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

**FIFTEENTH LOK SABHA**

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

**DEMANDS FOR GRANTS  
(2011-12)**

**TWENTY-FOURTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*August, 2011/Sravana, 1933 (Saka)*

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(2010-11)**

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

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(2011-12)**

***Presented to Lok Sabha on 04.08.2011  
Laid in Rajya Sabha on 04.08.2011***



**LOK SABHA SECRETARIAT  
NEW DELHI**

*August, 2011/Sravana, 1933 (Saka)*

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**COMPOSITION OF STANDING COMMITTEE ON INFORMATION TECHNOLOGY**  
**(2010-2011)**

**Shri Rao Inderjit Singh - Chairman**

**Lok Sabha**

2. Shri Rajendra Agrawal
3. Shri Nikhil Kumar Choudhary
4. Vacant \*\*
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
21. Shri Dharmendra Yadav

**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
3. Shri H.R. Kamboj - Additional Director
4. Shri Shangreiso Zimik - Committee Officer

\* Nominated to the Committee w.e.f. 21<sup>st</sup> September, 2010.

\*\* *vice* Shri Milind Deora, ceased to be a member of the Committee consequent on his appointment as Minister of State for Communications and IT on 12.07.2011.

## **LIST OF ABBREVIATIONS**

AMPC	Automatic Mail Processing Centre
BE	Budget Estimates
BPO	Branch Post Office
CBS	Core Banking Solution
DGS&D	Directorate General of Supplies & Disposal
DoP	Department of Posts
DSO	Departmental Sub Office
EDBO	Extra Departmental Branch Office
EFC	Expenditure Finance Committee
FTL	Full Truck Load
GDS	Gramin Dak Sewaks
GIS	Geographical Information System
HPO	Head Post Office
IRDA	Insurance Regulatory & Development Authority
IVP	Indira Vikas Patra
LTL	Less than a truck Load
MACP	Modified Assured career Progress
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MoF	Ministry of Finance
PAO	Postal Accounts Office
PBI	Post Bank of India
PLI	Postal Life Insurance
PO	Post Office
POSB	Post Office Savings Bank
PRC	Postage Realized in Cash
PSSKY	Panchayat Sanchar Sewa Kendra Yojana
RBI	Reserve Bank of India
RE	Revised Estimate
RPLI	Rural Postal Life Insurance
RFP	Request for Proposal
SB/CC	Savings Bank/Cash Certificate
SFC	Standing Finance Committee
SPCC	Speed Post Concentration Centres
SPO	Sub Post Office
TRCA	Time Related Continuity Allowance
WUMT	Western Union Money Transfer

## **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 Twenty-fourth Report on Demands for Grants (2011-12) relating to the Ministry of Communications and Information Technology (Department of Posts).

2. The Standing Committee on Information Technology (2010-11) was constituted on 31<sup>st</sup> August, 2010. One of the functions of the Standing Committee, as laid down in Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha is to consider Demands for Grants of the concerned Ministry/Department and to make a Report on the same to the House.

3. The Committee considered the Demands for Grants pertaining to the Ministry of Communications and Information Technology (Department of Posts) for the year 2011-12 which were laid on the Table of the House on 16<sup>th</sup> March, 2011. The Committee took oral evidence of the representatives of the Department of Posts on 29<sup>th</sup> April, 2011.

4. The Report was considered and adopted by the Committee at their sitting held on 15<sup>th</sup> June, 2011.

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

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

**NEW DELHI;**  
**22 July, 2011**  
**31 Sravana, 1933 (Saka)**

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

# REPORT

## PART I

### I. INTRODUCTORY

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

2. India Post provide postal facilities at affordable price within easy reach of every citizen in the country through its vast network. There are 1,54,979 Post Offices as on 31.03.2010 (1,39,182 Post Offices are in rural areas and 15,797 Post Offices in urban areas), serving a population of 7176 persons per post offices on an average covering an area of approximately 21.21 kms per post office. Apart from basic services, various Value Added Services like Retail Post, e-Post, Bill Mail Services, Sale of Passport Application Form, pickup and delivery of Speed Post Articles, Sale of Gold Coins etc. are provided by India Post. Banking and Insurance services are also being provided by the Department. From the year 2007-08, the Department has been given the mandate to disburse wages to MGNREGS beneficiaries through Post Office Saving Banks Accounts.

3. For providing postal services, the whole country has been divided into 22 Postal Circles. Over and above, these 22 Circles, the communication needs of the armed forces are catered by the Base Circle which is headed by Additional Director General, Army Postal Service. Post Office in the country are categorized as Head, Sub and Branch Post Office Gramin Dak Sewak Post Offices are located in rural areas. The Sub-Post Offices are Departmental Offices located both in rural and urban areas. Head Post Offices are graded into five categories according to their workload and staff strength.

4. The objectives of Department of Posts are:-

- (i) Improving the reach of Postal Services,
- (ii) Modernisation of Postal Services,
- (iii) Improving the quality of Services, develop, implement and operate a system of standards with accountable performance, and
- (iv) Acquire required people capabilities to deliver chosen portfolio of Services.

5. The Demands for Grants of Department of Posts for 2011-12 was presented to Lok Sabha on 16<sup>th</sup> March, 2011 under Demand No. 13. The Demands for Grants were passed without the same being referred to the concerned Departmentally Related Standing Committees after suspension of Rule 331G of the Rules of Procedures and Conduct of Business in Lok Sabha. However, as per the ruling of the Hon'ble Speaker, the Demands have been referred to the Standing Committee for examination and report.

6. In the aforesaid background, the Committee have *inter-alia* analysed the position of Outlay and expenditure in the context of examination of Demands for Grants.

## **II. IMPLEMENTATION STATUS OF THE RECOMMENDATIONS CONTAINED IN THE FIFTH REPORT ON DEMANDS FOR GRANTS (2010-11) OF THE DEPARTMENT OF POSTS**

7. The Standing Committee on Information Technology presented/laid the Fifth Report on Demands for Grants (2010-11) relating to the Department of Posts to Lok Sabha on 21 April, 2010 and in Rajya Sabha on 22 April, 2010. Out of 31 recommendations made by the Committee in the said report, 15 recommendations (Sl Nos. 1, 2, 4, 5, 6, 9, 14, 15, 17, 23, 24, 25, 27, 29 and 31) were accepted by the Government. The Committee did not desire to pursue 01 recommendation (Sl. No. 10) in view of the reply of the Government. Replies to 05 recommendations (Sl. No. 13, 16, 20, 22 and 28) were found to be interim in nature. The Committee reiterated 10 recommendations (Sl. No. 3, 7, 8, 11, 12, 18, 19, 21, 26 and 30) in their Sixteenth Report. The Sixteenth Report on Action Taken by the Government on the Recommendations/Observations of the Committee contained in the Fifth Report was presented to Lok Sabha/laid in Rajya Sabha on 23 November, 2010. The statement indicating the status of implementation of recommendations contained in the Report was made by the Minister in the



House on 25 August, 2010 in pursuance of Direction 73A of Directions by the Speaker.

### III. BUDGETARY ANALYSIS

#### (i) Overview of Demands for Grants for 2011-12

8. The Department of Posts have presented Demand No.13 for Grants to the Parliament for the year 2011-12, the details of which are as follows:

**(Rs in crore)**

		<b>Revenue</b>	<b>Capital</b>	<b>Total</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Voted</b>	<b>Plan</b>	291.88	508.12	800.00
	<b>Non-Plan</b>	13230.38	10.00	13240.38
	<b>Total</b>	13522.26	518.12	14040.38
<b>Charged</b>	<b>Plan</b>	-	-	-
	<b>Non-Plan</b>	0.10	-	0.10
	<b>Total</b>	13522.36	518.12	14040.48

9. Head wise details of the Revenue and Capital Section for 2011-12 are as follows:-

**(Rs in crore)**

<b>Revenue Section</b>			<b>Capital Section</b>	
<b>Head of Account</b>		<b>BE 2011-12</b>	<b>Object Head</b>	<b>BE 2011-12</b>
1.	General Administration	728.31	Training	4.00
2.	Operation	8231.14	Postal Network	27.52
3.	Agency Services	449.99	Mechanization & Modernisation of Postal Services	458.58
4.	Accounts & Audit	268.15	Administrative Office	2.50
5.	Engineering	121.97	Staff Quarters	2.00
6.	Amenities to Staff	75.45		
7.	Pension	3245.00		
8.	Stationery & Printing	128.99		
9.	Other Expenses	213.13		
	<b>Total</b>	<b>13462.13</b>		494.60
10.	Provision for North East	60.23		23.52
	<b>Grand Total</b>	<b>13522.36</b>		<b>518.12</b>

#### (ii) Revenue Section

10. The comparative analysis of the Demands for Grants indicating BE, RE for the year (2010-11) and Actual for the year 2008-09 and 2009-10 has been give at Appendix -I.

