



**STANDING COMMITTEE ON  
INFORMATION TECHNOLOGY  
(2009-2010)**

**FIFTEENTH LOK SABHA**

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

[Action Taken by the Government on the Recommendations/ Observations of the  
Committee contained in their First Report (Fifteenth Lok Sabha) on  
Demands for Grants (2009-10)]

**NINTH REPORT**



**LOK SABHA SECRETARIAT**

**NEW DELHI**

*May, 2010/ Vaisakha, 1932 (Saka)*

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Demands for Grants (2009-10)]

***Presented to Lok Sabha on \_\_\_\_\_***

***Laid in Rajya Sabha on \_\_\_\_\_***



**LOK SABHA SECRETARIAT**

**NEW DELHI**

*May, 2010/ Vaisakha, 1932 (Saka)*

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\*Not included in the cyclostyled copy of the Report.

**COMPOSITION OF THE  
STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2009-2010)**

**Shri Rao Inderjit Singh - Chairman**

**Lok Sabha**

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

**Rajya Sabha**

22. Prof. Alka Balram Kshatriya
- @23. Vacant
24. Shri Jesudas Seelam
25. Shri Ravi Shankar Prasad
26. Shri Prabhat Jha
27. Shri P. Rajeeve
28. Shri Shriram Pal
29. Shri N.R. Govindarajar
30. Shri M.P. Achuthan
31. Shri Rajkumar Dhoot

**SECRETARIAT**

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

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\*\* Nominated to Committee w.e.f. 10<sup>th</sup> September, 2009.

# Nominated to Committee w.e.f. 13<sup>th</sup> October, 2009.

\* Nominated to Committee w.e.f. 19<sup>th</sup> November, 2009.

@ Consequent upon retirement of Shri Dharampal Sabharwal from Rajya Sabha w.e.f. 9<sup>th</sup> April, 2010.

## **INTRODUCTION**

I, the Chairman, Standing Committee on Information Technology (2009-10) having been authorized by the Committee to submit the Report on their behalf, present this Ninth Report on Action Taken by the Government on the Recommendations/Observations of the Committee contained in their First Report (Fifteenth Lok Sabha) on 'Demands for Grants (2009-10)' of the Ministry of Communications and Information Technology (Department of Posts).

2. The First Report was presented to Lok Sabha on 16 December, 2009 and laid on the Table of Rajya Sabha on the same day. The Ministry of Communications and Information Technology (Department of Posts) furnished their Action Taken Notes on 23 March, 2010.

3. The Report was considered and adopted by the Committee at their sitting held on 4<sup>th</sup> May, 2010.

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

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

**New Delhi**  
**May, 2010**  
**Vaisakha, 1932 (Saka)**

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

## REPORT

### CHAPTER I

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 First Report (Fifteenth Lok Sabha) on Demands for Grants (2009-10) pertaining to the Ministry of Communications and Information Technology (Department of Posts).

2. The First Report was presented to Lok Sabha on 17 December, 2009 and laid on the Table of Rajya Sabha on the same day. It contained 51 Recommendations/Observations.

3. Action Taken Notes in respect of all the Recommendations/Observations contained in the Report have been received from the Ministry of Communications and Information Technology (Department of Posts) and these have been categorized as under:

- |       |  |                         |
|-------|--|-------------------------|
| (i)   | Recommendations/Observations which have been accepted by the Government<br>Para Nos:- 1, 2, 3, 4, 5, 7, 8, 9, 14, 21, 24, 26, 29, 38, 39, 42, 44, 45, 46,48, 50 & 51                                 | Total 22<br>Chapter II  |
| (ii)  | Recommendations/Observations which the Committee do not desire to pursue in view of the replies of the Government<br>Para Nos:- 13, 33, 34 & 39  | Total 04<br>Chapter III |
| (iii) | Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and require reiteration<br>Para Nos:-6,10,11,12,15,16,19,22,23,28,30,31,37,40 &47 | Total 15<br>Chapter IV  |
| (iv)  | Recommendations/Observations in respect of which replies are of interim nature:-<br>Para Nos:- 17,20,25,27,32,35,36,41,43 &49  | Total 10<br>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.

#### **A. PLAN OUTLAY**

##### **(Recommendation para.10)**

6. The Committee had expressed serious concern over the persistent problem of under-spending of Plan outlay of the Department. During Tenth Plan (2002-07) Budget Estimates were Rs. 1,273 crore i.e. almost 1/3<sup>rd</sup> of the proposed allocation of Rs. 3619.83 crore. Even then the allocated outlay could not be spent fully resulting into under-spending of Rs. 398.33 crore which was around 26 per cent of the allocation. Out of the total allocation of Rs. 4,180 crore for the Eleventh Plan, the expenditure reported was Rs. 1,075.64 crore which is 26 per cent of the total outlay even when half of the Plan period had already passed. During the year 2008-09, BE was Rs. 600 crore that was less than half of the proposed allocation of Rs. 1,492.57 crore. The BE was further reduced by Rs. 200 crore at RE stage. Even this reduced allocation could not be spent fully and there was shortfall of Rs. 81.17 crore. Worst was the position during the year 2009-10. BE during the year 2009-10 was Rs. 620 crore which was even less than 1/3<sup>rd</sup> of the proposed allocation i.e. Rs. 2,100 crore. Expenditure position upto July, 2009 as intimated in the written note was only Rs. 22 crore i.e. 3.5 per cent of the allocation. The Committee had observed that there were serious problems in planning and implementation of the various Plan schemes and as such emphasized on the need to review the situation scheme-wise and project-wise. The Committee had desired that corrective action in this regard should be taken immediately and the Committee informed accordingly.

7. The Department in the action taken note has stated as under:

“The amount of utilization of Rs.388 crore mentioned during the deliberations was not related to the current year, but it relates to the year 2008-09 where the actual amount utilized was Rs. 318.83 crore as against the RE outlay of Rs.400 crore. Further, as per the observations of the committee, the Department would like to inform that the Physical targets for the activities are fixed keeping in view the funds made available for the activity. The main reason for variation between the targets and fund utilization is due to the facts that once the activity is implemented the physical targets are achieved but reflection of funds utilized in the books of the Department takes place only after the bills are adjusted by the DGS&D, Cheques are presented by the vendors, submission of bills by Civil Wings etc. which is actually not completed within the Financial year thereby causing reflection of under utilization of funds. However, all efforts are being made to ensure complete booking of expenditure by seeking timely submission and adjustment of the bills within the close of the financial year”.

**8. The Committee have consistently been raising concern over the persistent problem of under-spending of plan outlay of the Department. The Department in the action taken note has stated that reflection of funds utilized in the books of the Departments takes place only after the bills are adjusted by the DGS&D, cheques are presented by the vendors, submission of bills by Civil Wings etc. which is actually not completed within the Financial Year thereby causing reflection of under utilization of funds. The Committee feel that if the bills are not adjusted by DGS&D during a particular financial year it would definitely be adjusted in the next financial year. Since the problem of under-spending has persisted during each year since Tenth Plan, the reasons submitted by the Department as non booking of expenditure within the financial year are not understandable. Moreover, the spending of just 3.5 per cent of the allocation during the first six months of the year 2009-10 cannot be accepted at all. Not only that the Department did not bother to indicate the status of utilization of outlay**



**during the year 2009-10 at the time of submission of action taken notes even when the issue of under spending was highlighted in the First Report of the Committee. The Committee are really disappointed to note the way the Department has dealt with the recommendation of the Committee. The Committee again emphasize that there are serious problems in implementation of various plan schemes of the Department which need to be looked into and corrective action taken accordingly. As such the desired action should be taken without any further loss of time and the Committee apprised accordingly.**

**(Recommendation Para. 11)**

9. The Committee had noted that as many as 14 schemes still remain to be approved even when two and a half years of the Plan period had already gone. Three major schemes viz Computerization and networking of Post Offices, Setting up of Automatic Mail Processing Centres and Support for payment of wages under NREGS for which substantial allocation was provided were yet to be approved by the competent authority. The Secretary herself had acknowledged that procedures were the problem area which were not considered as a focus area. While expressing serious concern over the way the projects were planned by the Department, the Committee had strongly recommended that the process of evaluation/restructuring of the schemes and obtaining various clearances etc., should be over before 1<sup>st</sup> April of the first year of Five Year Plan so that the targets set under the different schemes were realistically achieved. The Committee had urged that the Department should properly coordinate with the Ministry of Finance so that the clearances for these 14 schemes are obtained immediately. The Committee also reiterated that their concerns should be duly communicated to the Ministry of Finance.

10. The Department in the action taken note has stated as under:

“The Plan Scheme namely ‘Support for Payment of NREGS beneficiaries through Post Offices’ was introduced during the year 2008-09. An amount of Rs.22.18 crore was spent during the year 2008-09 out of the total approved allocation of Rs.80 crore. During the current year 2009-10, EFC has been approved for Rs.100 crore”.

11. **The Committee during the course of examination of Demands for Grants had observed that as many as 14 schemes still remained to be approved and as such emphasized to properly coordinate with the Ministry of Finance so that clearances for these schemes are obtained immediately. The Department in the action taken note has made reference to only one scheme i.e. Support for payment of NREGS beneficiaries through Post Offices for which EFC has been approved for Rs. 100 crore. The Department did not bother even to indicate the status of the 14 schemes, approval for which was reported as pending during the course of the examination of Demands for Grants of the year 2009-10. The Committee while expressing unhappiness over the long time being taken for clearances of the schemes, would like to emphasize that the remaining schemes should be approved expeditiously particularly when almost three years of the Eleventh Plan have already passed. Besides as recommended earlier, the Department should take all the initiatives to streamline the planning process so that the situation of losing substantial part of the plan period in taking clearances is not repeated during the Twelfth Plan.**

**B. MISMATCH BETWEEN THE PHYSICAL AND FINANCIAL ACHIEVEMENT  
(Recommendation Para 12)**

12. The Committee while examining the Demands for Grants of the year 2008-09 had expressed concerns over the mis-match between the physical and financial achievement during Tenth Plan period. At that time, the Committee had been informed that the last estimates with regard to electronic equipments were not correct. During the examination of the Demands for Grants of the year 2009-10, the Department changed its stand and stated that the reason for mis-match between physical and financial achievement during Tenth Plan period was due to the fact that DGS&D bills were not adjusted well within the stipulated time. The

Committee observed that the Tenth Plan period was over by 31<sup>st</sup> March, 2007 and as such there was no point in change of reasons as given in the month of February/March, 2009. The Committee felt that they were misled by Department who resorted to giving different versions for the under-spending of the outlay without analyzing the actual reasons concerning the implementation of different schemes. The Committee while noting that this is a serious matter stressed the Department to explain the position to the Committee.

13. The Department in the action taken note has stated as under:

"As far as estates management is concerned it is stated that there is no direct correlation between the physical targets and the financial outlay as the cost involved is calculated on a project-to-project basis, which in turn, depends upon the tentative schedule of accommodation and CPWD schedule of rates, drawings and preliminary estimates. Also, physical achievements have exceeded the financial allocations in cases where construction was commenced in Tenth Plan but completed in the first year of Eleventh Plan".

