post Offices. The rates of commission being provided to Franchisees will also be looked into simultaneously. The Committee will be apprised of the outcome in due course.

[Department of Posts, letter No. 20-2/2010-BGT(PA)/5th Report,  
dated 2.08.2010]

### **Recommendation (Para No. 20)**

The Committee during the course of examination of Demands for Grants of the previous year had been informed that Pilot Project with regard to Centralised Banking for POSB would start in the next financial Year. On further examination by the Committee, it has been found that the Pilot Project is yet to see the light of the day. On the issue of setting up of Post Bank of India, no headway has been made. The Post Bank of India is still at conceptualization stage. The Committee express unhappiness over the way various plans with regard to Banking and Money Transfer operations are being implemented. The Committee emphasize that today's customer has vast choices. Therefore, for the continuous growth of the Savings Schemes of the Department, there is an urgent need to think and act professionally. All the constraints being faced with regard to setting up of Post bank should be addressed. The Pilot Project on Centralised Banking for POSB which would make 'Anytime Any Branch Anywhere Banking' of DoP a reality should be started expeditiously followed by full scale implementation of the Programme. The desired initiatives to make the Savings Schemes of the Department attractive and competitive should be taken and the Committee informed accordingly.

### **Action Taken by the Government**

The Department has already sent proposals to the Ministry of Finance (DEA) to remove the ceiling of investment in Post Office Savings Account, allow grant of loan against NSC/KVP and TD Accounts, to start new schemes like Girl Child Development Account and Female Flexi RD Account. All these efforts will attract more customers to Post Office Savings Bank Schemes. Request for Proposal (RFP) for Core Banking Solution (CBS) is at Final stage. The Administrative Staff College of India has been selected to study and make recommendations on a road map on setting up the Post Bank of India.

[Department of Posts, letter No. 20-2/2010-BGT(PA)/5th Report, dated 2.08.2010]

### **Recommendation (Para No. 22)**

Upto 31.03.2009 a total of 12604 Departmental Post Offices have been computerized. EFC phase II for computerization and networking includes remaining Departmental Post Offices (10841) and all branch Post Offices (129553). Out of the Eleventh Plan Outlay of Rs. 4000 crore, an amount of Rs. 2700 crore has been allocated for this Scheme. The amount thus allocated speaks volumes about the importance this Scheme entails for the modernization of the Department of Posts. The Committee are dismayed to observe that out of the total number of Post Offices of 1,55,015, only 12604 Post Offices as on 31.03.2009 have been computerized. Out of this only 11,835 Post Offices have been networked as per the information provided by the Department to the Committee. The Committee are of the view that the success of all other Schemes, especially relating to financial services, Banking operations and Mail operations which are the core activities of the Department are greatly contingent upon the success of the Scheme Information Technology Induction—Postal Operations. The information provided by the Department that EFC for the project (Phase-II) is under the process of obtaining administrative approval clearly indicates that proper planning with a sense of urgency for the completion of the Scheme is missing. The Committee, therefore, would like the Department to obtain the required administrative approval expeditiously so that the Scheme is implemented and the modernized postal operations becomes a reality. The Committee are also of the view that the proposal contained in the EFC and the DPR to empower the Project Management Unit for better monitoring and utilisation of the allocated funds proposed under the EFC Phase-II is a step in the

right direction. The Committee would like the Department to pursue the matter of getting administrative approval for EFC Phase-II on a regular basis with the concerned authorities and the Committee informed accordingly.

#### **Action Taken by the Government**

The proposal of the Department for the IT Modernisation Project (Phase-II) for computerization and networking of the remaining departmental Post Offices and all Branch Post Offices, establishment of datacenter and disaster recovery center and development of integrated scalable modular software has been recommended by the Expenditure Finance Committee (EFC).

The Expenditure Finance Committee, while recommending the proposal has also directed to examine in consultation with the Department of Information Technology whether the requirements of its data can be met by the Department of Information Technology (DIT) before the proposal is submitted to the CCEA for approval. Accordingly, this Department has requested the DIT for their considered views on the matter. The proposal for approval of the IT Project (Phase-II) will be placed before the CCEA for approval expeditiously after the considered views of the IT are received.