11. The financial achievements of the Department under Revenue Section during each year of the Eleventh Plan are as under:-

**GROSS EXPENDITURE**

(Rs in crore)

	2007-08	2008-09	2009-10	2010-11	2011-12
<b>BE</b>	7237.08	7562.40 2729.99 (SG)	12090.20	11328.78	13522.36
<b>RE</b>	7291.79	10263.33	12526.80	13427.83	
<b>Actual</b>	7272.66	9756.24	13346.94	11308.93 (upto Jan,2011)	

**RECOVERIES**

(Rs in crore)

	2007-08	2008-09	2009-10	2010-11	2011-12
<b>BE</b>	215.50	267.35	322.00	436.55	695.11
<b>RE</b>	293.25	324.00	375.49	566.58	
<b>Actual</b>	266.32	300.82	438.94	66.99(upto January,2011)	

**REVENUE RECEIPTS**

(Rs in crore)

	2007-08	2008-09	2009-10	2010-11	2011-12
<b>BE</b>	5539.73	6159.31	6135.74	6955.54	7517.70
<b>RE</b>	5707.20	5966.22	6552.62	6814.59	
<b>Actual</b>	5494.90	5862.33	6266.70	5332.54(upto January,2011)	

**REVENUE EXPENDITURE (Net)**

(Rs in crore)

	2007-08	2008-09	2009-10	2010-11	2011-12
<b>BE</b>	7021.89	7295.05	11768.20	10892.13	12827.25
<b>RE</b>	6998.54	9939.33	12151.31	12861.25	
<b>Actual</b>	7006.34	9455.42	12908.00	11241.94 (upto January 2011)	

**REVENUE DEFICIT**

(Rs in crore)

	2007-08	2008-09	2009-10	2010-11	2011-12
<b>BE</b>	1482.16	1135.74	5632.46	3936.59	5309.55
<b>RE</b>	1291.34	3973.11	5598.69	6046.66	
<b>Actual</b>	1511.44	3593.09	6641.30	5909.40 (upto January,2011)	

12. The analysis of the aforesaid data indicates the following:-

**(i) Revenue Section (Gross Expenditure)**

It is observed from the above data that the Gross Expenditure of the Department of Posts from the years 2007-09 to 2010-11 has been increasing year after year. The working expenses increased from Rs. 7272.66 crore in 2007-08 to Rs. 13346.94 crore in 2009-10. During 2010-11, the gross expenditure at BE stage was Rs. 11328.78 crore and the actual expenditure upto January, 2011 was Rs. 11308.93 crore which may have further increased by the close of the Financial Year. When asked to state the reasons for increasing gross expenditure, the Department have stated that the Actual Gross Expenditure of the Department has been increasing from the year 2008-09 in comparison to 2007-08 due to the following reasons:-

- (a) Besides payment of enhanced salary to regular employees and pension to retirees together with allowances admissible starting from September, 2008, 40 per cent arrears of enhanced salary and pension amounting to Rs. 1140 crore were paid during the year 2008-09;
  - (b) 60 percent arrears of salary and pension amounting to Rs. 1848 crore and 40 per cent arrears of Time Related Continuity Allowance (TRCA) to Gramin Dak Sewaks (GDS) amounting to Rs. 493 crore due to implementation of one man Committee Report were paid in 2009-10; and
  - (c) During 2010-11, arrears of 60 percent of Time Related Continuity Allowance (TRCA) amounting to Rs. 595 crore and Rs. 106 crore on account of promotion of the officials under Modified Assured Career Progress (MACP) Scheme were paid along with regular payment of enhanced Salary, Pension and TRCA each month.
- (ii) About the steps being taken to restrict the gross expenditure to the level of Revised Estimate stage, the Department have stated that the Circles/Units have been instructed to keep expenditure within the grants under the respective Heads of Accounts. A monthly performance review with Heads of Circles is also done to monitor the revenue earning and expenditure against the grants. The gross revenue expenditure upto February, 2011 is Rs. 12359.57 crore which is almost proportionate to the RE 2010-11 provision.

**(iii) Recoveries**

The aforesaid data indicates that the recoveries of the Department have marginally increased from Rs.266.32 crore in 2007-08 to Rs.300.82 crore in 2008-09 and then to Rs.438.49 crore in 2009-10. The recoveries during 2010-11 upto January, 2011 are Rs.66.99 crore only. On being asked about such a low recovery in the year 2010-11, the Department have stated that the recoveries on account of PLI and customs will be booked by PAO Kolkata as Annual Adjustment in the month of March 2011 Supplementary only. The above figure has gone up to Rs. 86.54 crore during February, 2011. A major source of revenue by way of recovery is the Postal Life Insurance Sector. Further, the recovery against Western Union Money Transfer Service is also expected. The revenue from PLI & RPLI Business during the year 2011-12 is estimated to the tune of Rs. 491.06 crore apart from the recovery of Rs. 204.05 crore from the other sources.

**(iv) Revenue Receipts**

The Revenue Receipts of the Department of Posts for the period from 2007-08 are Rs. 5494.90 crore in 2007-08, Rs. 5862.33 crore in 2008-09, Rs. 6266.70 crore in 2009-10 and Rs. 5332.54 crore (upto January, 2011) in 2010-11. About the position of Revenue Receipts for the year 2010-11, the Department have stated that the account for the year 2010-11 is yet to be closed. If the proportionate achievement in two components viz. revenue from Postal Operation and SB/CC remuneration during the month of March, 2011 is taken into account, the whole figure goes up to Rs. 6602 crore. The Revenue Receipts for 2011-12 at BE has been fixed at Rs. 7517.70 crore. If the Committee set up for considering the remuneration Rate revision recommends the enhancement in rate of remuneration and the same is implemented during the year, the revenue of the Department will be considerably enhanced. In order to improve quality of mail operations and in turn increase mail traffic and revenue, the Department has taken up new initiatives as part of the Eleventh Plan which inter-alia include setting up of Automated Mail Processing Centres in Delhi, Kolkata and other metro cities; setting up of Mail Business Centres; Induction of dedicated freighter aircraft for mail in North-East Region and creation of National Data Base Management System.

13. The details of Revenue Receipts of the Department item-wise during the last three years are as under:

**(Rs. in crore)**

<b>Items</b>	<b>2007-08</b>	<b>2008-09</b>	<b>%Increase over prev. Year</b>	<b>2009-10</b>	<b>%Increase over prev. year</b>
Sale of Postage Stamps	777.29	725.70	-6.64	519.05	-28.48
PRC-Premium Services	1142.98	1309.15	14.54	1576.92	20.45
PRC-Sale of Postage Stamps	567.01	569.02	0.35	563.99	-0.88
PRC-e-Post	378.34	343.97	-9.08	346.70	0.79
Others	120.88	70.52	-41.66	97.46	38.20
Revenue from SB/CC	2508.40	2843.97	13.38	3162.58	11.20
<b>Total Receipts</b>	<b>5494.90</b>	<b>5862.33</b>	<b>6.67</b>	<b>6266.70</b>	<b>6.90</b>

14. From the above table it is observed that the total Revenue Receipts of the Department are marginally increasing. However, under the head, 'Sale of postage stamps 'and' 'PRC- Sale of Postage Stamp' there is a sharp decline in the revenue receipts of the Department. Further, the revenue under the heads 'PRC-Premium Services' and 'Others' has shown continuous growth. Under the head 'PRC-e-Post' there is a slight increase in revenue receipts in 2009-10 over that of 2008-09. However, under the head 'Revenue from SB/CC' the percentage increase in 2008-09 over the previous year was 13.38 percent whereas in 2009-10, the percentage increase over 2008-09 was 11.20 percent.

15. Explaining the position in this regard, the Secretary, Department of Posts during the course of the oral evidence stated as under:

"Regarding ordinary mail, first-class mail, I agree that there has been some negligence for quite some time now. The staff were doing exactly as they wanted. Mainly, I would agree, it was a managerial failure. But we are taking it into account again. We are introducing standardized processes throughout the country."

16. In the above context, when a clarification was sought, she further stated as under:-

"You made a point about invitations. These kinds of time-targeted letters would get priority and you will see the changes perhaps in one month or two month. We have been concentrating on speed post but there are a lot of shortcomings but there is going to be a big change."

#### **(v) Revenue Deficit**

The Revenue Deficit of the Department of Posts for the period from 2007-08 to 2010-11 has been increasing sharply i.e. Rs. 1511.44 crore in 2007-08, Rs. 3593.09 crore in 2008-09, and Rs. 6641.30 crore in 2009-10. And during 2010-11, the Revenue Deficit at BE stage was Rs. 3936.59 crore and actual Revenue Deficit upto January, 2011 was Rs. 5909.40 crore. When the Committee enquired about increasing deficit and declining revenue, the Department have stated that due to increase in its working expenses, the deficit of the Department is also increasing.