14. **The Committee have repeatedly been expressing concern over the mismatch between the physical and financial achievement under different plan schemes of the Department. During Tenth Plan, the Department had achieved cent per cent physical targets whereas the financial achievement was 68.7 per cent. With regard to the reasons for the gross mismatch between physical and financial achievement, the Department has been giving different versions. During the course of examination of Demands for Grants 2008-09, the Committee had been informed that the estimates with regard to electronic equipments were not correct. Then during the course of Demands for Grants of 2009-10, the Department stated that the mismatch was due to the fact that DGS&D bills were not adjusted within the stipulated time. The Department in the action taken note has changed its stand altogether and now it has been stated that physical achievements have exceeded the financial allocations in cases where construction**

**commenced in Tenth Plan but completed in the first year of Eleventh Plan. The Committee note that all the plan schemes of the Department do not relate to construction work. The Committee are unable to understand how the reasons for under-spending of outlay and mismatch between physical and financial achievement under various plan schemes during Tenth Plan can change over the years particularly when the Tenth Plan had been over three years back. The Committee again disapprove the way they are being misled by the Department. The Committee emphasize that the review/evaluation of various Schemes of the Department should be undertaken immediately to know the various shortcomings affecting the programmes so that corrective action can be taken. The desired initiatives in this regard should be taken at least now and the Committee informed accordingly.**

### **C. SETTING UP OF AN EXCLUSIVE RURAL DIVISION**

#### **(Recommendation Para.15)**

15. Pursuant to the recommendation of the Committee contained in 56<sup>th</sup> Report an exclusive Rural Business Division has started functioning at the Directorate *w.e.f.* 29<sup>th</sup> May, 2008. The Committee in their First Report had observed that in pursuance of Article 243G of the Constitution more and more funds were being directly released to PRIs under different Central/State sector schemes. As a result, India Posts has to play an important role in providing financial services to the local bodies in rural areas. Besides with the launching of some of the flagship schemes like NREGA, a lot of opportunities are being created for the Department to expand the area of activities in rural areas. As such, the Committee have emphasized that the required initiatives should be taken for capturing the rural market.

16. The Department in the action taken note has stated as under:

“Besides, NREGS, Rural Business Division deal with the collection of rural price data and tie- up with State Bank of India. The Department of Posts has entered into a tie-up with the State Bank of India to sell its asset and liabilities products through identified Post Offices. The Scheme is operational in 19 Postal Circles throughout the country.”

17. **The Committee in the First Report while expressing satisfaction over the setting up of an exclusive Rural Business Division had emphasized to take the desired initiatives to capture the rural market particularly when a lot of opportunities are being created for the Department to expand the area of activities in rural areas with the launching of some of the flagship programmes like NREGA. Instead of taking the desired initiatives on the suggested lines, the Department in the action taken note has simply stated that besides NREGA, Rural Business Division dealt with the collection of rural price data and tie- up with State Bank of India. While expressing unhappiness over the way the issue has been addressed by the Department, the Committee again emphasize to take concrete actions to capture the rural market by way of multi pronged strategy which include financial inclusion and aggressive marketing strategy. The desired action in this regard should be taken and the Committee informed accordingly.**

**D. OUTLAY PROVIDED TO NORTH-EAST**

**(Recommendation Para.16)**

18. As per the norms, 10 per cent of the Plan allocation has to be provided to the North East. The Committee found that even when 10 per cent allocation of the outlay was exclusively being earmarked for the North East, it was not giving the desired results as most of the outlay in a year remained unspent and was being transferred to non-lapsable pool of resources. While noting that the whole scenario of implementation of the schemes in the North East needed a review, the Committee had emphasized to find out the difficulties being faced in the implementation of various schemes and take the concrete action.

19. The Department in the action taken note has stated as under:

“During 2007-08, funds to the extent of Rs.32.54 crore was allocated under Revenue (Plan) segment and Rs. 17.82 crore under Capital (Plan) segment out of which Rs.29.44 crore and Rs.5.40 crore amounting total to Rs.34.84 crore were utilized. Funds to the tune of Rs. 15.52 crore was transferred to Non Lapsable funds. During the year 2008-09, Rs.60 crore was earmarked for North East which consists of Rs.26.90 crore

Revenue (Plan) and Rs.33.10 crore Capital (Plan). The allocation at RE stage was reduced to Rs.41.06 crore with the breakup of Rs.29.60 crore under Revenue and Rs.11.46 crore under capital. Out of this, Rs. 16.38 crore under Revenue and Rs. 2.50 crore under capital making total to Rs. 18.88 crore were utilized. All efforts are being made by the Department for earmarking 10% of the Budget allocation for North East and also for maximum utilization of funds. In some cases the scope of implementing some of the schemes in North East is not feasible due to environmental and developmental condition of the Region. However, the Department is taking all necessary steps for maximum utilization of funds earmarked for the North East. Funds allocation for the year 2009-10 in respect of North East Region are shown in Annexure-I”.

**20. The Committee note from the latest data made available by the Department with regard to outlay for plan schemes earmarked for North East region that during the year 2007-08 funds to the tune of Rs. 15.52 crore were transferred to non- lapsable funds. Further during the year 2008-09, Rs. 60 crore were earmarked at BE stage. The allocation was reduced to Rs. 41.06 crore at RE stage and the expenditure was Rs. 18.88 crore which is less than half of the allocated amount at RE stage. Worst was the position under the Capital head. Out of Rs. 11.46 crore under the Capital head, the utilization was just Rs. 2.50 crore. Even when the under spending of outlay in North East was highlighted in the First Report of the Committee, the Department has indicated environmental and developmental condition of the region responsible for limited scope of implementation of the scheme in such areas. The Committee feel that there is an urgent need to undertake a proper study of the North East region so that the various problems concerning the implementation of the programmes are properly addressed. While reiterating the earlier recommendation, the Committee emphasize to take all the desired initiatives so that postal facilities in the North East region are adequately strengthened.**

## **E. OPENING OF NEW POST OFFICES**

### **(Recommendation Para.19)**

21. The Committee had noted that as on January, 2008, 634 proposals for opening of new Post Offices were received out of which 207 requests were found justified. Besides during the year 2008-09 and 2009-10, 707 requests were received for opening of new Post Offices/upgradation of Post Offices, out of which, 142 requests were found justified. New Post Offices could not be opened as SFC was not approved. While noting that SFC has now been approved, the Committee had emphasized that the Post Offices which were found justified should be set up expeditiously and the Committee informed accordingly. The Committee also desired to be apprised about the State/UT wise position of the requests and the status of setting up/upgradation of Post Offices in this regard.

22. The Department in the action taken note has stated as under:

"Opening of Post Offices depends not only requests received and requirement evaluated but also on target allotted under Plan Scheme and availability of manpower. While a large number of requests for opening of Post Offices were received during the year 2007-08 and 2008-09, only about one third of the requests were found to fulfill the norms prescribed by the Department. Notwithstanding the aforesaid, no action could be taken to open these Post Offices in view of the fact that new creation of posts of BPMs is not permitted despite Plan targets having been allotted to the Department. Targets for opening of 105 Sub Post Offices by relocation / redeployment (50 new Sub Post Offices by redeployment and 55 by relocation) and 50 Branch Post Offices by relocation have been allotted to the Circles in December, 2009. Besides, target for opening of 300 Franchise outlets has been issued to the Circles for providing basic postal facilities in urban areas and upcoming urban areas".

**23. The Committee note from the latest data with regard to requests received from various quarters for setting up/upgradation of post offices that during the year 2008-09, 504 requests were received out of which 106 were found justified. Similarly, during the year 2009-10, 203 requests were received out of which 36 were found as justified. During the course of examination of Demands for Grants 2009-10, the Committee had been informed that new post offices could not be opened as SFC for the scheme was not approved. During the course of examination of Demands for Grants 2010-11, the Committee have been informed 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. The Committee find that now when the schemes have been approved, the Department in the action taken note has changed its stand and stated that no action with regard to opening of post offices could be taken in view of the fact that creation of new posts of BPMs is not permitted despite plan targets having been allotted to the Department. While expressing unhappiness over the callous attitude of the Department towards such an important issue, the Committee strongly emphasize that the various issues like creation of posts of BPMs should be taken up with the competent Ministry/Department so that the said targets of opening of post offices, sub post offices are achieved. The desired action in this regard should be taken expeditiously and Committee informed accordingly.**

#### **F. RELOCATION OF POST OFFICES**

##### **(Recommendation Para. 22 & 23)**

24. While noting that new Post Offices and sub-Post Offices were first opened and then relocated due to un-viability, the Committee had observed that the discretionary power provided to Chief Post Master General to relax the norms for opening of Branch Post Offices was not being judiciously used. In this regard, the Committee desired to be apprised of the number of cases of relocation of POs and SPOs during Tenth Plan and in the Eleventh Plan so as to understand the matter and comment further in this regard.

The Committee felt that solution to the problem of relocation lied in opening of mobile Post Offices. As such, the Committee emphasized that Mobile Post Offices equipped with all the possible postal services and equipments could be of great help to the people residing in the far-flung tribal, hilly and other difficult areas particularly in the unfavorable weather conditions which make it impossible for them to go outdoors. More so the financial institutions and banks may also not be interested to open Branches in these areas due to the commercial considerations. Another solution suggested by the Committee was holding of the weekly bazaars of postal services at



prominent places in rural areas like Panchayat Headquarters. Close coordination with the local bodies could solve the problem of space for these weekly bazaars. Besides providing the postal facilities at the doorstep of the customers, the said mechanisms could also address the problem of relocation of Post Offices and save money spent in this exercise. The Committee had hoped that since the Secretary had agreed to consider this suggestion of the Committee, concrete action would follow.

25. The Department in the action taken note has stated as under:

"Tenth Plan Policy Imperatives had directed the Department that all units which do not fulfill the norms and where the resources are underutilized need to be closed down. Instead of restoring to closing down the Post Offices, the Department has taken the alternative route of rationalization/relocation of some of the Post Offices for optimum utilization of the resources. So, during the 10<sup>th</sup> Plan period 210 Post offices not fulfilling the distance norm were relocated to other needy areas. During 11<sup>th</sup> Plan, physical target for relocation of 55 SOs and 50 BOs have been issued to the Circles. Financial allocation for the purpose is Rs. 2.75 lakh and 0.5 lakh respectively. This is one time expenditure".

"Out of 1,55,015 Post offices ( as on 31.3.2009), 1,39,144 Post Offices are located in rural areas. Thus 89% of the Post offices are functioning in rural areas. Average area and population served per Post Office are 21.21 sq.km and 7175 respectively. This compares favourably with other countries including advanced ones. Postal facilities in terms of regular delivery of mail at the door step of every customer, collection of letters from letterboxes and selling of stamps /stationery are 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 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 at many places. When Department of Posts is able to network all the Rural Post Offices , the Branch Post Masters will be provided with the handsets and will be able to transact his business anywhere in his jurisdiction".

**26. The Committee in the First Report had observed that the discretionary power provided to Chief Post Master General to relax the norms for opening of Branch Post Offices was not being judiciously used due to which the new post offices made neighbouring post offices unjustified and the need to relocate the post offices arose. During the course of examination of Demands for Grants 2009-10, the Committee had been apprised that relocation was done in a very rare and an unavoidable circumstance. From the data**

mentioned in the action taken note, the Committee find that as many as 210 post offices were relocated during the Tenth Plan. During Eleventh Plan, physical target for relocation of 55 SOs and 50 BOs have been issued to the Circles. The aforesaid data further reinforces the observation of the Committee regarding non- judicious use of discretionary power provided to Chief Master Generals regarding relocation of post offices. As such the Committee feel that the whole issue of relocation of post offices need a re-look by the Department.

To address to the problem of relocation of post offices, the Committee in the First Report had made an important suggestion to open Mobile Post Offices and Weekly Postal Bazaars. The suggestion though agreed to by the Secretary during the course of deliberations on Demands for Grants of the previous year has now been found not acceptable to the Department on the pretext that the postal services in the country compares favourably with other countries including advanced ones. The Committee are unable to comprehend the complacency of the Department with regard to the existing network of Post Offices even when there is a Plan Scheme of the Department for opening of Post Offices and relocation of Post Offices. Besides as observed in the Fifth Report of the Committee, 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. The Committee are really disappointed to note the way the Department has addressed to one of the important suggestions of the Committee related to providing postal services to the last person of the society. 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

**reconsidered and implemented. The Committee should be informed about the concrete action taken in this regard.**

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

### **(Recommendation Para.30)**

27. The Committee had suggested to consider adding the word 'Bank' with the India Post in its nomenclature to make the public aware that Post Offices also provide Banking facilities. Besides, the Committee had also recommended for the utilisation of various prominent places like Panchayat Headquarters, dispensaries, schools and Gram Sabha meetings for the advertisement of the various schemes of the Department in order to enlarge its customer base in rural areas.