[Department of Posts, letter No. 20-2/2010-BGT(PA)/5th Report,  
dated 2.08.2010]

#### **Recommendation (Para No. 28)**

Besides, the remuneration received from the Ministry of Finance for NREGS, the Department also gets funds from the Planning Commission under the Plan Scheme for additional work which includes arrangement for cash conveyance, incentive to staff and training etc. The Plan Scheme was introduced during the year 2008-09. The Department during the course of examination of Demands for Grants have informed the Committee that Memo for consideration of EFC was approved by the Ministry of Finance wherein approval of Finance Minister was conveyed with the observation that the entire fund of Rs. 100 crore will come from the administrative expenses part of the Budget of Ministry of Rural Development under NREGS. Therefore, nil allocation was made in the RE of Annual Plan 2009-10. With regard to the status of release of Outlay during the year 2009-10, under the scheme, the Department has informed that the position may be indicated by PAF Division. With regard to the proposed allocation during 2010-11, the Department has informed that against

the proposed allocation of Rs. 250 crore no amount has been approved by the Planning Commission. The Department has also informed that the matter of providing budgetary support is being taken up with the Ministry of Finance. The Committee express serious concern over the way the allocations for such an important scheme are being dealt with by the Ministry of Finance. The issue of the allocation of requisite fund for the scheme should be sorted out expeditiously with the Ministries of Finance and Rural Development. The concerns of the Committee should be conveyed to the Ministries of Finance and Rural Development and the Committee be kept informed about the progress in this regard.

#### **Action Taken by the Government**

Ministry of Finance has been requested to issue necessary instructions to the Ministry of Rural Development to act in accordance with the directions issued by the Ministry of Finance to provide funds to the Department of Posts from their Administrative Expenditure. However, the response from the Ministry of Rural Development is awaited as yet.

[Department of Posts, letter No. 20-2/2010-BGT(PA)/5th Report,  
dated 2.08.2010]

NEW DELHI;  
15 November, 2010  
24 Kartika, 1932 (Saka)

RAO INDERJIT SINGH,  
*Chairman,*  
*Standing Committee on*  
*Information Technology.*

## APPENDIX I

### EXTRA DEPARTMENTAL SUB-OFFICES (EDSO) DOWNGRADED INTO EXTRA DEPARTMENTAL BRANCH OFFICES (EDBO) (INFORMATION AS ON 30.06.2010)

Sl. No.	Circle	EDSO downgraded to EDBO
1.	Andhra Pradesh	31
2.	Assam	35
3.	Bihar	95
4.	Chhattisgarh	0
5.	Delhi	19
6.	Gujarat	32
7.	Haryana	14
8.	Himachal Pradesh	17
9.	Jammu and Kashmir	22
10.	Jharkhand	28
11.	Karnataka	29
12.	Kerala	461
13.	Madhya Pradesh	59
14.	Maharashtra	119
15.	North East	5
16.	Orissa	50
17.	Punjab	9
18.	Rajasthan	17
19.	Tamil Nadu	199
20.	Uttar Pradesh	372
21.	Uttarakhand	76
22.	West Bengal	337
	Total	2026



## APPENDIX II

### STATE/CIRCLE-WISE DETAILS OF REQUESTS RECEIVED FROM VARIOUS QUARTERS FOR SETTING UP/UPGRADATION OF POST OFFICES (AS ON JANUARY 2008)

Sl.No.	Name of Circle	No. of requests received for setting up/upgradation of Post offices	No. of requests found justified
1.	Andhra Pradesh	47	nil
2.	Assam	22	15
3.	Bihar	21	4
4.	Chhattisgarh	7	2
5.	Delhi	12	2
6.	Gujarat	10	10
7.	Haryana	4	4
8.	Himachal Pradesh	8	4
9.	Jammu and Kashmir	37	3
10.	Jharkhand	5	5
11.	Karnataka	22	16
12.	Kerala	34	12
13.	Madhya Pradesh	nil	nil
14.	Maharashtra	12	12
15.	North East	235	45
16.	Orissa	32	9
17.	Punjab	9	9
18.	Rajasthan	2	2
19.	Tamil Nadu	66	27
20.	Uttar Pradesh	33	10
21.	Uttarakhand	7	7
22.	West Bengal	9	9
	Total	634	207