**IV. UTILISATION OF PLAN OUTLAYS**

**(i) ANALYSIS OF PLAN ALLOCATIONS OF THE ELEVENTH PLAN-ANNUAL PLAN WISE**

**(Rs. in crore)**

Annual Plan	2007-08	2008-09	2009-10	2010-11	2011-12	Outlay as per Eleventh Plan
BE	315	600.00	620.00	660.00	800.00	4000.00
RE	285.00	422.60	350.00	480.00		4000.00
Actuals	136.81	318.83	392.44	258.52 (Exp. upto Jan,2011)		4000.00
Diff. b/w BE&RE	7.2	177.40	270.00	180.00		
Diff. b/w BE & actuals	155.39	281.17	227.56	401.48		
Diff. b/w RE & actuals	148.19	103.77	-42.44	221.48		

17. It is observed from the data that the total Eleventh Plan Outlay was Rs. 4000 crore. The allocation at BE stage during the years 2007-08 to 2010-11 was Rs. 2195 crore, which was reduced at RE stage to Rs. 1515 crore and the actual utilization upto January, 2011 is Rs. 1172.34 crore. Further, there is massive gap between the proposed allocation by the Department and the amount allocated by the Planning Commission at the BE stage. The proposed allocation are invariably reduced at BE stage which is further reduced at RE stage. On being asked to state the reasons for under utilization of outlay, the Department has stated as under:-

- (a) Tentatively approved 11th plan allocations were received from Planning Commission only in September 2007. Only thereafter the approval procedure could be initiated after availability of details of funds allocated under the schemes.
- (b). Some of the schemes though got approved during the last quarter of the Financial Year 2007-08, the time available for

implementation of the scheme and utilization of funds was very less and limited, hence funds could not be fully utilized.

- (c). Delay in obtaining the approval of the schemes from competent authority; and
- (d). Delay in adjustment of DGS&D bills well within the stipulated time.

18. Further, under the important scheme like Opening of Branch Post Offices, Establishment of Print Mail System in major cities, upgradation of IT infrastructure in Post Offices, Centralised Banking for POSB, Development of Centralized Banking Software, Setting up of AMPCs, Upgradation and Modernization of SPCCs and in many other schemes the physical achievements during each year of the Eleventh Plan has been Nil. The details of the status of implementation of various schemes are provided in the Appendix-II.

#### **V. RATE OF REMUNERATION FOR AGENCY SERVICES**

19. The Department of Posts are paid agency charges for the services rendered by them on behalf of other Departments/ organizations like Postal Life Insurance Pension Payments/Western Union Money Transfer etc. An Expert Committee set up by the Ministry of Finance in 1993-94 had fixed the rates of remuneration for the agency services for that year and had also recommended for an annual increase of 10 per cent in this remuneration, which the Ministry of Finance had not been adhering to after initial couple of years. Observing that there was differences between the Ministry of Finance and Department of Posts the Committee in their Thirteenth Report on Action Taken by the Government on the recommendations contained in their Sixty-second Report (Fourteenth Lok Sabha) on 'Management of funds by the Department of Posts through banking and insurance activities' which was presented on 21<sup>st</sup> August, 2010 has recommended that the Expert Committee constituted by the Ministry of Finance should give its report within the stipulated time of four months followed by expeditious decision by the Finance Ministry to settle the long pending issue.

20. During examination of Demands for Grants (2011-12), the Committee enquired about the status of the Expert group appointed by the Ministry of Finance to examine the issue of payment of rate of remuneration to

Department. In reply, the Department have stated that the Group is likely to submit the Report by 30<sup>th</sup> April 2011 to Ministry of Finance (Department of Economic Affairs). The information with regard to comparative statement for each year of Eleventh Plan clearly indicating the rate of remuneration received and due rate as per the recommendation of the Expert Committee has been shown in Appendix-III.

## **VI. ACCESS TO POSTAL NETWORK**

21. The objective of this scheme is to increase access to the postal network, keeping in view the Universal Service Obligation. The Committee have been informed that Post Offices are opened on the basis of distance, population and income norms fixed for this purposes and subsidy to the extent of 66.6 per cent of the recurring cost are provided in normal rural areas and 85 per cent in remote, hilly tribal and desert areas. The major activities implemented under the scheme are Opening of Post Offices by relocation/redeployment, opening of Franchisee Outlets and strengthening existing infrastructure in Branch Post Offices.

22. During the Eleventh Plan period, Rs. 45.11 crore was allocated for the activity. The Committee have been informed that due to restrictions of the Ministry of Finance on creation of post and its advice of opening of Post Offices to be done through rationalization and relocation instead of by creation of post, the Outlay was revised to Rs. 34.76 crore. During the year 2010-11, the proposed allocation was Rs. 11.41 crore, which was reduced to Rs. 0.53 crore at BE stage. The allocation was further reduced to Rs. 0.51 crore at RE stage and the actual expenditure upto January, 2011 was Rs. 0.3729 crore. For the year, 2011-12, the allocation at BE stage is Rs. 0.28 crore as against the proposed allocation of Rs. 14.71 crore.

23. During Eleventh Plan Period, there was a proposal to open 400 Extra Departmental Branch Post Offices (EDBOs) by creating equal number of new Gramin Dak Sewak (GDS) posts, open 700 Sub Post Offices (SOs) by relocation/redeployment of staff, and open 300 more EDBOs by relocation/ redeployment. On being asked to state the reasons for long pendency in getting the approval for opening of BPOs and SPOs, the Department in their reply have stated that the proposal for opening of 400 EDBOs by creation of Gramin Dak Sewaks (GDS) staff was submitted to the Department of Expenditure who had some reservations in sanctioning of new posts. Subsequently, the proposal has been reviewed based on the observations made by the Department of Expenditure and the same is under



examination of Integrated Finance Division of the Department. The Department is trying to provide postal facilities in location where there is need and demand by way of relocation of existing Post Office by opening of new Post Offices by redeployment of staff and by opening of commission based franchisee outlets.

24. On the issue of closing down Post offices, the Secretary during the course of the oral evidence stated as under:

"xxxx...there is no policy in this Department to close down post offices. We have no intention of doing so. But what we do is that because there is congestion within the city and when post office are very close to each other, we relocate the post offices into the expanding areas of the city, where there is a need for postal facilities. That is what we do".

### **Franchisee Outlets**

25. For the Annual Plan 2010-11, against the target of opening of 10 Franchisee Outlets, the achievement upto January, 2011 has been shown as NIL. For the Annual Plan 2011-12, no physical and financial targets have been provided in the Budget documents. On being asked to state the reasons, the Department has stated that at the beginning of the Eleventh Plan Period, it was planned to open 10,000 Franchisee Outlets throughout the country. Subsequently, the estimate was revised in the year 2008 due to non-availability of plan funds and it was decided to open 2,700 Franchisee Outlets every year for the remaining 3 years of the Plan period. Thus, a total of 8,100 Franchisee outlets were planned to be opened in the remaining three years. Due to curtailment of the Plan Budget of the Department, no funds could be provided for opening of Franchisee Outlets during years 2008-09 & 2009-10. During 2010-11, only Rs.1.00 lakh was provided for opening of Franchisee Outlets. However, without plan support, Circles managed to open 506, 272 & 191 Franchisee Outlets during 2008-09, 2009-10 & 2010-11 respectively. As on 31.3.2010, a total of 1082 Franchisee outlets were functioning in the country. Additional 191 Franchisee Outlets have been opened during 2010-11. As on 31.3.2011, total 1273 Franchisee Outlets are functioning in the country. Further, there are no physical targets for the year 2011-12.

26. About the status for providing commission based Outlets in rural areas, the Department of Posts have stated that they are implementing a scheme namely 'Panchayat Sanchar Sewa Kendra Yojana' exclusively for accessing postal facilities in rural areas. Recently, the Department have reviewed the functioning of the Panchayat Sanchar Sewa Kendra Agents and the range of services being offered by

these agents have been increased. The Sanchar Kendra Agents, who fulfill the eligibility criteria are formally engaged as Direct Agents of RPLI.

## **VII. MAIL OPERATIONS**

27. The objective of this scheme is to streamline mail operations, keeping in view the emerging needs of various customers segments, with special emphasis on the business mail segment. Rs. 470.88 crore was initially earmarked outlay for the plan activity 'Mail Operations' during XI Plan, which was enhanced to Rs. 620.28 crore on the assessment of EFC/SFC Memo.

### **Airlifting of Mail for Leh and Ladakh Sector**

28. During the course of study visit of the Committee to Leh and Srinagar from 21 to 26 June, 2010, the Committee were informed that the tonnage allocation to the Department of Posts by the Ministry of Defence was too less to meet the requirement for airlifting of mails for Leh and Ladakh sector. Against the requirement of 130 tonnage, during the year 2010-11, the Ministry of Defence allocated only 50 tonnes. The Department have been requesting the Ministry of Defence to enhance the tonnage allocation. However, no assurance in this regard has been received from the Ministry of Defence. When the Committee desired to know the feasibility of utilizing an aircraft like SARAS for sector like Leh and Srinagar, the Department have stated that they would look into this aspect. However, the cost of operations involved in use of SARAS aircraft would be critical in this regard.