28. The Department in the action taken note has stated as under:

"Department of Posts is carrying out banking activity on behalf of Ministry of Finance as an operative agent of the Small Savings Schemes. Ministry of Finance make the rule pertaining to all Small savings Schemes under the powers vested with it through the Government Savings Bank Act 1873, Government Savings Certificates Act 1959 and Public Provident Fund Act 1968. Under these Acts , Department's mandate is limited to the collection and disbursement of the money deposited there in and maintenance of records. Hence, it may not be appropriate to add the word "Bank" with India Post as the Banks are governed by separate set of Acts /Rules which is/are all together different from the Acts/Rules followed by the Department to carryout banking activity".

29. **The Committee had suggested in the First Report for adding the word 'Bank' with India Post so as to make the public aware that Post Offices also provide banking facilities. The Department has not consented to the suggestion of the Committee on the ground that their mandate was limited to the collection and disbursement of money deposited in savings accounts and maintenance of records. The Committee during the course of examination of Demands for Grants (2010-11) had been informed that the aforesaid matter was not consulted with the Ministry of Finance. The Committee while pursuing the matter in the Fifth Report had observed as under:-**

**“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 out rightly rejected the suggestion of the Committee. This explains the callous attitude of the Department to the important suggestions given by the Committee.”**

**The Committee while reiterating their observation as expressed above would like the Department to reconsider their suggestion and implement the recommendation of the Committee after due consultation with the Ministry of Finance.**

#### **H. ROLE OF POST OFFICES IN THE NATIONAL RURAL EMPLOYMENT GUARANTEE SCHEME**

##### **(Recommendation Para.31)**

30. The share of the Posts in the disbursement of wages all over the country was 46.14 percent. However the State-wise data in this regard indicated that in Andaman and Nicobar, Arunachal Pradesh, Haryana, Himachal Pradesh, Jammu and Kashmir, Karnataka, Kerala, Madhya Pradesh, Tamil Nadu, Uttar Pradesh and Uttarakhand, the percentage share was even less than 20 percent. Further in Chandigarh, Daman and Diu, Lakshadweep, Nagaland and Puducherry the percentage share was nil. The Committee have expressed the desire to know the State specific reasons for the low percentage of involvement of Posts in the disbursement of wages under NREGA in the said States. The Committee had urged the Department to work hard and take all the initiatives to increase its share in all the States/UTs.

31. The Department in the action taken note has stated as under:

“The Department of Posts is involved in the disbursement of wages to labourers under one of the flagship programme of the Government i.e. NREGA. The share of the Posts in the disbursement of wages all over the country for the Financial Year 2009-10 upto the month of February, 2010 is 41.3 %. However, the State-wise data in this regard indicates that in Andaman and Nicobar, Arunachal Pradesh, Haryana, Himachal Pradesh, Jammu & Kashmir, Kerala, Madhya Pradesh, Meghalaya, Punjab and Uttar Pradesh the percentage share is even less than 20 percentage. Further in Chandigarh, Daman and Diu, Lakshadweep, Nagaland, Pondicherry and Tamilnadu the percentage share is nil. In Lakshadweep, Chandigarh and Daman & Diu no NREGS wages were disbursed either

through banks or through post offices. Further, in the state where disbursement of wages through post offices is low, disbursement is done through nationalized banks, local co-operative banks or by other means or in cash”.

**32. The Committee while noting that in some of the States, the share of Posts in the disbursement of wages under NREGS was even less than 20 per cent had emphasized that the Department should work hard and take all the initiatives to increase its share in all the States/UTs. The Department did not bother to take note of the recommendation of the Committee even when average overall percentage share of the Posts in the disbursement of wages all over the country has declined from 46.14 per cent as informed during the course of examination of Demands for Grants of the previous year in the month of October, 2009 to 41.3 per cent. The Committee express unhappiness over the way the Department has tried to sidetrack one of the important recommendations of the Committee. The Committee exhort the Department to make sincere efforts to increase its share of disbursement of NREGS wages.**

#### **I. PROJECT ARROW**

##### **(Recommendation Para.40)**

33. The Committee had noted that though initially the Project Arrow was proposed to be extended to 4500 Post Offices after the pilot phase, the proposal was stalled due to fund constraint. The Committee further noted that no separate funds were earmarked for the Project Arrow under Eleventh Plan outlay and the expenditure was being met from the outlay provided for computerization and networking. The Committee did not appreciate the reasons of fund constraints particularly when the proposed outlay for the computerization and modernization had remained unspent during the first two years of Eleventh Plan. Out of the total allocation of Rs. 2011.50 crore only Rs. 281.87 crore could be utilized. The Committee had expressed the view that the funds remaining unspent could have been utilized for the Project Arrow which have been a success experience. The Committee had recommended that the initial plans of extending the facility to 4500 Post Offices

should be maintained and the detailed strategy in this regard should be chalked out. The Committee had also urged the Department to apprise the Committee whether the approval of the Ministry of Finance was obtained for using the outlay earmarked for computerization and networking in the Project Arrow.

34. The Department in the action taken note has stated as under:

“‘Project Arrow’ plan activity was introduced only after the 11<sup>th</sup> Plan Outlays were approved and hence no fund could be marked to the activity. When the activity was launched as a pilot project funds to the extent of Rs. 12 crore was utilized from various other activities. During Phase-I of the project funds to the extent of Rs.74 crore were utilized from the outlay available under ‘Computerization & Networking of Post Offices’ to cover 500 offices. The funds were diverted as the activity ‘Computerization & Networking of Post Offices’ was not approved till then. Further, when the Department proposed to cover 4500 offices under Project arrow funds to the extent of Rs.887 crore was requested out which Rs.512 crore was sought as additional outlay from Planning Commission over and above the 11<sup>th</sup> Plan Outlays. Since the funds could not be provided by the Planning Commission, as requested, the scheme was restricted to cover only 500 Post Offices with an outlay of Rs. 65 crore which was again met from the outlays available under the activity ‘Computerization & Networking of Post Offices’. No further diversion of fund is possible at this stage as all plan activities have been approved including ‘Computerization & Networking of Post Offices. With no additional funds being provided for meeting the demand, the Department is not in a position to extend the facility of ‘Project Arrow’ to 4500 Post offices even though the activities under Project arrow have been widely appreciated both by customers and Postal staff. However, despite all the constraints the Department will extend Project Arrow to 500 more Post Offices in 2010-11. Thus 1500 Post Offices would be covered under Project Arrow”.

35. **The Committee note that the Department proposes to cover 4500 Post Offices under Project Arrow and funds to the extent of Rs. 887 crore was requested out of which Rs. 512 crore was sought as additional outlay from Planning Commission over and above the Eleventh Plan outlay. The Department has further mentioned that since no additional funds were provided, the Department was not in a position to extend the facility of project Arrow to 4500 Post Offices even thought the activities under project Arrow have been widely appreciated by customers and postal staff. The Committee regret to note the situation whereby the allocations are being provided for the schemes which are not performing/under**

**performing in the Department thereby rendering major portion of the plan outlay as unspent and the Project Arrow which has performed well is not being allocated the requisite outlay. The Committee again emphasize that the concerns of the Committee should be conveyed to the Ministry of Finance so that adequate outlay is provided and the physical targets in this regard are achieved.**

**The Committee in the earlier recommendation had desired the Department to inform whether the approval of the Ministry of Finance was obtained for using the outlay earmarked for computerization and networking in the Project Arrow. In the action taken note no clarification in this regard has been given by the Department. Rather it has been stated that an outlay of Rs. 65 crore for Project Arrow was made from the outlay available under the activity computerization and networking of Post Offices. The Committee like the Department to clarify whether the approval of the Ministry of Finance for diversion of funds from computerization and networking of Post Offices to Project Arrow was taken from the Ministry of Finance.**

## **J. ISSUES PENDING WITH THE MINISTRY OF FINANCE**

### **(Recommendation Para.6)**

36. The Department received remuneration for the services performed on behalf of the Ministry of Finance in Saving Bank and Saving Certificate functions and 41 per cent of the revenue came from SB/CC remuneration. The Department had explained that as per the recommendation of the Expert Committee set up in 1993-94 by the Ministry of Finance, the rate of remuneration was enhanced @ 10 per cent per year upto 2000-01. During the year 2007-08, the rates decreased to as low as 3 per cent, 4.6 per cent in 2008-09 and 5 per cent in 2009-10. In this regard, the Committee had persistently been raising the issue of hike in the rate of remuneration being received by the Department. With regard to the latest position, the Department had informed that the Ministry of Finance had agreed to constitute again an Expert Committee to review the rate of remuneration in the light of pay revision due to the

recommendations of Sixth Pay Commission. The Committee had recommended that the issue should be pursued further with the Ministry of Finance so that the Department received its due share of remuneration.

**(Recommendation Para.28)**

37. The Committee further noted the fact that the Post Offices were not providing the competitive rate of interest on the various small saving schemes. During the course of the examination of Demands for Grants (2009-10) the Committee had been informed that the Department of Posts provided rate of interest @ 7.50 percent whereas SBI was giving 9 percent rate of interest. Disappointed with the fact that in spite of such apparent difference, the Ministry of Finance was not ready to move from its stand of not reviewing the rate of interest even when the representations in this regard as received in the Prime Minister Office were being forwarded to them. The Committee had pointed out that the stand of the Ministry of Finance not to review the position was quite dismal. The Committee had strongly recommended that the issue of revision of rate of interest under POSB scheme should again be taken with the Ministry of Finance and the concerns of the Committee duly communicated to the Cabinet Secretary and the Ministry of Finance.

**(Recommendation Para.37)**

38. The Committee had persistently been recommending in their Reports to give autonomy to the Department particularly with regard to taking initiatives to extend their clientele and introduce new products on their own. The Committee had observed that in this regard, the Cabinet had finally given approval on 13 December, 2007 for appointment of two public sectors Fund Managers, Formation of Investment Division and sanctioned and creation of Ex cadre posts for the Investment Division. The likely date of implementation of above decision as informed by the Department was 1 October, 2009. The Committee had expressed the hope that the autonomy provided to the Department would provide similar level playing field to PLI/RPLI and the revenue by way of interest and returns through investments of the Department would increase.

**(Recommendation Para. 47)**

39. The Committee found that the Department had appointed a consultant who would study the international experience with regard to functioning of regulatory mechanism there and would recommend accordingly. The Committee felt that with



the increased activities of the Department, entry of strong private sector in the core functioning of the Department, likely increase in Banking and insurance activities with the Post Bank becoming reality and the autonomy provided to insurance sector, there was an urgent need to take expeditious decision on the issue of regulatory mechanism.

40. The Department in the action taken note has stated as under:

“Ministry of Finance has decided to set up an Expert Group headed by chief Advisor (Cost), Department of Expenditure to review the rate of remuneration paid to the Department of Posts for operating Small Savings Schemes in which representation has been given to the Department of Posts. Formal orders constituting the expert group is yet to be issued by Ministry of Finance. The issue will be presented before the said group by the Department.”

**(Reply to Recommendation Para.6)**

The Department in the action taken note has also stated:

“The issue has been taken up with the Ministry of Finance at number of times but Ministry of Finance has not agreed to raise interest rate of Small Savings Schemes. Views expressed by the Committee are being communicated to the Cabinet Secretary and Ministry of Finance”.

**(Reply to Recommendation Para.28)**

The Department in the action taken note has further stated as under:

“As per the Cabinet decision, UTI asset Management Company and SBI Funds Management Private Limited have been appointed as Funds Managers. Agreement was signed with the two Funds Managers on October,6, 2009. The CIO of the Investment Division taken on loan basis from RBI, has joined on October, 9<sup>th</sup>, 2009. Accordingly, investments of net accretions to POLIF and RPOLIF finally started w.e.f. November,2009 as per IRDA Regulation. As regards providing autonomy to DOP to expand clientele and introduce new products , the matter is still under correspondence with the Ministry of Finance regarding removal of restrictions imposed on DOP for extension of scope so as to cover other clientele, introduction of new products/schemes etc”.