**APPENDIX III**

STATE/CIRCLE-WISE DETAILS OF REQUESTS RECEIVED  
FROM VARIOUS QUARTERS FOR SETTING UP/  
UPGRADATION OF POST OFFICES

Sl.No.	Name of the Circle	No. of requests received for setting		No. of requests found justified	
		2008-09	2009-10	2008-09	2009-10
1.	Andhra Pradesh	22	13	9	4
2.	Assam	12	2	5	0
3.	Bihar	57	23	8	2
4.	Chhattisgarh	2	2	0	0
5.	Delhi	14	7	0	0
6.	Gujarat	31	3	7	1
7.	Haryana	25	3	2	0
8.	Himachal Pradesh	33	14	0	0
9.	Jammu and Kashmir	4	5	1	2
10.	Jharkhand	3	0	0	0
11.	Karnataka	42	19	24	15
12.	Kerala	10	1	1	0
13.	Madhya Pradesh	49	7	12	0
14.	Maharashtra	24	14	3	4
15.	North East	4	11	2	0
16.	Orissa	10	8	3	0
17.	Punjab	31	6	4	0
18.	Rajasthan	17	15	4	5
19.	Tamil Nadu	36	18	9	2
20.	Uttar Pradesh	34	12	6	1
21.	Uttarakhand	29	15	4	0
22.	West Bengal	15	5	2	0
	Total	504	203	106	36

## APPENDIX IV

### STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2010-11)

#### MINUTES OF THE SECOND SITTING OF THE COMMITTEE

The Committee sat on Wednesday, the 27th October, 2010 from 1500 hours to 1720 hours in Committee Room No. 'C', Parliament House Annexe, New Delhi.

#### PRESENT

Shri Rao Inderjit Singh — *Chairman*

#### MEMBERS

##### *Lok Sabha*

2. Shri Nikhil Kumar Choudhary
3. Dr. Charles Dias
4. Shri Rajen Gohain
5. Smt. Darshana Vikram Jardosh
6. Shri Mithilesh Kumar
7. Shri Inder Singh Namdhari
8. Shri Adhalrao Patil Shivaji
9. Shri Dhananjay Singh
10. Shri Dharmendra Yadav

##### *Rajya Sabha*

11. Shri M.P. Achuthan
12. Shri Mohammad Adeeb
13. Shri Salim Ansari
14. Shri P. Rajeeve
15. Shri Jesudasu Seelam

#### SECRETARIAT

1. Shri T.K. Mukherjee — *Joint Secretary*
2. Smt. Sudesh Luthra — *Director*
3. Shri H.R. Kamboj — *Additional Director*

At the outset, the Chairman welcomed the Members to the sitting of the Committee.

2. The Committee then took up the following three draft Reports for consideration and adopted the same without any modifications:—

- (i) \*\*\*\*\*
- (ii) Draft Action Taken Report on the Fifth Report (Fifteenth Lok Sabha) on Demands for Grants (2010-11) of the Department of Posts (Ministry of Communications and Information Technology);
- (iii) \*\*\*\*\*

3. The Committee then authorized the Chairman to finalize the above draft Reports and present the same to the House on the date convenient to him.

A verbatim record of the proceedings has been kept.

*The Committee, then, adjourned.*

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\*\*\*\*\*Matter not related to this report.

## APPENDIX V

### ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS/OBSERVATIONS CONTAINED IN THEIR FIFTH REPORT (FIFTEENTH LOK SABHA)

[Vide Paragraph No. 5 of Introduction]

(i) Recommendations/Observations which have been accepted by the Government Paragraph Nos:—1, 2, 4, 5, 6, 9, 14, 15, 17, 23, 24, 25, 27, 29 & 31	
Total	15
Percentage	48.39
(ii) Recommendations/Observations which the Committee do not desire to pursue in view of the replies of the Government Paragraph No:—10	
Total	01
Percentage	3.23
(iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and require reiteration Paragraph Nos:—3, 7, 8, 11, 12, 18, 19, 21, 26 & 30	
Total	10
Percentage	32.26
(iv) Recommendations/Observations in respect of which replies are of interim in nature:— Paragraph Nos:—13, 16, 20, 22 & 28	
Total	05
Percentage	16.12