## **VIII. BANKING AND MONEY TRANSFER OPERATIONS**

### **Post Office Savings Bank and Post Bank of India**

29. The objective of this scheme is to fully realize the potential of the vast customer base and credibility of India Post in the area of banking and money transfer operation. Two very important components under this Scheme are the setting up of Centralized Banking for Post Office Saving Bank (POSB) and Post Bank of India. The scheme Core Banking Solution *i.e.* Anywhere, Anytime Banking of Post Office Small Savings schemes has been included in the Eleventh Five Year Plan. The scheme envisages setting up of 4000 CBS Branches during the Plan period. When enquired about the action taken by the Department for implementation of Core Banking Solution (CBS), the Department have stated that the Request for Proposal (RFP) for CBS has been issued on 21<sup>st</sup> December, 2010 and technical evaluation is on for the bids which have been received. In the year 2011-12, the Department plan to implement CBS in 120 of the identified pilot offices by March 2012. Further,

it is proposed to implement CBS in all Departmental Post Offices in the Eleventh Plan.

30. With regard to the status of setting up the Post Bank of India, the Department have stated that a study conducted by the Administration Staff College of India has found that the Department of Post have considerable strength for converting its Postal Financial Services to Post Bank of India. On the issue of getting clearance and approval for setting up of Post Bank of India, the Department have informed that necessary approval from Reserve Bank of India (RBI) including permission to grant license for Post Bank of India will be sought after the Report submitted by the ASCI is considered and accepted.

31. Elaborating further in this regard, the Secretary of the Department of Posts during the course of oral evidence stated that:

'Regarding Post Bank of India, we have prepared only a roadmap and that has been put up to our Minister, who has approved it, after which we are now going to Finance Ministry. We are asking the Finance Ministry for its views.'

## **IX. INSURANCE OPERATIONS**

### **Postal Life Insurance and Rural Postal Life Insurance**

32. As per the information made available to the Committee, Postal Life Insurance was introduced in 1884 and is the oldest Life Insurance Scheme for the benefit of Government employees. The policy is meant for Central and State Government employees, personnel of Local Bodies, Government aided Educational Institutions, Universities, Nationalized Banks, many autonomous and financial institutions and Public Sector Undertakings of Central and State Governments. The Rural Postal Life Insurance Scheme was introduced in 1995 for the benefit of rural populace to cover people living in rural areas with special emphasis on weaker section and women workers.

33. The growth of premium income of PLI/RPLI is as under:-

#### **Postal Life Insurance (PLI)**

<b>Year</b>	<b>Premium Income (Rs in Cr)</b>	<b>% age Growth over previous year</b>	<b>Withdrawals</b>
<b>2007-08</b>	1480.34	22.16	630.69
<b>2008-09</b>	1860.52	25.68	833.14
<b>2009-10</b>	2412.75	29.68	1153.60
<b>2010-11</b>	2191.64 (upto Dec' 10)		

#### **Rural Postal Life Insurance (RPLI)**

<b>Year</b>	<b>Premium Income (Rs in Cr.)</b>	<b>% age Growth over previous year</b>	<b>Withdrawals</b>
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<b>2007-08</b>	664.70	10.60	148.62
<b>2008-09</b>	880.11	32.50	148.62
<b>2009-10</b>	1357.32	54.22	304.11
<b>2010-11</b>	981.39 (upto Dec' 10)		

34. When asked to state the steps being taken to popularize the scheme amongst target clientele, the Department have stated that a number of steps have been taken to popularize the schemes which inter-alia include – (a) engaging more agents from amongst Self Help Group and Aanganwadi workers for selling of PLI and RPLI policies (more than 18,000 Direct Agents have been engaged so far), (b) making the incentive structure more attractive in conformity with Industry standards, and (c) carrying out an aggressive publicity campaign through print and electronic media and also local media in rural areas, etc.,.

35. About the steps taken by the Department to provide access to customer to view online status of policy, the Department have informed that the entire operations of PLI and RPLI have been computerized. The facility to pay premium from any post office in country by the customers has been provided. However, the facility to view and pay their premium online is under development and is likely to be completed soon.

#### **X. IT – INDUCTION –POSTAL OPERATION**

36. The Committee have been informed that during the Eleventh Plan a major thrust has been given to IT induction and the Department aims to computerize all Post Offices including Branch Post Offices by the end of the Eleventh Plan. Some of the important components of this scheme are Computerization and Modernisation of Post Offices, Project Arrow, Setting up of AMPCs, Computerization of PAOs etc.

#### **Computerization of Post Offices**

37. As per the Annual Report (2009-10), a total of 12604 Departmental Post Offices were stated to have been computerized upto 31<sup>st</sup> March, 2009. As per the Outcome Budget (2011-12), the same figure about the computerization of Departmental Post Offices has been provided. The category wise computerization status as indicated in the Outcome Budget is as under:-

<b>Category of Post Offices</b>	<b>No. of Post Offices</b>
Head Post Office	839
Above Double Handed Sub Post Offices	6671

Double Handed Sub Post Offices	4498
Single Handed Sub Post Offices	596
<b>Grand Total (upto 31 March, 2010)</b>	<b>12604</b>

38. The Department have further informed that EFC phase II was approved in August, 2010, and the tentative physical target for single handed Post Offices computerization is 13420, out of which, hardware has been ordered for 9600 Post Offices. 596 Single handed Post Offices have already been computerized. Hence, 10196 single handed Post Offices have been computerized at an expenditure of 51 crore (approx). Spillover of single handed Post Offices will be taken in 2011-12.

## **XI. MARKETING RESEARCH AND PRODUCT DEVELOPMENT**

### **Expansion of Speed Post and Logistic Post**

39. Speed Post service was introduced in 1986 to provide fast and time bound delivery service. Presently, it has a network covering 314 major cities and towns. In addition, 986 towns and District headquarters are on State Speed Post Network. Under Speed Post, the Department had earned revenue of Rs. 455.24 crore in 2007-08, Rs. 515.27 crore in 2008-09, and Rs. 613.76 crore in 2009-10. When asked about the measures proposed to be taken for further growth of Speed Post Services in the country especially in the rural areas, the Department have stated that they have prepared an action plan for making Speed Post more effective in the country including rural areas and have taken steps during the current Plan period which include (i) Technological upgradation of 74 Speed Post Centres, (ii) Improving the efficiency of the operations, (iii) Establishing of 39 premium Speed Post delivery centers for improving the quality of delivery, (iv) Establishment of 25 new Speed Post Centres and (v) Introduction of Web based Track and Trace System called "SpeedNet" for Speed Post articles. Further, facility of Speed Post Service is provided from a post office taking into account the market requirement, customer needs, potential business, transport connectivity available etc.

40. The purpose of introducing Logistics Post is to provide transportation, distribution, warehousing and other value added services. As per the information provided, the revenue earnings under Logistic Post was Rs. 5.53 crore in 2007-08, Rs 8.49 crore in 2008-09, and Rs 14.09 crore in 2009-10. Further, Rs. 6.50 crore was received in 2009-10 and Rs 31.2 crore in 2011-12 as payment towards RGI

Logistic Project, which is presently credited to the temporary head of account. The actual revenue receipts under Logistic Post during 2009-10 would be Rs 21.38 crore and Rs 60.63 crore (up to February, 2011) in 2010-11.

41. *When the Committee enquired about the market size of the Logistic Post in the Country, the Department in their reply have stated that as per the industry survey done in 2003 by M.S Ferguson & Co. for the Department of Posts, logistics & parcel business in India, is to the tune of Rs 75,000 crore. Further, India Report of Cushman & Wakefield revealed that "the logistics sector has been growing at impressive rate of 8 to 10 percent per annum since 2002 to touch revenues of \$100 billion in 2007-08".*

42. With regard to the expansion of Logistic Post, the Department have stated that the measures initiated include (i) Establishment of more number of Logistics Post Centers, (ii) Operationalisation of more number of LTL routes, (iii) Establishment of Logistics Post Centers with warehousing facility and (iv) Increasing the range of the services viz. LTL, FTL, warehousing, pick and pack, kitting, order processing, reverse logistics etc.

## **XII. ESTATES MANAGEMENT**

43. As per the information made available to the Committee, under the scheme, focus is to generate revenue from estates in the commercial locations by entering into a Public Private Partnership. In reply to a question, about total land available and number of plots situated in the prime locations, the Department have stated that a total of 1871 plots are available with the Department out of which 403 are located in the prime locations. On being asked to state whether any study has been conducted by the Department to ascertain the market value of the land, the Department have stated that no study to ascertain the market value of the land has been done.

44. When a clarification was sought about commercial utilization of land, the Secretary of the Department, during the course of the oral evidence stated as under:

"Regarding commercial utilization of sites, an Inter-Ministerial Group has been formed and they will be going into deliberations on how the Department is going to put up a structure in place so as to carry out the commercial utilisation of space and also safeguard the interests of the Department'.