**(Reply to Recommendation Para.37)**

The Department in the action taken note has stated as under:

“The Department has appointed a consultant to aid it in the preparation of a draft legislation to replace the existing Indian Post Office Act,1898. In this context, the consultant is required to carefully identify and evaluate various options for administering and regulating the Postal Services and make recommendations. One of the aspects to be considered in this regard along with other proposals is the creation of a regulatory authority . While legislating, the need or otherwise of a regulatory mechanism will also be examined. Banking and insurance activities of the Department of Posts are agency functions. Since sectoral

regulations are already in place, incorporating these activities of the Department into the ambit of regulation may lead to regulatory overlap”.

**(Reply to Recommendation Para.47)**

**41. The Committee find that the Department of Posts undertake Banking and Insurance operations as an agency function on behalf of the Ministry of Finance. In this context some of the issues raised in the aforesaid recommendations viz, enhancement of rate of remuneration for agency services done by the Department; provision of competitive rates of interest provided under various Small Savings Schemes; providing autonomy to the Department of Posts particularly with regard to taking initiatives to extend their clientele and introduce new products on their own; and setting up of regulatory mechanism are long pending with the Ministry of Finance. The Committee note from the replies that the final action on the matter has still not been taken. In this context the Committee may like to highlight that 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 4<sup>th</sup> March, 2010 in connection with the long pending issues with the Ministry of Finance which include the matter raised in the aforesaid recommendation. The Secretaries of the said Departments at the aforesaid sitting were requested to settle the issues within one month. The Committee hope that the aforesaid matter would have been settled now and the final decision arrived at. The Committee would like to be apprised of the decision arrived at on the matter raised in the aforesaid recommendation of the Committee.**

## **Chapter II**

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

#### **(Recommendation Para. 1)**

The Department of Posts under the Ministry of Communications and Information Technology is entrusted with the task of providing quality and basic postal service on regular basis to all the users at all points in the country at affordable prices as part of its Universal Service Obligation. To fulfil the entrusted task, the Department has a huge network of 1,55,035 Post Offices, out of which 1,39,173 are in rural areas and the remaining 15,862 are in urban areas. The postal network in India is the largest network in the world. Besides providing postal services, banking and insurance services are also being provided by the Department. From the year 2007-08, Department has been given the responsibility to disburse the wages to NREGS beneficiaries through Post Office saving bank accounts. In addition, India Post also meets the emerging needs of specific segments of society like commerce, industry Government and institutional bodies who demand faster, cheaper and better services. The earnings of the Department are in the form of revenue from postal operations, SB/CC remuneration and recoveries. The requirements relating to the revenue expenditure of the Department are provided for in the grant for working expenses. The deficit of the Department is met from the budgetary support by the general revenues. Similarly, the capital expenditure of the DoP is also met from the general revenues. The Demands for Grants of the Department of Posts for the year 2009-10 are for Rs. 12,478.90 crore which include Rs. 12,090 crore as Revenue Outlay and Rs. 388.90 crore as Capital Outlay. The Committee in this report have analyzed the performance of India Post in the context of the outlay provided to the Department as per the Demands for Grants 2009-10. The observations/recommendations arising out of the in-depth examination of various aspects related to examination of Demands for Grants 2009-10 are dealt with in the succeeding paragraphs.

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

The number of Post Offices as on 31.03.2009 are 1,55,015. 15,871 are in Urban areas and 1,39,144 in Rural areas.

Para-wise compliance to the Observations/ Recommendations/ and Suggestions of the Committee are discussed hereinafter.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

#### **(Recommendation Para. 2)**

In terms of Direction 73A, the Minister concerned has to make a statement in the House regarding the status of implementation of recommendations contained in the reports of Departmentally Related Standing Committees with regard to his/her

Ministry/Department once in six months. With regard to the 56<sup>th</sup> Report, the Minister initially made the statement in the House on 15 December, 2008. The detailed scrutiny of the status of implementation as indicated in the statement revealed various infirmities. Besides the statement indicated nothing beyond what was stated by the Department four and a half month back in the action taken notes. Accordingly, the Ministry was requested to take the necessary action for making a revised statement by the Minister giving up-to-date recommendation-wise status of implementation. The revised statement was made on 25 February, 2009. The Committee note that the inputs made in the statement by the Minister under Direction 73A is an important tool to ensure Executive's responsibility to the Legislature. As such utmost care should be taken by the Ministry that updated status with regard to various recommendations of the Committee is indicated in the statement.

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

The Observations / Recommendation of the Committee have been paid due regards and the information included in the ATN reveals updated status of the subject matter. Care will be taken off in future also.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

### **(Recommendation Para.3)**

The Committee note that the total revenue receipts during the year 2007-08 were for Rs. 5,494.90 crore against the net working expenses of Rs. 7,006.34 crore leaving a gap of Rs. 1,511.44 crore. Further during the year 2008-09 as per the updated data provided by the Department, the total revenue receipts i.e. Rs. 5,862.33 crore against net working expenses of Rs. 9,455.41 crore, leaving a gap of Rs. 3,593.08 crore.

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

It is fact that the total Revenue Receipt during the year 2008-09 is Rs.5862.33 crore against the net working expenses of the Department Rs.9455.42 crore which resulted in deficit of Rs. 3593.09 crore during the year. Though the Postal Receipts during the Year 2008-09 is increased by Rs. 367.43 crore in comparison to Postal Receipts for the Year 2007-08 but the simultaneous increase in gap between the net working expenses and Postal Receipts of the Department during the year is due to payment of enhanced Pay and Allowances, regular as well as 40% arrears on account of implementation of Sixth Pay Commission's Report in respect of Regular employees of the Department.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010

### **(Recommendation Para.4)**

The gross expenditure under the Revenue Section has been increasing year after year. As per the updated data provided by the Department, the revenue

expenditure during the year 2008-09 is Rs. 9,455.41 crore against the actual expenditure amounting to Rs. 7,006.34 crore during the previous year. Thus the working expenses of the Department during one year have increased by Rs. 2,449.07 crore i.e. around 25 per cent. Further the projected revenue expenditure of the Department during the year 2009-10 is Rs. 11,768.20 crore. While appreciating the fact that the huge increase in the revenue expenditure is due to implementation of Sixth Pay Commission's recommendations, the Committee feel that there are huge challenges before the Department to effectively use the man power of the Department which may result in the equal enhancement of the revenue of the Department. The data provided by the Department with regard to revenue as compared to staff strength indicates that although there has been an increase in revenue per person, yet the enhancement is very slow. The Committee strongly recommend that the Department should find out mechanism to ensure increase in revenue per person by honing the professional skills of the officers and employees and also through technological interventions. The concrete action taken on the suggested lines should be taken and communicated to the Committee.

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

In order to increase in Revenue per person, the Department has decided to computerize and network all its Post Offices including the Rural Post Offices , establish a Data Centre and provide for integrated Modular Software for all services and operations in the Department.

The BD and M directorate of the Department of Posts has been taking a number of steps to optimize the revenue generation by:

- a. Bringing improvement in Speed Net Software to improve the quality of service.
- b. Arranging training of officers/employees working on Speed Net and
- c. Technology upgradation of National Speed Centres to improve their productivity.

### **Mail Operations:**

As part of the 11<sup>th</sup> Five Year Plan, the Department has formulated a scheme for "Setting up of Automatic Mail Processing Centres (AMPCs) in Delhi, Kolkata, Chennai, Bangalore and Hyderabad and replacement of existing AMPCs at Mumbai and Chennai. These automated systems would be used for sorting of Mail which would help the Department in increasing the productivity at mail offices in these cities. Automation in mail processing would also help the Department in consolidation of sorting activities in these cities.

**(Tech)**

Inductions of IT based systems have improved efficiency, cost, effectiveness and customer satisfaction levels and both the pace and scales of IT induction are being hastened under the 11<sup>th</sup> Five Year Plan.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

### **(Recommendation Para.5)**

As per the updated data furnished by the Department, the revenue receipts during the year 2008-09 are Rs 5,862.33 crore against the actuals of Rs. 5,494.90 crore during the previous year. Hike is merely 6 per cent against the hike in revenue expenditure of around 25 per cent. Various sources of revenue generation of the Department are revenue from Postal Operations, SB/CC remuneration and recoveries. 54 per cent of the revenue of the Department comes from Postal Operations. There is an urgent need to make the postal services cost effective and viable. With the entry of a strong private sector in the core functions of India Post, the challenges before the Department have increased many-fold. As such, the Department has to work in a mission mode so as to provide competitive services to the customers which may result in enhanced revenue from Postal Services. The detailed strategy of the Department in this regard need to be chalked out. The Committee may be kept apprised about the proposed action plan in this regard.

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

A Joint outward international Express service called "World Net Express" in association with M/s Deutsche Post has been introduced. M/s Deutsche Post is the official Postal Operator of Germany. The World net Express is a Premium Express Service offering dedicated Website and tracking of articles via internet, telephone and SMS.

An agreement has been reached with Emirates Posts for International Money Remittance Services from Dubai to India. The "MO Videsh" service has recently been launched by the Department of Posts under the agreement with M/s Euro Giro for inward and outward International Remittances from India Post to more than 50 member countries worldwide.

Discussions and negotiations are also going on with several major Postal Operators such as TNT Post, Netherlands, USPS and other leading operators for enhancing the parcel traffic between these countries and India.

### **(BD):**

**Speed Post**– which is the Express Postal Service of the Department of Posts. In order to meet the challenges posed by the competitors in this market and to sustain and increase the rate of growth, the Department has formulated a strategy of consolidation and up gradation of Speed Post Network in the country with the features and quality of service which meets the requirement of today's customer. The additional features are- on line tracking of Speed Post articles, SMS tracking of Speed Post articles, One India One Rate for articles upto 50 grammes across the country, pick up facility and special discount to large customers etc.

The Department of Posts is also looking forward to increase revenue receipts through its Premium Product Services like- Express Parcel Post, E-Payment (e-bill) and Retail Post etc.

### **Financial services:**

The Department has also launched the Financial services like-Instant Money Order Service (iMO), setting up of Postal Financial Marts (PFMs) and International Money Transfer Service(IMTS) to increase its revenue.

**iMO:-** It is an online domestic money transmission service. This enables the customer to receive money in minutes from any Post Office providing iMO service. An amount of Rs.1000/- to 50,000/- can be sent in one transaction. The service is available from more than 2100 locations across the country as at present. It is proposed to extend the facility to more than 10700 Post offices during the 11<sup>th</sup> Plan.

**Financial Marts:-** The Postal Financial Marts provide the facilities of different Small Savings Schemes run by the Post Office as well as other financial services like – Postal Life and Non-life Insurance, Mutual Funds& Bonds , Government Securities, , Pension Schemes, International Money Transfer, Money Order, and Instant Money Order etc under one roof as 'One Stop Shop for Financial Services' in a fully computerised office supported by technology and in a customer friendly ergonomically improved environment at par with the reputed banking institutions.

The number of Marts setup during the 10<sup>th</sup> Plan were 313 and the target for the 11<sup>th</sup> Plan is set up 500 Postal Finance Marts.

**IMTS :** This service provides the customers the facility of receiving remittances from 205 countries on a real time basis. The service is currently available in more than 8500 Post offices. The Department has been operating the service in association with a multinational company- Western Union Financial services Inc. since April,2001. The agreement for International Money Remittance Service with Western Union has again been renewed in January,2009.

### **Core Banking Solutions for Post Office Small savings Schemes:**

Core Banking Solutions(CBS) with the objective of any-where, any-time and any-branch banking, is included in the 11<sup>th</sup> Five Year Plan with a Financial outlay of Rs.106 crore for development of CBS Software, Customer Relations Management , Training, Project Management Unit, and Centralised Back Office etc. The Scheme envisages setting up of 4000 CBS branches during the Plan Period.

### **Mail Operations:**

With a view to improve the quality of Mail Operations, the Department has formulated a Plan Scheme for setting up Mail Business Centres during the current Plan period. As part of the Scheme , the Department has also decided to undertake restructuring of existing mail network and optimize the same from both quality and cost perspectives. The services of M/s McKinsey & Company, a renowned Consultant, will be utilized for this project.

It is expected that operational restructuring would result in a better quality of mail related services.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

**(Recommendation Para.7)**

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. The Committee note with concern that there are outstanding recoveries against the various Departments, the details of which are CPF Rs. 1.59 crore, CMPF Rs. 5.62 crore and DoT Rs. 7.74 crore. The Committee strongly recommend that action should be expedited to recover the outstanding amount from the aforesaid Departments.

**Action Taken by the Government**

The payment of Pension on behalf of these organizations by the Department of Posts and Recovery thereof is a continuous process. The arrear of Commission/Pension can not be wiped out as a whole at any point of time. However all out efforts are being made in this regard. This Directorate is monitoring the Position periodically and issuing suitable instructions in this regard to all concerned from time to time. The outstanding recoveries at the close of the quarter ending 30.09.2009 is as under :

EPF	Rs.20.38 crore
CMPF	Rs. 7.72 crore
DOT	Rs. 8.24 crore

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**(Recommendation Para. 8)**

The difference between revenue expenditure and revenue receipts is the deficit of the Department. The Revenue deficit is increasing year after year. During the year 2007-08, the deficit was Rs. 1,511.44 crore which increased to Rs. 3,593.08 crore as per the updated status provided by the Department. The projections for 2009-10 are for Rs. 5,632.46 crore. The Committee note with concern that during the year 2008-09, RE in this regard is more than BE and the actuals are more than BE. Not only that, the deficit during the year 2008-09 is more than three times of the projected BE. During the course of the deliberations, the Committee have been informed by the Secretary that the mandate given to the Department during the previous Plan was that the Department should become deficit free. The Committee express serious concern that even then the deficit has increased to the extent of over 300 per cent during the year 2008-09 as compared to the previous year. Even in the next financial year, chances of decreasing the deficit are remote as the projections indicate that the deficit may be of Rs. 2,039.38 crore more as compared to the previous year. The Department has to chalk out the action plan to increase the revenue by multi pronged strategy which includes, expanding the business by capturing the rural market, making the human resource



competent and providing efficient and quality services to the customers depending on the local needs and by induction of technology. Concrete action on the suggested lines should be taken and the Committee informed accordingly.

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

The Department has taken a number of steps to increase the revenue by expanding its business as also its customer base. The instances are:

**Speed Post Business**- by providing efficient and quality service to the customers depending upon their needs and by induction of technology. This strategy has been able to gain the confidence of the Indian Customers which reflected in the growing business of Speed over the years:-

Year	Speed Post articles traffic ( in Lakh)
2006-07	1286
2007-08	1773
2008-09	2114

**Premium Services:-** The Department is also looking forward to increase Revenue Yield through its Premium Products like Express Parcel Post, Retail Post, Media Post and e-bill Post.

### **Financial services- -**

- (i) Introduction of Instant Money Order (iMO) service.
- (ii) Operation of International Money Transfer Service ( Western Union Financial Services Inc. USA)
- (iii) Retailing of Mutual Fund and Pension Fund.
- (iv) Oriental Accidental Death Insurance Cover to Post Office Savings bank (POSB) account holders.
- (v) Field Postal Orders.
- (vi) Setting up of Postal Financial Marts (PFMs)
- (vii) Electronic Clearance Service.

Department of Posts is considering to introduce Anytime, Anywhere, Any branch Banking through Core banking Solutions (CBS) for Post Office Small Savings Scheme during the 11<sup>th</sup> Five Year Plan ( 2007-12). The system so setup would enable providing new services such as National Electronic Fund Transfer (NEFT), Electronic Clearing services ) (ECS) and Real Time Gross Settlement (RTGS) etc. The proposed CBS would support Post Office Savings Bank and Savings Certificates work with improved operational efficiency while paving the way for multiple delivery channels like ATM, Internet , Phone and Mobile Banking Services for Small Savings Schemes.

Department is expanding iMO service to greater number of Post Offices which would enable technology induction in money remittance reducing operational costs and earning greater revenue for the Department.

In order to increase Revenue yield, the Department has taken up new initiatives as part of the 11<sup>th</sup> Plan to improve the quality of mail operations, which are mainly:

\*A proposal to set up automated mail processing Centres at Delhi, Mumbai, Kolkata, Chennai, Bangalore and Hyderabad with a view to increasing automate mail sorting.

\*Setting up of Mail Business Centres through a fundamental redesign of the existing mail network of the Department.

\*Popularization of the Pin Codes with a view to expedite mail sorting, transmission and delivery.

\*Creation of a National Database Management System.

\* Introduction of Radio Frequency Identification Device (RFID) technology in mail offices for tracking of mail bags/articles.

These initiatives are expected to result in better quality of service, which in turn, would help the Department in increasing mail traffic and revenue.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

### **(Recommendation Para.9)**

The Committee in the 56<sup>th</sup> Report on Demands for Grants of the previous year had expressed serious concern over gross under utilization of Capital Outlay during Tenth Plan as well as during the year 2007-08. In spite of that, the trend of under utilization persists during the year 2008-09. During the year 2007-08, the actual expenditure was Rs. 90.62 crore against the Revised Estimates of Rs. 202.22 crore. During the year 2008-09, BE was Rs. 453.51 crore which was scaled down to Rs. 278.27 crore at RE stage. The actual expenditure upto March 2009 was Rs. 244.75 crore. The BE for the year 2009-10 is Rs. 370.50 crore which is Rs. 83.01 crore lesser than the BE of the previous year. Thus during the previous year, the Department could not utilize the outlay provided at BE stage which was reduced considerably at RE stage. The Committee conclude from the aforesaid observation that the Department itself is responsible for getting the reduced allocation during the year 2009-10. While expressing the serious concern over the alarming trend of under-spending particularly under the Capital Section, the Committee strongly recommend to take the corrective measures so that the allocations made during the year 2009-10 are optimally utilized and result into effective implementation of the various schemes.

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

During the year 2007-08, funds to the extent of Rs.87.94 crore out of Rs. 164.63 crore were utilized ( 53.41% utilization) under capital segment. The main reason for under utilization was that the year 2007-08 being the first year of the Plan period, some of the schemes got approved during the last quarter of the

financial year and resultantly the time available for implementation of the schemes as well as utilization of funds was very limited.

However, during the year 2008-09, Rs 238.86 crore out of Rs.241.33 crore of (FG) the funds were utilized under capital segment. Thus the funds have almost been utilized during the year.

In the year 2009-10, Capital outlay of Rs.370.10 crore approved for the Department at BE stage has been reduced to Rs.214.77 crore at RE stage. The funds to the extent of Rs.105.51 crore have already been utilized and the remaining amount is already committed and the activities are under implementation stage. The Department, thereby assures full utilization of the Grant.

It can, therefore, be assessed that there is improvement in the spending trend of the Department. All efforts are being made to utilize the allocated funds fully in spite of constraints faced.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

#### **(Recommendation Para.14)**

The Committee are surprised to note that even when serious problems in implementation of the various schemes are duly reflected in the physical and financial achievements as explained in the previous part of the report, the Department do not feel any need to evaluate the schemes continued from the Tenth Plan by some independent agency. The Department neither has ever evaluated any scheme by the independent agency nor propose to evaluate the schemes in the near future. The Committee express unhappiness over the stand of the Department in this regard. The Committee urge that the schemes continuing from the Tenth Plan should be evaluated by some independent agency so as to get the feedback about the implementation of the schemes. The concrete action in this regard should be taken and Committee informed accordingly.

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

In respect of schemes carried over from Xth Plan such as- IT Induction, though the nomenclature of the schemes have been retained from 9<sup>th</sup> Plan, the components of the schemes are vastly changed in scope and content to cater to the requirement of the emerging Socio-economic structure of the country and strictly speaking cannot be said to have been carried over from 10<sup>th</sup> Plan.

However, the directions of the Committee have been noted and action will be taken to evaluate those schemes which have been carried in content and scope from the 10<sup>th</sup> Plan.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

#### **(Recommendation Para.21)**

The Committee are unhappy to note that out of the seven sub-components of one of the important schemes, whose objective is to increase the access to the postal network, only one component could be approved even when the third year of the Eleventh Plan is in its half way. The delay in the clearance of the scheme has affected the working of the Department in one or the other way. As acknowledged by the Department, the initial proposal of creation of 3000 GDS posts, had to be scaled down since the precious plan period was lost in getting the approvals. All this clearly indicates that there are serious loopholes in the process of getting clearances for the various Plan schemes. There is an urgent need to simplify the process of getting approvals. Without wasting further time the Department should act fast and ensure that the approval of the various components of the scheme is obtained immediately so that the projects can be implemented at least in the remaining period of the Eleventh Plan.

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

Expansion of Postal Network depends mainly on creation of posts and provision of manpower to new Post Offices. There being ban on creation of new posts, the Department has to seek approvals from competent Ministries. Accordingly, the competent authority has cleared the 11<sup>th</sup> Plan Proposals except for creation of new posts of Gramin Dak Sewaks required for opening of new Branch Post Offices for which a revised proposal for creation of 400 new GDS posts is being taken up with the Ministry of Finance. Physical Targets and Financial Allocations for opening of Sub Post Offices by redeployment/relocation and Branch Post offices by relocation have already been allotted to the Circles.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

### **(Recommendation Para. 24)**

The Committee observe that even when the Franchisee outlets are functioning well and have done more than Rs. 4 crore business only under stamps, stationery etc, the scheme remain still in the process of getting clearance during the Eleventh Plan. The Committee fail to understand how the Department would achieve the target of opening 8000 such outlets with the slow process of approval. At least now the Department has to act fast and take the concerted action so that the scheme is formally approved and the desired objectives are achieved.

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

For opening of Franchise Outlets, targets are allotted to the Circles and canvassing is done by them. However, these can be opened only on receipt of request from public. So far, these Outlets have been opened without incurring Plan expenditure. During the current year 2009-10, allocation of funds was reduced at RE stage. Therefore, a target for opening of 300 Franchise Outlets has been given to the Circles without any budgetary support. On availability of Plan support during the remaining two years of 11<sup>th</sup> Plan, it is proposed to achieve the physical targets of opening of Franchise outlets.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

## **(Recommendation Para.26)**

Post Office Small Saving Schemes and Saving Certificates have been one of the favourable option for investing money particularly among the middle income group in the country. These schemes have lost their status which is evident from the data furnished by the Department according to which under various schemes viz MIS, SCSS, 1, TD, 2, TD, 3, TD, CTD, NSS-87 and 6NSC VIII, the withdrawals are more than the deposits. When the Commercial Banks and other private Banks are providing quality services with the use of the latest technology, in the case of Post Bank, things are still at the conceptualization stage. 'Any time Anywhere Any Branch' Banking is still a distant dream. Even the pilot project is likely to start in the next financial year. The Government funding is being provided under the aforesaid Plan scheme whose objective is to fully realize the potential of the vast customer base. During the year 2007-08 out of the allocation of Rs. 20.50 crore, the utilization was just Rs. 1.05 crore. Similarly during the year 2008-09, the allocation was reduced to Rs. 15 crore which also remained underspent. Only Rs. 5.49 crore could be utilized. It is evident that the Department is unable to avail of the opportunity which is clear from the status of utilization of funds. With the status of the schemes as indicated above, the Committee express its doubts about the improvement in public perception of these saving schemes of the Department. The Department has to work on war footing to realize the credibility of India Post in the area of banking and money operations. The various proposed projects need to be hastened to achieve the set objective. The detailed action plan in this regard should be chalked out and the Committee informed accordingly.