45. On the specific timeline for preparing the report, the Secretary further stated as under:

'Probably, in six months they should come out with a report and after that we will go back to the Committee of Secretaries.'

46. When the Committee enquired about the total number of plots that have been encroached upon and the measures being taken to reclaim the land, the Department have stated that 232 plots have been encroached upon and legal action has been taken in 62 cases.

47. In the above context, the Secretary of the Department during the course of oral evidence stated as under:

"With regard to plots and encroached plots, we are aware that sometimes our plots do get encroached, but we have told our Heads of Circles to make every attempt to make sure to safeguards these plots. So, when a plot gets encroached we do report to the police and the local authorities and make every attempt to get the encroachments removed. Most of our plots have compound walls and we have asked our inspectors to keep checking all these plots."

48. When asked to state whether the land records of all the 1871 plots have been computerized, the Secretary during the course of deliberation stated as under:

"We do not have it but we will do it. We are going to do it. We have the records in manual form."

49. About the timelines to complete the computerization process of land records, the Secretary during the course of evidence stated as under:-

"We will complete it in eight months."

### **XIII. MISCELLEANOUS**

#### **(i) Regulatory Mechanism for Private Courier Services**

50. About the proposed plan of the Department on the issue of setting up of regulator for courier services, the Department in the written reply have stated that there is no proposal to have a regulator for the sector since it is *de-facto* open for all operators and there are no entry barriers. Further, couriers perhaps do not feel the need for a regulator as it is perceived by them as restrictive.

51. Clarifying the position in this regard, the Secretary, Department of Posts during the course of oral evidence stated as under:

"We have examined this issue exhaustively. We have decided that we do not at present need a regulator because the entry level for getting into the business of courier is very easy. You

can easily get into this business but we have found that it is highly unregulated kind of service where nobody knows how many couriers are there. About 20 per cent are high level couriers like TNT, Blue Dart, etc., while others are mid level couriers. We have thousands of small courier companies functioning all over the country in small pockets that are delivering mail only within particular town or within a city. We have decided we will have a registration. We will have a format for registration of couriers so that these couriers actually do not exploit their employees and also follow all the labour laws of the Government of India but to actually regulate their prices, their rate, their operations, we do not need it at this time. That is what we felt. So, that is the kind of proposal that we are making'.

**(ii) Issues Pending with the Ministry of Finance**

52. Some of the long pending issues with the Ministry of Finance as constantly been pursued by the Committee in various reports include providing autonomy to the Department of Posts on the issues of rates of interest 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, in terms of policy matters with regard to insurance activities of DoP and positive consideration in fixing the rate of remuneration provided to DoP for various agency services, etc.

53. When asked to furnish the latest status of the above proposal, the Department have stated as under:-

**i. Increasing the ceiling of Deposits in Single and Joint Accounts of the Postal Savings Bank**

Ministry of Finance (Department of Economic Affairs) has informed that this is under consideration of the Department of Revenue

**ii. Enhancement of rate of remuneration for maintaining Savings Bank (SB) and Saving Certificates (SC) accounts including zero balance account.**

The matter has been referred to Expert Group which is likely to submit its recommendation by 30<sup>th</sup> April 2011 to Ministry of Finance.

**iii. Provision of competitive rates of interest under various Small Savings Schemes.**

This issue has been referred to another Expert Group headed by Dy. Governor of Reserve Bank of India (RBI) by Ministry of Finance which has not yet submitted its report.



**iv. Providing autonomy to the Department of Posts particularly with regard to taking initiatives to extend their clientele and introduce new products on their own.**

Ministry of Finance (Department of Economic Affairs) has agreed to delegate some power of relaxation of rules relating to Small Savings Schemes but yet to issue orders in this regard.

**v. Opinion sought from the Ministry of Law on the competent of the IRDA to regulate the insurance activities of the DoP.**

Department of Legal affairs, Ministry of Law sought certain clarifications which were forwarded to Ministry of Finance on 18.08.2010. The same were forwarded by MOF to IRDA for comments. IRDA raised certain queries which were referred back to DOP on 11.11.2010. Replies to the same have also been sent on 2.12.2010 to Department of Financial Services, MOF asking them to forward the same to Ministry of Law. Nothing has been heard since then from the Department of Financial Services, Ministry of Finance.

**PART II**  
**RECOMMENDATIONS/OBSERVATIONS**

**I. BUDGETARY ANALYSIS**

**(i). GROSS EXPENDITURE**

The Committee note that the Gross Expenditure of the Department of Posts has been increasing over the years. The Gross Expenditure of the Department which was Rs.7272.66 crore in 2007-08 has increased to Rs.13346.94 crore in 2009-10. During 2010-11, the Gross Expenditure at BE stage was Rs.11328.78 crore, which at RE stage increased to Rs.13427.83 crore and the actual expenditure was Rs.11308.93 crore upto January, 2011, which might have increased with the closing of financial year. According to the Department, the rise in expenditure is mainly due to payment of enhanced salary to regular employees and pension to retirees, and payment of 60 per cent arrears of Time Related Continuity Allowance (TRCA) to Gramin Dak Sewaks. Taking note of increasing Gross Expenditure of the Department, the Committee in its various Reports have persistently been recommending the Department to contain the growing expenditure. In this context, the Committee would emphasize that computerization of various activities and prudent utilization of resources would help the Department in reducing the working expenses. Further, the Department should also identify new areas of business opportunities to earn more revenue to supplement the growing expenditure. The Committee would like to be apprised about the action taken in this regard.

**(ii) Recoveries**

2. The Committee note that the recoveries received by the Department of Posts from Postal Life Insurance, Western Union Money Transfer and other Departments/organizations have been slowly increasing. The recoveries in 2007-08 were Rs.266.32 crore which increased to Rs.438.94 crore in 2009-10. During 2010-11, the recoveries at BE stage was Rs.436.55 crore which at RE stage was Rs.566.58 crore i.e. an enhancement of Rs.130.03 crore. The actual recoveries upto January, 2011 was Rs.66.99 crore which according to the Department would increase when the recoveries on PLI and customs would be booked by

**PAO, Kolkata as Annual Adjustment in March, 2011. Regarding introduction of new products under Postal Life Insurance, the Secretary of the Department during the course of oral evidence stated that the Ministry of Finance was not allowing Postal Life Insurance to introduce different kinds of policies. In this context, the Committee note that the issue of providing autonomy to the Department of Posts to extend their clientele and introduce new products on their own has been long pending with the Ministry of Finance. In this connection, on the directions of the Committee, a meeting was held on 19<sup>th</sup> April, 2010 under the Chairmanship of Finance Secretary (FS) to sort out various issues raised by the Department of Posts. The Committee have now been informed that the Ministry of Finance has agreed to delegate some powers relating to Small Savings Schemes. Now it has been reported that the panel set up by the Government has recommended new rates for Small Savings Schemes and the new rates are likely to be notified shortly. The Committee would like to be apprised about the recommendations made and follow up action taken in this regard.**

### **(iii) REVENUE RECIEPTS**

**3. The Committee note that the revenue receipt of the Department has been gradually increasing. The revenue receipts of the Department of Posts during 2007-08 was Rs.5494.90 crore which increased to Rs.6266.70 crore in 2009-10. During 2010-11, the revenue receipts at BE stage was Rs.6955.54 crore which at RE stage reduced to Rs.6814.59 crore and the actual has been Rs.5332.54 crore upto January, 2011. The Department is hopeful that its revenue would enhance considerably in case the Committee set up for considering the Savings Bank/Cash Certificates Remuneration-Rate revision recommends an enhancement in the rate of remuneration and the same is implemented during the year. The item-wise analysis of the Revenue Receipts indicates that under the heads 'Sale of Postage Stamps' and 'PRC-Sale of Postage Stamps', the Revenue Receipts of the Department has been sharply declining. The Secretary during the course of the oral evidence conceded that regarding ordinary mail, first class mail, there has been some negligence for quite some time as the Department of Posts was concentrating only on Speed Post. The Committee have persistently been recommending that the working**

expenses of the Department should be met from the revenue earned by the Department. However, as per the data furnished by the Department indicates that under some of the items the revenue of the Department has declined. The Committee desire that the Department should take steps to increase its revenue receipts to meet the growing working expenses. The Committee are of the view that to maximize revenue with a view to supplement the increasing expenditure, the Department should take steps to enhance its revenue and reduce working expenses to bridge the increasing deficit. The Department should pay focused attention on ordinary mail and identify areas where the revenue has been declining. The Committee would like to be apprised about the steps taken in this regard.