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

The Plan of action are as under;

#### **(i) Centralised Banking for POSB:**

- (1) Technology & Banking Consultants have been engaged.
- (2) Migration to Double entry Accounting System.
- (3) Data Cleansing and Autjentication of POSB data.
- (4) Floating of RFP for Core Banking Software with the help of Technology and Banking Consultant.
- (5) Customization of Software, User acceptance Testing.
- (6) 4000 POs have been identified for this scheme.
- (7) Once Software is chosen, detailed training for operative staff will be undertaken.
- (8) Pilot in 104 Post Offices. Implementation will be in three stages.
- (9) Implementation will be in three stages,viz:

Stage-I.            500 Offices

Stage-II. 1900 Offices

Stage-III. 1600 Offices

**(II) Setting up Post Bank of India:**

The proposal to setup Post Bank Of India (PBI) is at a conceptual stage. The aim of establishing PBI is to provide full banking privilege to the rural poor who still do not have modern banking facilities and still have to depend on informal sector for their credit requirements. The scheme named as "Studies and Miscellaneous Expenditure relating to setting up of Post Bank of India" is the Plan activity included in 11<sup>th</sup> Five year Plan with an outlay of Rs.5 crore. The Appraisal Memo has been approved in March, 2009 which covers action plan such as feasibility/detailed studies and study visits within and outside India to understand the various aspects of a Bank in order to prepare a detailed roadmap for establishing Post Bank of India. The Request for Proposal (RFP) to select an institute to study and design a Roadmap for establishing Post Bank of India has been issued on 1120.03.2010

**(III) Instant Money Order (iMO)Service:**

Instant Money Order (iMO) is an online money transmission service intended for a market clientele requiring instant money remittance. This service enables the customer to receive money in minutes from any of the Post Offices providing iMO service. The service was introduced on 20<sup>th</sup> January,2006 during the 10<sup>th</sup> Five Year Plan. Under this Service , a person can send amount from Rs.1000/- to 50,000/- in one transaction. The fee charged is in the range of Rs.150/- and Rs. 330/-. At present, iMO service is available from more than 2100 locations across the country.

Department is expanding iMO service which would enable technology induction in money remittance, reducing operational costs & earning greater for the Department. In the 11<sup>th</sup> Plan, it is proposed to expend this facility to more than 10,700 Post offices.

**(IV) Setting up of Postal Finance mart:**

The Postal Finance Marts provide Post Office Savings Bank service like Savings Bank, Recurring Deposit, Monthly Income Scheme, Time Deposit, Senior Citizen Savings Scheme, National Savings Certificates, Kisan Vikas Patra as well as other financial services like Postal Life and Non- Life Insurance , Mutual Funds, & Bonds, Government Securities,, Pension Schemes, International Money Transfer, Money Order and Instant Money Order etc under one roof as 'One Stop shop for Financial Services' in a fully computerized office supported by technology and in a customer friendly ergonomically improved environment at par with the reputed banking institutions. The facilities like Internet Connectivity, availability of forms & stationery and comfortable sitting arrangement for the customers are already provided in Postal Finance Marts.

In the 10<sup>th</sup> Five Year Plan, a total of 313 Postal Finance Marts have been setup across the country. A target of setting up of 500 Postal Finance Marts has been fixed for the 11<sup>th</sup> Five Year Plan.

### **(Recommendation Para. 29)**

The Committee note that various added benefits are being provided to the investor of Post Office Saving Schemes which includes bonus @ 5 percent on the deposits made under Post Office monthly income account and the benefit of accidental insurance through Oriental Insurance Company for Rs. 1 lakh to the Post Office Savings account holder with nominal premium of Rs. 15. The examination in this regard has revealed that the Department has no mechanism to know about the similar benefits being provided by the other Banks. The Committee feel that in this world of competition, India Post has to be more vigilant while making its various instruments customer friendly. More so it is necessary to make the public aware about the various benefits. The rural India, where Post Bank has the maximum reach need to be made aware about the saving schemes of the Department.

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

The Department of Financial Services, Ministry of Finance has informed that the benefit of either Bonus on Maturity or Accidental Insurance to account holders are not available with the Banks. Public awareness campaign are organized from time to time at the grass root level to educate the rural masses about the facilities available under the Post Office Savings Bank Schemes

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

### **(Recommendation Para. 38)**

The Committee again note the under-utilization of outlay during the aforesaid scheme during the years 2007-08 and 2008-09. The specific reasons for under utilization under the scheme should be communicated to the Committee. The Committee further note that there is confusion with regard to the sub-component of the scheme insurance operations viz training of circle office personnel and marketing personnel. Initially, the Department informed that no allocation was made for the scheme. When the Committee enquired whether the sub scheme has been dispensed with, the Committee have been informed that Rs. 2.51 crore was allocated during 2009-10. The Committee cannot understand the idea of dispensing with the scheme related to training and marketing particularly when the autonomy to the Department has been provided which may provide the opportunity to expand the insurance business. The Committee would like that more stress should be given to the training of the officers. The detailed strategy in this regard should be chalked out and the Committee informed accordingly.

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

The reasons for underutilization of Plan Outlays during 2007-08 and 2008-09 are as follows:

- (i) Being initial year of XI Plan, approval of plan schemes was required before the amount could be spent.
- (ii) Online Operations upto Division and HO level could be made possible because of WAN through dedicated leased line as part of spill over of 10<sup>th</sup> Plan project relating to computerization and networking of Post

Offices. However the Software development was taken up in the 11<sup>th</sup> Plan which is still continuing

- (iii) Regarding computerization of PLI/RPLI, the Circles placed the orders to vendors to purchase Hardware through DGS&D in the year 2008-09. Due to delayed supply of Hardware by vendors, their bills could not be cleared within the Financial Year 2008-09 though the supply of hardware were made.
- (iv) Because of in house training imparted by the Departmental officials/training Centres, expenditure was on lower side.

As regard the allocation and utilization of funds under the sub scheme Training of marketing personnel and Circle office staff during 2007-08 and 2008-09 , it is informed that the total allocation for the plan period under this sub scheme was Rs.5.00crore. During 2007-08 being the initial of the plan period , the scheme was approved during January, 2008. Initial allocation was Rs. 2.5 crore for the year 2009-10 which was reduced to Rs.0.57 crore out of total of Rs.2.25 cr. in the Revised Estimates. Detailed strategy for training of officers and marketing personnel has been worked out. Marketing Personnel including Direct Agents, Departmental staff, and Gramin Dak Sewaks are being provided in house and licentiate training through Insurance Institute of India, Mumbai and other accredited institutes. Training to officers is being imparted through National Insurance Academy, Pune, Indian Institute of Management, Shillong and other institutions.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

### **(Recommendation Para.39)**

The Committee note that the Department has ambitious plans with regard to technology upgradation and modernization during Eleventh Plan. The Department propose to complete ongoing projects for technology upgradation and initiate action for computerization of remaining Post Offices. Besides it is proposed to upgrade Automatic Mail Processing Centers (AMPCs) and provide for a multi model transport system. The setting up of regional data centre is another proposal of the Department. In addition, modernization of Speed Post concentration Centre, Speed Post Centre, Postal Stores Depots, Circle Stamps Depots and Customer Care Centres are also proposed during the Eleventh Plan. Besides as acknowledged by the Department, the enlargement of business of Posts is dependent upon networking of Post Offices. The insurance companies, banks as stated by the Department are approaching Post Offices for collecting their premiums but the work cannot be taken due to the constraints of networking. The Committee note that when the whole plans of the Department are dependent upon the modernization and computerization, out of total schemes of Rs. 2011.50 crore under IT Induction during the Eleventh Plan, the schemes amounting to Rs. 628.66 crore could only be approved. The Committee fail to understand how the Department would implement the modernization plans with the status of approval of the schemes when the half of plan period has already gone. The Committee emphasize that it is high time the Department should wake up and do whatever is needed to expedite the approval of the plans and work on a mission mode to achieve the objectives of modernization and computerization.

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



All Plan Schemes relating to Mail Operations had already been approved by the competent authority except the Plan Scheme relating to 'Setting up of Automatic Processing Centres'. The said Scheme has now been approved by Hon'ble Minister of Finance on 19.01.2010 with the total outlay of Rs.145.38 crore. (PMU) For comprehensive induction of Technology in Post Offices, computerization and Networking of all Post Offices including those in Rural areas, development of integrated Modular Software for all the applications, establishment of Data Centre and business continuity Plan and having an appropriate governance structure for the IT Project, the Department has engaged a IT Consultant and the Project Report and the Draft EFC has been circulated to the nodal Ministries. On the approval of EFC, all the Post Offices including the Rural Post Offices will be computerized and networked by the end of XIth Plan period..The IT Project will improve the Service level to the customers, increase productivity of the employees and inter-alia will have beneficent impact on the Revenue of the Department.

**(BD):** The Plan Schemes of Business Expansion of Speed Post and Marketing Research and Product Development have been approved by the competent authority and are currently under implementation. The Business product Division of BD and Marketing is having following Plan Projects for modernisation:

- i. Development of Infrastructure for logistic Post.
- ii. Development of Infrastructure for Express Parcel Post.
- iii. India Post Business Innovation Centre.
- iv. India Post Consultancy Group and
- v. Establishment to Print to Post Facility.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

### **(Recommendation Para. 42)**

The Committee further find that in addition to the already available staff quarters there is an additional demand for about 1400 staff quarters to be constructed during the Eleventh Plan. With the status of implementation of the projects, as explained above, the Committee express doubts about the achievement of targets during the Eleventh Plan. All the hurdles being faced in implementation of the project should be identified and corrective action taken so that the targeted staff quarters are constructed during the Eleventh Plan which may increase the satisfaction level of the employees.

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

As intimated earlier also, during the 11<sup>th</sup> Five Year Plan the Department has proposed to construct 30 staff quarter projects involving 100 staff quarters. During the current Plan period i.e. April, 2007 to December, 2009, work of 13 staff quarter projects involving 45 staff quarters was completed. In order to achieve the physical target fully, monitoring is being done at various levels by holding review

meeting. Besides, all the Heads of Circles have already been addressed to monitor all the ongoing /approved building projects at personal level for the purpose.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

#### **(Recommendation Para. 44)**

The Committee note that the revenue from premium services has grown from Rs. 425.74 crore in 2003-04 to Rs. 2,141.48 crore in 2008-09. While appreciating the aforesaid development, the Committee take note of the fact that some of the premium products like express post, retail post media post, e-bill post and 'others', there is decrease in revenue earned during the year 2008-09 against the previous year. The Committee would like to emphasize that all initiatives should be taken to reverse this trend. The particular reasons for the said decrease should also be communicated to the Committee.

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

During the year 2007-08, the revenue generated from the Express Parcel Post was Rs.53.53 crore which has come down to Rs. 49.29 crore during the year 2008-09. In order to generate more revenue, Express Parcel Post 'Retail service' has been introduced w.e.f. 1<sup>st</sup> May,2009 to make the service customer friendly by offering the Service to Retail customers without signing any agreement. The customers who have not signed the Business Parcel Agreement, shall book the Express Parcel post under '**Express Parcel Post Retail (EPP)**' service. Steps have been taken through Plan Schemes to further increase the Revenue under EPP.

**E-Payment (e-Bill Post):** Revenue generated under e-payment during the year 2007-08 was Rs. 4.71 Crore which has reached to Rs.10.20 crore during the year 2008-09. In order generate more Revenue by optimally utilizing the Postal Network, service has been extended 8457 Post offices and the network is still growing.

**Retail Posts:** The Revenue generated from the Retail Post during the year 2007-08 was Rs.103.56 crore which has come down to Rs.95.94 crore during 2008-09. Tie up with other organizations are being made and more retail locations are being added to offer the services viz. sale of Gold Coins, Passenger Reservation System(PRS) sale/Purchase of Foreign Exchange by expanding the retail network.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

#### **(Recommendation Para. 45)**

The Committee further note that the market share of the Department in the courier business is just 13 per cent. The Committee emphasize that there is an urgent need to improve the quality of courier services of the Department. As acknowledged by the Department, the staff of the Department is not as alert as that of the private courier. Since this is a world of competition, there is no other

way than to improve the quality of services by providing adequate training to the employees and taking all other desired initiatives to bring in the attitudinal changes for the customer needs and requirements for quick and speedy delivery. The detailed action plan should be chalked out in this regard and the Committee informed accordingly.