#### **(iv) REVENUE DEFICIT**

4. The difference between the gross expenditure and revenue receipts is the deficit of the Department. The revenue deficit of the Department in 2007-08 was Rs.1511.44 crore which increased to Rs.6641.30 crore in 2009-10. In 2010-11, the revenue deficit at BE stage was Rs.3936.59 crore which at RE stage was increased to Rs.6046.66 crore. The actual deficit upto January, 2011 was Rs.5909.40 crore. During the course of oral evidence, the Secretary of the Department informed the Committee that the Department has been able to stabilize its deficit which has been growing considerably in the last two years on account of Sixth Pay Commission and payment of arrears to Gramin Dak Sewaks. Appreciating the efforts made by the Department to reduce the deficit, the Committee hope that the Department would be able to contain the deficit during 2011-12 also. The Committee desire that the Department should expand its business activity by adopting aggressive marketing strategy. Further, the Department should also explore the possibility of using the land available with the Department for earning revenue to reduce revenue deficit.

#### **II. UTILISATION OF PLAN OUTLAYS**

5. The Committee note that as against the total outlay of Rs. 4000 crore for the Eleventh Plan, the actual allocation was Rs. 2195 crore. The allocation was further reduced to Rs. 1515 crore at RE stage by the Ministry of Finance, out of which, Rs. 1172.34 crore has been utilized upto February, 2011, which is just 29.30 per cent of the total allocation. The Committee further observe that there is massive gap

between the proposed allocation by the Department and the amount allocated by Planning Commission at BE stage. During 2010-11, as against the proposed allocation of Rs. 1270 crore, the allocation at BE stage was Rs. 660 crore which was further reduced to Rs. 480 crore at RE stage and the actual expenditure upto January, 2011 was Rs. 258.52 crore. Besides, inability of the Ministry to utilize the outlay, delay in approval of the schemes is an area of concern to the Committee. The Committee note that under some of the important schemes like opening of Branch Post Offices, Establishment of Print Mail System in major cities, upgradation of IT infrastructure in Post Offices, Centralised Banking for POSB, Development of Centralized Banking Software, Setting up of AMPCs, Upgradation and Modernization of SPCCs the physical achievements during each year of the Eleventh Plan has been nil. The aforesaid scenario indicates that there is serious problem in implementation of the plan schemes of the Department. The Committee strongly recommend that the Department should make concerted efforts to streamline the approval system so that the schemes are approved expeditiously and the funds allocated are fully utilized.

### **III. RATE OF REMUNERATION FOR AGENCY SERVICES**

6. The Committee note that the Department of Posts receive agency charges for the services rendered by them on behalf of other Departments/ organizations like Postal Life Insurance Pension Payments/Western Union Money Transfer etc. The Committee in their Thirteenth Report on Action Taken by the Government on the recommendations contained in their Sixty-second Report (Fourteenth Lok Sabha) on 'Management of funds by the Department of Posts through banking and insurance activities' has recommended that the Expert Committee constituted by the Ministry of Finance should give its report within the stipulated time followed by expeditious decision by the Finance Ministry to settle the long pending issue. Now, the Committee have been informed that the Expert Group constituted by the Ministry of Finance is likely to

submit its Report by 30<sup>th</sup> April, 2011. The Committee hope that by now the above Report would have been submitted to the Ministry of Finance. The Committee would like to be informed about the recommendations made in the above Report and follow up action taken by the Department of Posts/Ministry of Finance in this regard.

#### **IV. ACCESS TO POSTAL NETWORK**

7. The Committee note that there was a proposal for opening of 400 Extra Departmental Branch Post Offices (EDBOs) by creating equal number of new Gramin Dak Sewaks (GDS) posts, open 700 Sub Post Offices (SPOs) by relocation/redeployment of staff and open 300 more Extra Departmental Branch Post Offices (EDBOs) by relocation/redeployment in the Eleventh Plan. The proposal for opening of 400 Extra Departmental Branch Post Offices (EDBOs) by creating equal number of Gramin Dak Sewak posts is under consideration within the Integrated Finance Division of the Department. The Committee observe that instead of opening new Branch Post Offices and Sub-Post Offices, the Department is resorting to relocation and redeployment of the existing Post Offices. The data provided by the Department indicates that not even a single Branch/Sub-Post Office was opened during the last three years i.e. from 2007-08 to 2010-11. The Committee feel that there is a need for opening of more Post Offices as out of 620515 inhabited villages, only 138889 inhabited villages have Post Offices. The Department have been laying more emphasis on relocation/redeployment of Post Offices taking the plea of congestion in the area. Since relocation/redeployment of Post Office affect the access to postal facilities in an area, the Committee would like to caution the Department to first assess the implications of relocating a Post Office so that people do not have to walk long distance for availing basic postal service. The Committee further desire that the proposal for opening 400 BOs by creating equal number of GDS employees should be processed at the earliest so that the equal number of Branch Post Offices could be made functional.

#### **FRANCHISEE OUTLETS**

8. The Committee note that the Department of Posts have been implementing two commission based schemes i.e. 'Franchisee

**Outlets' in the urban and upcoming urban areas and 'Panchayat Sanchar Sewa Kendra' in the rural area for expanding the postal network. Franchisee Outlets are opened where a Post Office cannot be opened as per departmental norms. The Committee note that the proposal for opening of 10,000 Franchisee Outlets during the Eleventh Plan was reduced to 8100 Franchisee Outlets as per the SFC memo. The Department could not achieve the target for opening 8100 Franchisee Outlets since, no plan funds were allocated during the years 2008-09, 2009-10 and 2011-12. However, without plan support, the Department was able to open 506, 272 & 191 Franchisee Outlets during 2008-09, 2009-10 and 2010-11 respectively. During 2011-12, the Department proposes to open 100 Franchisee Outlets without plan support. The Committee are of the view that the concept of Franchisee Outlets is a novel idea for the expansion of postal network in the expanding urban areas. As Franchisee Outlets do not add to the establishment cost of the Department, all initiatives should be taken by the Department to open more Franchisee Outlets in upcoming urban townships, new industrial centres, colleges etc. for expansion of postal network.**

**9. Since both Franchisee outlets' and 'Panchayat Sanchar Sewa Kendra' are commission based schemes, the Committee desire that the Department should urgently look into the proposal to enhance the rate of commission under both the above schemes.**

#### **V. MAIL OPERATION**

**10. The Committee note with concern that the Ministry of Defence has not been able to allocate the desired tonnage to the Department of Posts for airlifting of mails for Leh and Ladakh Sector. As against the requirement of 130 tonnage during 2010-11, the Ministry of Defence has allocated only 50 tonnes for airlifting of mails for Leh and Ladakh Sector. The reduced tonnage allocation has led to inordinate delay in the delivery of mail to the people living in these areas. Despite taking up the matter at the appropriate level, no assurance has been received by the Department of Posts from the Ministry of Defence in this regard. The Committee**

desire that the Department should make efforts to manage the tonnage requirement independently. The Committee desire the Department to explore the feasibility of acquiring the small aircraft like SARAS for airlifting of mail for Leh and Ladakh Sectors. Further, engaging the services of Private airlines should also be explored. The Committee desire the Department to examine the above suggestions and respond to the Committee.

## **VI. BANKING AND MONEY TRANSFER OPERATIONS**

### **Post Office Savings Bank (POSB) and Post Bank of India**

11. The Committee are deeply concerned to note that two important schemes of the Department viz. Centralized Banking for Post Office Savings Bank (POSB) and Post Bank of India which could have revolutionized the banking and money transfer operations of the Department are yet to be implemented. The Committee have been informed that the Department plan to implement Core Banking Solution (CBS) in 120 of the indentified pilot Post Offices by March 2012. On the setting up of Post Bank of India, the Secretary during the course of the oral evidence stated that a roadmap on Post Bank of India will be sent to the Ministry of Finance for its view. With regard to Core Banking Solutions, the Committee feel that the scheme can be made operational only when the Post Offices have been fully computerized. However, the computerization of Post Offices, as discussed in the subsequent part of the Report, is far lagging behind the schedule. Observing delay in computerization of Post Offices, the Committee in their Fifteenth Report (Fifteenth Lok Sabha) on 'Modernisation of Post Offices' has recommended for the speedy computerization of post offices followed by the introduction of banking operations of the Department. Since, computerization of Post Office is prerequisite for implementation of CBS, the Committee strongly recommend that the Department should make sincere effort for computerization of Post Offices so that the CBS in 120 Post offices could be made functional by March 2012. Further, all the formalities connected with setting up of Post Bank of India should be completed within definite timelines in consultation with concerned authorities so that the Post Bank of India could be set up at the earliest. The Committee may be informed about the outcome of the efforts made by the Department.



## **VII. INSURANCE OPERATIONS**

**12. The Committee have been informed that entire operation of PLI/RPLI have been computerized. The facility would enable the customers to pay premium from any Post Office in the Country. However, the facility to view and pay the premium online is still under development and is likely to be completed soon. The Committee are disappointed to note that the Department of Posts have not been able to provide the facility of viewing and paying online premium of PLI/RPLI, whereas, the new entrants in insurance sector has been providing the facility to the customers. Since, the insurance sector is technological driven and customer desire more and more facility online, the Committee strongly recommend that the facility of viewing and paying the premium online should be made functional at the earliest. The specific steps taken in this regard should be communicated to the Committee.**

## **VIII. IT INDUCTION – POSTAL OPERATION**

### **Computerization of Post Offices**

**13. The Committee are disappointed at extremely slow pace for computerization of Post Offices. As per the Annual Report (2009-10) of the Department of Posts, 12604 Post Offices were stated to have been computerized up to 31<sup>st</sup> March, 2009. Now, as per the Outcome Budget (2011-12) of the Department, the same figure about computerization of Departmental Post Offices has been provided. It implies that during the year 2009-10, not even a single PO was computerized. The Committee have now been informed that under EFC Phase II, out of 13420 Single Handed Post Offices, 10196 such Post Offices have been computerized and the remaining single handed Post Offices would be taken up in 2011-12. The Department have not furnished the information about computerization of Branch Post Offices under EFC Phase-II. With the existing pace, the Committee feel that it will take considerable time for the Department to computerize all the Post Offices in the country. Emphasizing the need for**

computerization of Post Offices, the Committee in their Fifteenth Report on 'Modernisation of Post Offices' had pointed out that availability of power, broadband connectivity and training of personnel who would be using the devices are some of the big challenges before the Department. Since, many core activities of the Department viz. Core Banking Solution, Post Bank of India, Mail and Insurance Operation are related to computerization, the Committee recommend that the Department should give utmost priority to computerization of Post Offices and earnest efforts should be made to achieve the target envisaged under Eleventh Plan.

## **IX. MARKETING RESEARCH AND PRODUCT DEVELOPMENT**

### **Expansion of Speed Post and Logistic Post**

14. The Committee note that revenue earnings from Speed Post and Logistic Post have constantly been increasing over the years. Under Speed Post, the Department has earned a revenue of Rs. 455.24 crore in 2007-08, Rs. 515.27 crore in 2008-09, and Rs. 613.76 crore in 2009-10. Under Logistic Post, the revenue earnings was Rs. 5.53 crore in 2007-08, Rs. 8.49 crore in 2008-09, Rs. 21.38 crore during 2009-10 and Rs. 60.63 crore during 2010-11 (upto February, 2011). The Committee have been informed that the Department of Posts had conducted a study in 2003 to ascertain the market size of Logistic and Parcel Post in India. The study revealed that the Logistic and parcel business in India is to the tune of Rs. 75000 crore and has been growing at an impressive rate of 8 to 10 per cent per annum since 2002. Since, Logistic Post and Speed Post hold tremendous opportunities for generating revenues, the Committee desire that a roadmap to tap the market potentials under Logistic and Speed Post may be prepared which may help the Department to earn more revenue.

## **X. ESTATES MANAGEMENT**

15. The Committee note out of 1871 vacant plots available with the Department, 403 plots are located in prime locations. Further, a total of 232 plots have been encroached upon and Department have initiated legal action for eviction of only 62 plots. The Committee are surprise to note that the Department has conducted no study so far to ascertain the market value of the land. The Department now intend to enter into a Public Private Partnership to develop estates in the commercial locations for revenue

generation. In this regard, an Inter Ministerial Group has been formed which is likely to submit its report by October, 2011. The Committee find that the number of plots available with the Department are quite large and these are not being fully utilized to earn revenue. In fact the real estate management is not being utilized in a fruitful manner. The Committee therefore, recommend that the possibility of commercial utilization of land, which may earn reasonable revenue for the Department should be explored. This would enable the Department to reduce its revenue deficit. Further, vigorous efforts should be made to get the land vacated which have been encroached upon by unauthorized people. The Department have taken legal action for eviction of only 62 plots. As such, the Committee desire that the Department should take assistance of the Law Enforcing Agencies for vacation of the remaining 170 plots which have encroached upon. The Committee recommend that the vacant plots should be protected by fencing/erecting of boundary walls and deployment of security guards. The Committee desire that the Department should ensure that its officials are not involved in encroachment of plots. In case of encroachment under the jurisdiction of an officer, the concerned officer should be held accountable for encroachment. The specific steps taken in this regard should be communicated to the Committee.

16. The Committee are surprised to note that the data of land records are maintained by the Department in manual form. This is a sorry state of affairs. During the course of oral evidence, the Secretary of the Department has assured the Committee that the work of computerization of all the data relating to land available with the Department would be completed within eight months. The Committee recommend that the Department should have a centralized computerized system of land records and the computerization work should be completed within a definite timeframe. A proper satellite mapping of the land available with the Department should also be done through application of GIS technology.

## **XI. MISCELLANEOUS**

### **Regulatory Mechanism for Private Courier Services**

17. The Committee have been informed that private courier service is *de-facto* open for all operators and there are no entry barriers. About the need

for a regulator for the sector, the Department have informed there is no proposal to have a regulator for private courier service. Further, no reliable data is available about the number of couriers operating in the Country. The Committee find the response of the Department surprising especially taking into account that when all commercial activities are regulated under certain laws and rules, the Department do not feel the need to have a regulator for private courier services in the country. The Committee feel that the Government is losing money as it can raise revenue by way of licence/entry fee etc. for running the courier services. The Committee strongly recommend that a regulatory body for private courier services should be set up at the earliest. The specific steps taken in this regard may be communicated to the Committee.

## **XII. LONG PENDING ISSUES**

18. The Committee note that some of the issues on which the Committee had recommended in their various reports have long been pending with the Ministry of Finance. These 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, in terms of policy matters with regard to insurance activities of DoP and positive consideration in fixing the rate of remuneration provided to DoP for various agency services, etc.. The Committee in its Fifth Report on Demands for Grants (2010-11) had recommended that these issues should be sorted out without any further delay. A year later, the Committee find that no tangible progress has been achieved as all the issues are yet to be resolved. Expressing its displeasure over undue delay in sorting out the long pending issues, the Committee again emphasize that these issues should be vigorously pursued by the Department of Posts with the Ministry of Finance for early settlement of these long pending issues.

**NEW DELHI**

**22 July, 2011**  
**31 Sravana, 1933 (*Saka*)**

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

## Brief Summary of the Demands for Grants 2011-12 of the Department of Posts

(Rupees in Crore)

Particulars	Actual 2008-09	Actual 2009-10	BE 2010-11	RE 2010-11	BE 2011-12	% inc/Dec of Col 5 over Col 3	% Inc/Dec Of Col 6 Over Col 5
1	2	3	4	5	6	7	8
<b>Revenue Section</b>							
Gross Expenditure	9756.24	13346.94	11328.78	13427.83	13522.36	0.61	0.70
Deduct-Recoveries	300.82	438.94	436.65	566.58	695.11	29.08	22.69
Net Expenditure	9455.42	12908.00	10892.13	12861.25	12827.25	-0.36	-0.26
Postal Receipts	5862.33	6266.70	6955.54	6814.59	7517.70	8.74	10.32
Deficit	3593.09	6641.30	3936.59	6046.66	5309.55	-8.95	-12.19
<b>Capital Section</b>							
Gross Expenditure	244.85	261.66	329.55	297.65	518.12	13.75	74.07
Deduct-Recoveries	-	-	-	-	-	-	-
Net Expenditure	244.85	261.66	329.55	297.65	518.12	13.75	74.07

**Provision for North East:**

From the above available Grant, the provision for the Development of North East Region was earmarked as under:

(Rupees in Crore)

Head of Account	BE 2010-11	RE 2010-11	BE 2011-12
2552 - Revenue Plan	26.70	121.15	60.23
4552-Capital Outlay	39.30	11.01	23.52

## Rate of Remuneration from 1993-94 to 2011-12

Financial Year	Rate Due as per recommdns. of Expert Committee	Rate received (per Live Account)	Rate Due as per recommdns of Expert Committee	Rate received (per Certificate)	Rate Due as per recommendations of Expert Committee	Rate received (per IVP)
1993-94	45.35	45.35	12.8	12.8	3.4	3.4
1994-95	49.89	49.89	14.08	14.08	3.74	3.74
1995-96	54.88	54.88	15.48	15.48	4.11	4.11
1996-97	60.37	60.37	17.02	17.02	4.52	4.52
1997-98	66.41	66.41	18.74	18.74	4.97	4.97
1998-99	73.05	73.05	20.61	20.61	5.47	5.47
1999-00	80.36	80.36	22.67	22.67	6.02	6.02
2000-01	88.4	88.4	24.94	24.94	6.62	6.62
2001-02	96.8	94.24	27.43	27.43	7.28	7.28
2002-03	106.48	100.26	30.17	28.3	8	7.52
2003-04	117.12	102.63	33.18	28.96	8.8	7.69
2004-05	128.83	106.97	36.49	30.19	9.68	8.02
2005-06	141.71	111.12	40.13	31.36	10.64	8.33
2006-07	155.88	114.46	44.14	32.3	11.59	8.58
2007-08	171.46	117.89	48.55	33.27	12.74	8.84
2008-09	188.6	123.33	53.4	34.8	14.01	9.24
2009-10	207.46	129.49	58.74	36.54	15.41	9.7
2010-11	228.2	135.96	64.61	38.37	16.95	10.19
2011-12	251.02	142.76	71.07	40.29	18.64	10.69