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

The Department has taken a number of new initiatives in the realm of mail operations as part of the 11<sup>th</sup> Plan with a view to bring in greater automation in mail processing, reliability in mail transmission and restructuring of the existing network and operational framework. These initiatives are aimed at not only arresting the decline in mail volumes but also to meet the challenges in an extremely competitive mail market in the country.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

### **(Recommendation Para. 46)**

The Committee in this regard would also like to suggest that the customer particularly in the rural areas needs an assurance that the daks sent through courier reaches them in time. In this regard, there is an urgent need to have Post Office building in every village. The Government should examine the aforesaid proposal and take the desired action.

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

The Department has prescribed norms on the basis of which decision is taken regarding providing of Post Office facilities. As regards building for Post Office in every village presently we consider building proposals only where departmental staff are providing fulltime Post Office services and as such the provision of building in each village post office may perhaps not be feasible.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

### **(Recommendation Para. 48)**

The Committee have persistently been recommending to take the desired action to fill the vacant posts in the Department. The Committee are pleased to note that at last the Department has got clearance to fill up vacancies for the current year. The Committee strongly recommend that the action should be taken urgently to fill up the vacancies so that the work is not affected particularly in the single handed Post Offices

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

As a follow up action 276 vacancies of IPOs (Inspector of Post Offices) Group 'B' have been reported to Staff Selection Commission for filling up on the basis of

Combined Graduate Level Examination. They have already declared the result of the Written Examination and were in process of conducting the Interviews. The Staff Selection Commission is expected to declare the result soon after the conclusion of the interviews. On receipt of the nominations of the selected candidates, action will be initiated to complete the pre-appointment formalities viz.- Medical Examination, Character and Antecedents verifications etc. before issuing the offer of appointments.

Various Postal Circles have completed the selection process to fill up 4618 vacancies of Postal assistants/Sorting Assistants. As soon as the pre-appointment formalities are completed , the candidates will be issued the offer of appointments.

Similar action is being taken by the Circles to fill up 2244 vacancies of Postmen by Direct Recruitment. Action is also under way to fill up 143 posts of Junior Accountants.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

### **(Recommendation Para. 50)**

The Committee note that human resource is the biggest asset for any institution. The quality of the human resource is the main factor in the success/failure of any institution. In this regard, training is the input which hones the skills of the individuals and ensure best of their performance. In the case of the Department of Posts, there is an urgent need to give more emphasis on training particularly when the Department propose to set up the Post Bank. Further the postal facilities of the Department are also being expanded and there are plans to expand the insurance activities. The Committee would like to be apprised about the details of the number of employees who have been imparted training so far along with the plans of the Department to give training to the remaining employees.

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

The Training is imparted to the employees on regular basis to improve the quality of the human force and to develop the special skills. It is an ongoing process. To train the workforce of the Department, a comprehensive scheme has been prepared as the plan Project for the XIth plan. The same has been approved for Rs. 124.92 crore The Scheme includes imparting of institutional in service training, technology training ,business oriented programmes capacity building of training centres and trainers and development of infrastructure.

The Group 'A' & 'B' officers are trained at Postal staff College of India (PSCI) Ghaziabad, which the apex institute of the Department and there are six Postal Training Centres (PTCs) which impart induction training to the Inspector of Post Offices , Postal Assistants and Sorting Assistants. The PTCs also organize in service training programmes for Post Masters and Assistant Superintendents of Post Offices on Departmental matters and technology.

The Plan Scheme for Human Resource Management during XI Plan includes following training programmes to cover all the cadres of employees.

(a) **Induction Training Programmes** are imparted for new entrants. The induction training programmes for Major cadres like Inspector of Post Offices, Postal

Assistants and Sorting Assistants have been reviewed and revised. The focus is on gaining operational efficiency and improving staff skills for handling customers. The new entrants are being sensitised to the future developments and initiatives of the Department. IT training is an essential component of all induction trainings.

(b) **Development Programmes** are conducted to develop officers after specific spells of service. The existing development programmes for middle level and junior level officers have been enhanced. These include one week exposure to a foreign postal administration which have successfully transformed themselves. Three new development Programmes have been introduced in this plan, namely the Advanced Development Programme for senior level officer and programmes for Assistant Superintendent of Post Offices and Account Group 'B' cadre.

(c) **In -Service Training Programmes** have been introduced for Post Masters and supervisors on Software along with technology knowledge programmes. Presently, the Post Masters and Supervisors in Project Arrow Phase I,II and III Post Offices, have been trained . The Postal training Centres also impart the 'Train the Trainers' training to the Workplace Computer Training Centre trainers. As part of improvement of quality of service, training has been imparted to the Sorting Assistants with a view to improve their sorting skills particularly improving town delivery sorting. Training Programmes have also been initiated for the accounts personnel through Zonal training Centres and Divisional Training Centres in the office of Director of Accounts ( Postal)

(d) **Technology training** is being given to Group 'A' and 'B' officers for technology implementation, training to Assistant Superintendent of Post Offices and Inspector of Post offices to enable them to inspect computerized offices and training to Postal Assistants, Post Masters , Sub Post Masters and Supervisors to operate the Departmental Software. System Administrators are also being developed for trouble shooting assisting in technology implementation at the Post Office Level. Similarly, the focus has been on expansion of facilities for imparting training from the year 2007.

(e) **Business oriented Programmes** are being organized for the work force dealing with the customers directly. This include customers' relationship Management Programmes for the Marketing Executives and Rural marketing Programmes for the Assistant Superintendents of Post Offices who are in-charge of the Sub Division Programmes for the Postmen and Gramin Dak Sewaks are also being organized. Programmes are also being organised for frontline staff which includes Postmen, and the counter staff.. Training is being imparted to the Drivers and the Technical staff.

(f) **There is need for capacity building** for imparting training keeping in view the increasing need for updating the skills of the work force. Initiatives in this direction include train and trainers , development of mentors, standardization of training packages as well as building infrastructure and development of training facilities. In addition to this Training on Direct Trainers ` Skill is also being imparted to the trainers.

5. Further to keep pace with the Technology implementation, local Training facilities are being developed to supplement the training provided by Postal Training Centres. Accordingly two types of training facilities are being setup called -Workplace Computer Training Centres (WCTCs) and Divisional level Training Centres (DTCs). The WCTCs, mainly setup in Region will impart training for Departmental Software to the Supervisors and Postal Assistants whereas the DTCs impart basic computer training to the employees.

6. Training facilities have been setup for accounts Personnel in the Circle. Five Zonal Training Centres at Chennai, Delhi, Lucknow, Nagpur and Kolkata and fifteen

Divisional Level Training Centres have been setup at the remaining offices of Postal Accounts Offices. The ZTCs impart training on accounting as well as accounting software. The Divisional Level Centres provide training on accounting software. The Computer Training capacity of the PTCs has also been increased to cope with the need for induction training for the newly recruited Postal Assistants.

7. The Standard Training Packages (STPs) have been developed for imparting computer training. The PTCs develop the STPs which contain the programme objectives, breakdown of module, trainee material and notes for instructor for conducting the training.

The details of the number of the employees who have been given training so far during the first three years of the XI Plan are shown in the **Annexure 'VI'**

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

### **(Recommendation Para. 51)**

The aforesaid observations/recommendations of the Committee have been made after detailed examination of the various Budget documents and the deliberations held in the context of examination of Demands for Grants 2009-10. The Committee hope and trust that the Department would take note of the suggestions made by the Committee and implement the same which would definitely improve the working of India Post particularly the implementation of various Plan schemes.

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

The Observations/Recommendations and Suggestions of the Committee are noted with due regards for necessary action/compliance.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

## **CHAPTER - III**

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

#### **(Recommendation Para. 13)**

Another disturbing fact noticed during the course of examination of Demands for Grants was the discrepancy in the data furnished to the Committee in various Budget documents. For the Tenth Plan which concluded on 31<sup>st</sup> March, 2007, the utilization status as informed during the course of examination of Demands for Grants of the previous year was Rs. 874.67 crore. In the note furnished to the Committee while examining the Demands for Grants of the current year, the status was indicated as Rs. 661.57 crore. When the attention of the Department was drawn to the data given in the previous year, the Department changed its stand and stated that the actual expenditure was Rs. 874.67 crore. Similar is the position with regard to actual expenditure under the Plan schemes during the year 2007-08. While examining the DFG of the previous year, the Committee were informed that Rs. 75 crore was the utilization status. As per the Outcome Budget, the actual expenditure was Rs. 136.81 crore. When the comments of the Department were sought, the Committee have been informed that the actual expenditure during the year 2007-08 was Rs. 136.81 crore as indicated in the Outcome Budget. The Department has further stated that Rs. 75 crore appears to have inadvertently been reflected. The Committee note that the data furnished by the Department in their reports is based on the information provided by the Department in various Budget documents and the data before finalizing the report is verified by the Department. The discrepancy of the data has further been noticed in respect of some more heads, the details of which have been given in the earlier parts of the Report. The discrepancy of the data furnished by the Department in the various documents is a serious issue. The Department should take utmost care before furnishing the information before the Standing Committee and Parliament.

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

The mistake in furnishing the actual expenditure of the tenth Plan occurred inadvertently for which the Department regrets.

Some times, the figures/data are also changed due to updating the information. The observation of the Committee is noted to avoid such instance.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

#### **(Recommendation Para.33)**

Besides the remuneration received from the Ministry of Finance for NREGA, 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. As regards, the status of approval of the scheme, the Committee have been informed that EFC is under submission. Even when the EFC is under submission, an amount of Rs.22.18 crore was spent during the year 2008-09 out of

the total allocation of Rs. 80 crore. During the current year 2009-10, Rs. 100 crore is the BE. The Committee would like to be clarified how the scheme was being implemented and the amount spent without its formal approval. The Committee also emphasize that the formal approval of the Plan Scheme should be obtained expeditiously so that the infrastructure is created for the disbursement of wages under NREGA.

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

Besides the remuneration received from Ministry of Finance for NREGA, the Department also gets funds from Planning Commission under the Plan scheme for additional work which include arrangement for cash conveyance, incentive to staff and training etc. The Plan scheme was introduced during the year 2008-09. An amount of Rs.22.18 crore was spent during the year 2008-09 out of the total allocation of Rs. 80 crore. During the current year 2009-10, EFC has been approved for Rs 100 crore.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

### **(Recommendation Para. 34)**

The Committee further observe that even when the amount is being allocated by the Planning Commission for creating the infrastructure for disbursement of wages under NREGA, the Department has shown its reluctance on a suggestion that emerged during the deliberations according to which the Department should introduce mobile services for the disbursement of wages to the workers at the work site. The Committee feel that all out efforts should be made to ensure that the workers get their wages timely without wasting their time to come to the Post Office to get the wages. Though the Department subsequently agreed to consider the said suggestion, the reluctance indicates the insensitivity of the Department towards the poorest of the poor. The Committee hope that their suggestion would be implemented expeditiously and the workers would get their wages at the work place.

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

As part of NREGS IT modernization effort, the Department of Posts will begin deploying a mobile technology solution to over 1,30,00 rural branch post offices which will enable mobile banking and a host of other services. One key feature of this solution will be the ability to disburse NREGS fund to its beneficiaries. It is the intention of India Posts to enable each rural Branch Post Office to open NREGS accounts and disburse funds using secure biometric enrolment and identity validation procedures. The Department also plans to increase our presence by authorizing Branch Post Masters (BPMs) to make payment directly at job sites wherever feasible. The Department hopes to begin the first stage of this project beginning in October,2010. The Department is also planning for the use of optional smart cards to serve the illiterate customers in a better manner. When a smart card is used and coupled with a biometric validation of identity, customers will not be required to complete any forms- similar to an ATM transactions. Further, illiterate customers will be able to hear a summary of their transactions in their local vernacular to reach assurance that they have received the requested amount.