2	MAIL OPERATIONS											
a	Establishment of Print Mail system in major cities	1	0	0	1	0	0					
b	Publicity for redesigned pin code	country wide	0	0	country wide	0	0	1	1	1	1	
c	Setting up of Mail Business Centres	10	10	0	50	50	0	150	50	3	50	89 completed
d	Wet leasing of Aircraft for carriage of Mails for NE	1	1	1	1	1	1	1	1	1	3	1
e	Wet leasing of Aircraft for carriage of Mails for major cities		3	0	0	0	0	3	3	3		
f	Upgradation of International Mail Processing facilities at Offices of Exchange	6	6	0	21	21	21					
g	<b>Mechanisation of delivery</b>					70	70					
(i)	Road transportation of mails by MMS	100	50	0		10	10	30	30	30	19	9
(ii)	Vehicles for LB clearance	40	40	0	9	9	10		0	0		
(iii)	Mechanisation of delivery	335	300	0		14	20				250	Orders placed for supply of 250 vehicles



(i)	Philatelic Exhibitions	51	64	0	15	15	15	15	15	6	6	
(ii)	Business web site for Philately											
(iii)	Relocation of National Philatelic Musuem	1	1	0	1	1	1					
b	<b>Modernisation of Philately Operations</b>											
(i)	Modernisation and Networking of Philately Bureaux	69 bureaux	69 bureaux	0	1	1	3	10	10	7		
(ii)	Circle Stamp Depots - providing connectivity	0	0	0	19	19	19	10	10	7	10	
c	<b>Training for Promotion of Philately</b>											
(i)	Philately Managers/ Pas through PTCs	155	155	0	5	0	0	55	55	55		
(ii)	Attending International Philatelic events											
6	<b>Estates Management</b>											
a	<b>Construction of Post Office Buildings</b>											
(i)	Construction of Post Office Buildings	Completion of 18 projects	Completion of 12 projects	Completed 34 projects	Completion of 40 projects+ 20 new projects	Completion of 40 projects+ 20 new projects	Completed 15 projects and commenced 32 new projects	Completion of 30 projects	Completion of 16 projects	completed 13 projects (9 spillover & 4 new)	24 offices	completed 18 offices

(ii)	Construction of Administrative Offices	Completion of 10 projects	Completion of 10 projects	Completed 2 projects	Completion of 7 projects+1 new project	Completion of 7 projects+1 new project	Completed 5 projects.	Completion of 5 AO projects	Completion of 4 AO projects	completed 3 projects (2 spillover & 1 new)	2 offices	completed 1 office
b	Construction of Staff Quarters	Completion of 20 projects	Completion of 20 projects	Completed 7(17) projects	Completion of 10 projects+1 new project	Completion of 10 projects+1 new project	Completed 1 project(S Q) and started 5 new projects.	Completion of 6 Staff Qrts	Completion of 5 Staff Qrts	completed 5 projects (27 qtrs)	9 Projects	Funds released for 4 offices for completion and 6 for commencing
c	Purchase of land											
(i)	Purchase of land	10	12	0	1	1	2	1	1	1	1	1
d	Preservation of Heritage Buildings	7	7	8	2	2	6	10	3	3	10	Funds released for 17 Pos
e	Building component for Mail Business Units	1	1	0								
f	Improving Environment & Ergonomics	300	300	0				10	10	12	25 offices	
7	IT Induction - Postal Operations											
a	Computerisation & Modernisation of post offices	1570	1570	1376	8000	5000	2347	5100	2000	2920+92 upgradation	13420 Pos	1811 offices completed
b	Software for ERP solutions				1	0	0	1	1	1	1	
c	Project Arrow					500	500	500	500	500	500 offices	383 post offices complete



(i)	Management Programmes for Group 'A' & 'B' officers	360	360	360	90	90	257	345	345	503	40			
	Induction training program for Accounts							850	850	188	100	1058		
(ii)	Training of Supervisors	2000	2000	2000	2000	2000	2598	500	500	2095				
(iii)	Training of Post Masters	500	500	500										
(iv)	Training of SBCO Staff				30	30	0							
(v)	Training of Civil Wing Officers				65	65	0	25	25	0				
(vi)	Training of Accounts Staff	1000	1000	1000	1064	1064	0	250	250	150				
(vii)	Training of ASPOs	500	500	564	500	500	407	500	500	191				
(viii)	Training of SAG/JAG officers in reputed training institutes abroad													
(ix)	Training of Group 'A' & 'B' officers and other categories on Marketing & Technology in APPC, Bangkok	100	100	0				250	250	351				
b	Technology Training for Trainers and Facilitators	10000	10000	34183	17943	17943	37452	7355	7355	35406	500	14034		
c	Training on Business Orientation Programmes										500	2256		
(i)	Trg of Divisional Superintendents, inspectors	2100	2100	33274	1565	1565	69268	510	510	99103				





	ent														
	Implementation of Citizens Charter in Post Offices														
a	Training of project managers for Sevottam	60	20	4											
b	Information Kiosks & Software HOs/SOs	830	133	129											
c	Electrical scrolls for display of service norms				663	663	662	12	12	3					
d	Monitoring of service quality and Process improvement using Six Sigma	1	0	0											
12	Support for payment of wages for NREGS				Across 19 Postal circles	Across 19 Postal circles	Across 19 Postal circles								

**STANDING COMMITTEE ON INFORMATION TECHNOLOGY  
(2010-2011)**

**MINUTES OF THE ELEVENTH SITTING OF THE COMMITTEE**

The Committee sat on Friday, the 29<sup>th</sup> April, 2011 from 1500 hours to 1710 hours in Committee Room 'B', Ground Floor, Parliament House Annexe, New Delhi.

**PRESENT**

**Shri Rao Inderjit Singh –Chairman**

**MEMBERS**

***Lok Sabha***

2. Shri Rajendra Agrawal
3. Shri Nikhil Kumar Choudhary
4. Dr. Charles Dias
5. Smt. Darshana Vikram Jardosh
6. Shri Mithilesh Kumar
7. Shri Inder Singh Namdhari
8. Shri Abdul Rahman
9. Shri Prem Das Rai
10. Dr. Bhola Singh
11. Shri Sushil Kumar Singh
12. Shri C. Sivasami,

***Rajya Sabha***

13. Shri M.P. Achuthan
14. Shri Mohammad Adeb
15. Shri Salim Ansari
16. Shri Prabhat Jha
17. Prof. Alka Balram Kshatriya
18. Shri P. Rajeeve

***SECRETARIAT***

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



**List of Witness**  
**Department of Posts**

<b>Sl. No.</b>	<b>Name</b>	<b>Designation</b>
1.	Ms. Radhika Doraiswamy	Secretary (Posts)
2.	Ms. Manjula Prasher	Member (O)
3.	Ms. Indira Krishna Kumar	Member (PLG)
4.	Shri Maj. Gen. V. Sadasivam VSM	Member (PLI)
5.	Smt. Annie Moraes	JS & FA

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2. At the outset, the Chairman welcomed the Members and the representatives of the Department of Posts to the sitting of the Committee. He then drew the attention of the Members and the representatives of the Department of Posts to the ruling of Hon'ble Speaker, Lok Sabha whereby the Committee is examining the Demands for Grants 2011-12 of the Department even when the Demands have already been passed by the Parliament after suspension of Rule 331G of the Rules of Procedure and Conduct of Business in Lok Sabha. He also drew the attention of the representatives to Direction 55(I) relating to confidentiality of the matter till the report is presented to the House.

3. The representatives of the Department then briefed the Committee on various aspects relating to Demands for Grants (2011-12) with the help of power point presentation, which inter-alia include major features and achievements of Eleventh Plan, financial performance of the Department under the Plan Schemes, physical and financial targets and achievements during Annual Plan of 2010-11 and Plan activities for 2011-12, etc. The detailed information with regard to Plan Expenditure, Revenue Receipts and Expenditure, and Revenue deficit of the Department were also highlighted in the power point presentation.

4. The Members of the Committee during the course of deliberations raised pertinent issues related to the Department viz. increasing revenue deficit of the Department, need for regulatory mechanism to regulate the activities of the private courier services in the country, management of postal land, delay in the payment of MGNREGS wages to labourers, etc,. The representatives of Department of Posts responded to the various queries raised by the Members of the Committee.
5. The Chairman thanked the representatives of the Department of Posts for appearing before the Committee as well as for furnishing valuable information that the Committee desired in connection with the examination of the Demands for Grants (2011-12).

**(The witnesses then withdrew)**

A copy of verbatim proceedings of the sitting has been kept.

**The Committee, then, adjourned.**