### **(Recommendation Para.39)**

The Committee note that the Department has ambitious plans with regard to technology upgradation and modernization during Eleventh Plan. The Department propose to complete ongoing projects for technology upgradation and initiate action for computerization of remaining Post Offices. Besides it is proposed to upgrade Automatic Mail Processing Centers (AMPCs) and provide for a multi model transport system. The setting up of regional data centre is another proposal of the Department. In addition, modernization of Speed Post concentration Centre, Speed Post Centre, Postal Stores Depots, Circle Stamps Depots and Customer Care Centres are also proposed during the Eleventh Plan. Besides as acknowledged by the Department, the enlargement of business of Posts is dependent upon networking of Post Offices. The insurance companies, banks as stated by the Department are approaching Post Offices for collecting their premiums but the work cannot be taken due to the constraints of networking. The Committee note that when the whole plans of the Department are dependent upon the modernization and computerization, out of total schemes of Rs. 2011.50 crore under IT Induction during the Eleventh Plan, the schemes amounting to Rs. 628.66 crore could only be approved. The Committee fail to understand how the Department would implement the modernization plans with the status of approval of the schemes when the half of plan period has already gone. The Committee emphasize that it is high time the Department should wake up and do whatever is needed to expedite the approval of the plans and work on a mission mode to achieve the objectives of modernization and computerization.

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

All Plan Schemes relating to Mail Operations had already been approved by the competent authority except the Plan Scheme relating to 'Setting up of Automatic Processing Centres'. The said Scheme has now been approved by Hon'ble Minister of Finance on 19.01.2010 with the total outlay of Rs.145.38 crore.

**(PMU):** For comprehensive induction of Technology in Post Offices, computerization and Networking of all Post Offices including those in Rural areas , development of integrated Modular Software for all the applications, establishment of Data Centre and business continuity Plan and having an appropriate governance structure for the IT Project , the Department has engaged a IT Consultant and the Project Report and the Draft EFC has been circulated to the nodal Ministries. On the approval of EFC, all the Post Offices including the Rural Post Offices will be computerized and networked by the end of XIth Plan period..The IT Project will improve the Service level to the customers, increase productivity of the employees and inter-alia will have beneficent impact on the Revenue of the Department.

**(BD):** The Plan Schemes of Business Expansion of Speed Post and Marketing Research and Product Development have been approved by the competent authority and are currently under implementation. The Business product Division of BD and Marketing is having following Plan Projects for modernisation:

- vi. Development of Infrastructure for logistic Post.

- vii. Development of Infrastructure for Express Parcel Post.
- viii. India Post Business Innovation Centre.
- ix. India Post Consultancy Group and
- x. Establishment to Print to Post Facility.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

## **CHAPTER - IV**

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

#### **(Recommendation Para. 6)**

The Department receives remuneration for the services performed on behalf of the Ministry of Finance in Saving Bank and Saving Certificate functions and 41 per cent of the revenue come from SB/CC remuneration. From the data provided by the Department, the Department has explained that as per the recommendation of the Expert Committee set up in 1993-94 by the Ministry of Finance, the rate of remuneration was enhanced @ 10 per cent per year upto 2000-01. However, the rates were reduced substantially in the subsequent years. During the year 2007-08, the rates decreased to as low as 3 per cent. In this regard, the Committee have persistently been raising the issue of hike in the rate of remuneration being received by the Department. The aforesaid Expert Committee had recommended that the Department of Posts were entitled to a hike of 10 per cent per annum in the rate of aforesaid remuneration. With the pursuance of the issue, the remuneration was increased by 4.6 per cent during the year 2008-09. During the year 2009-10, the rate has increased further to 5 per cent. With regard to the latest position in this regard, the Department has informed that the Ministry of Finance has agreed to constitute again an Expert Committee to review the rate of remuneration in the light of pay revision due to recommendations of Sixth Pay Commission. The Committee recommend that the issue should be pursued further with the Ministry of Finance so that the Department gets its due share of remuneration.

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

Ministry of Finance has decided to set up an Expert Group headed by chief Advisor (Cost), Department of Expenditure to review the rate of remuneration paid to the Department of Posts for operating Small Savings Schemes in which representation has been given to the Department of Posts. Formal orders constituting the expert group is yet to be issued by Ministry of Finance. The issue will be presented before the said group by the Department.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

#### **Comments of the Committee (Please see Para No. 41 of the Chapter I)**

#### **(Recommendation Para. 10)**

The Committee are seriously concerned to note the persistent problem of under-spending of Plan outlay of the Department. During Tenth Plan (2002-07) Budget Estimates were Rs. 1,273 crore i.e. almost 1/3<sup>rd</sup> of the proposed allocation of Rs. 3619.83 crore. Even then the allocated outlay could not be spent fully resulting into under-spending of Rs. 398.33 crore which is around 26 per cent of

the allocation. Even when the issue was raised in 56<sup>th</sup> Report, there is no improvement in this regard. Out of the total allocation of Rs. 4,180 crore for the Eleventh Plan, the expenditure as on date is just Rs. 1,075.64 crore which is 26 per cent of the total outlay even when half of the Plan period has already passed. The trends of the allocations and the expenditure indicates that the proposed allocations are scaled down while providing allocation at BE stage and whatever is allocated at BE stage is further reduced at RE stage and the reduced allocation at RE stage further remain unspent. During the year 2008-09, BE was Rs. 600 crore that was less than half of the proposed allocation of Rs. 1,492.57 crore. The BE was further reduced by Rs. 200 crore at RE stage. Even this reduced allocation could not be spent fully and there was shortfall of Rs. 81.17 crore. Worst is the position during the year 2009-10. BE during this year is Rs. 620 crore which is even less than 1/3<sup>rd</sup> of the proposed allocation i.e. Rs. 2,100 crore. Expenditure position upto July, 2009 as intimated in the written note was only Rs. 22 crore i.e. 3.5 per cent of the allocation. Another disturbing fact noticed is that with the continuous status of under utilization of Plan outlay, the Department however, is quite optimistic and has projected 100 per cent utilization during the current year. The Committee fail to understand how the targets set under different projects would be achieved with the status of under utilization of the Plan outlay.

The Committee are of the firm opinion that there are serious problems in planning and implementation of the various Plan schemes. There is an urgent need to review the situation scheme-wise and project-wise. The corrective action in this regard should be taken immediately and the Committee informed accordingly.

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

The amount of utilization of Rs.388 crore mentioned during the deliberations was not related to the current year, but it relates to the year 2008-09 where the actual amount utilized was Rs. 318.83 crore as against the RE outlay of Rs.400 crore.

Further, as per the observations of the committee, the Department would like to inform that the Physical targets for the activities are fixed keeping in view the funds made available for the activity. The main reason for variation between the targets and fund utilization is due to the facts that once the activity is implemented the physical targets are achieved but reflection of funds utilized in the books of the Department takes place only after the bills are adjusted by the DGS&D, Cheques are presented by the vendors, submission of bills by Civil Wings etc. which is actually not completed within the Financial year thereby causing reflection of under utilization of funds. However, all efforts are being made to ensure complete booking of expenditure by seeking timely submission and adjustment of the bills within the close of the financial year.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

**Comments of the Committee  
(Please see Para No. 8 of the Chapter I)**

**(Recommendation Para. 11)**

The Committee in its 56<sup>th</sup> Report had raised serious concern over the whole planning process whereby the substantial part of the Plan period is wasted in obtaining clearances for the different schemes/projects. Even then as many as 14 schemes still remain to be approved even when two and a half year of the Plan period has already gone. Three major schemes viz Computerization and networking of Post Offices, Setting up of Automatic Mail Processing Centres and Support for payment of wages under NREGS for which substantial allocation has been provided are yet to be approved by the competent authority. The Committee take serious note of the statement made by the Secretary during the course of deliberations that the projections are little complicated and come back from the Ministry of Finance. It appears that sufficient homework has not been done by the Department before start of the Plan period resulting into moving of files from the Department of Posts to the Finance Ministry and vice versa. The Committee disapprove the way the projects are being planned by the Department. There is an urgent need to analyze the position critically and streamline the whole Plan process. The Secretary herself has acknowledged that procedures are the problem area which are not considered as a focus area. The Committee strongly recommend that the process of evaluation/restructuring of the schemes and obtaining various clearances etc. should be over before 1<sup>st</sup> April of the first year of Five Year Plan so that the targets set under the different schemes are realistically achieved. The Committee urge that atleast now the Department should properly coordinate with the Ministry of Finance so that the clearances for these 14 schemes are obtained immediately. The concerns of the Committee in this regard should also be duly communicated to the Ministry of Finance.

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

The Plan Scheme namely 'Support for Payment of NREGS beneficiaries through Post Offices' was introduced during the year 2008-09. An amount of Rs.22.18 crore was spent during the year 2008-09 out of the total approved allocation of Rs.80 crore. During the current year 2009-10, EFC has been approved for Rs.100 crore.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

### **Comments of the Committee (Please see Para No. 11 of the Chapter I)**

### **(Recommendation Para. 12)**

The Committee while examining the Demands for Grants of the previous year had expressed concerns over the mis-match between the physical and financial achievement during Tenth Plan period. At that time, the Committee had been informed that the last estimates with regard to electronic equipments were not correct. During the examination of the Demands for Grants of the current year, the Department has changed its stand and has stated that the reason for mis-match between physical and financial achievement during Tenth Plan period was due to the fact that DGS&D bills are not adjusted well within the stipulated time. The Committee observe that the Tenth Plan period was over by 31<sup>st</sup> March, 2007 and as such there is no point in change of reasons as given in the month of February/March, 2009. The Committee are being misled by giving different versions for the under-spending of the outlay without analyzing the actual reasons

concerning the implementation of different schemes. This is a serious matter which the Department need to explain to the Committee.

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

As far as estates management is concerned it is stated that there is no direct correlation between the physical targets and the financial outlay as the cost involved is calculated on a project-to-project basis, which in turn, depends upon the tentative schedule of accommodation and CPWD schedule of rates, drawings and preliminary estimates. Also, physical achievements have exceeded the financial allocations in cases where construction was commenced in Tenth Plan but completed in the first year of Eleventh Plan

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

### **Comments of the Committee (Please see Para No. 14 of the Chapter I)**

### **(Recommendation Para. 15)**

The Committee are pleased to note that pursuant to their recommendation in 56<sup>th</sup> Report an exclusive Rural Business Division has started functioning at the Directorate *w.e.f.* 29<sup>th</sup> May, 2008. The Committee find that with the devolution of funds, functions and functionaries in respect of the items as indicated in the Eleventh Schedule in pursuance of 243G of the Constitution to Panchayati Raj Institutions more and more funds are being directly released to PRIs under different Central/State sector schemes. India Post has to play an important role in providing financial services to the local bodies in rural areas. Besides with the launching of some of the flagship schemes like NREGA, a lot of opportunities are being created for the Department to expand the area of activities in rural areas. The Committee hope that with the setting up of an exclusive Rural Division, the action would be taken to capture the rural market. The details of the initiatives taken by the said Department should be communicated to the Committee periodically.

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

Besides, NREGS, Rural Business Division deal with the collection of rural price data and tie- up with State Bank of India. The Department of Posts has entered into a tie-up with the State Bank of India to sell its asset and liabilities products through identified Post Offices. The Scheme is operational in 19 Postal Circles throughout the country.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

### **Comments of the Committee (Please see Para No. 17 of the Chapter I)**

### **(Recommendation Para. 16)**

As per the norms 10 per cent of the Plan allocation has to be provided to the North East. During the Tenth Plan period, Rs. 874.67 crore were provided under the Plan schemes out of which the actual spending for North East was only Rs. 40.59 crore which is just 4.5 per cent. During the years 2007-08 and 2008-09, under the Revenue Section Rs. 15.52 crore and Rs. 27.40 crore respectively remained unspent and were transferred to the non-lapsable pool of resources. Under the Capital Section during the year 2007-08, the expenditure was just Rs. 5.40 crore against RE of Rs. 17.82 crore. Worst is the position during the year 2008-09. The expenditure is just Rs. 0.76 crore against the BE of Rs. 33.10 crore. The Committee find that even when 10 per cent allocation of the outlay is exclusively being earmarked for the North East, it is not giving the desired results as most of the outlay in a year remain unspent and is being transferred to non-lapsable pool of resources. The Committee feel that more than allocating outlay, the need is to ensure that outlay is effectively utilized and physical targets achieved. The whole scenario of implementation of the schemes in the North East need a review. There is an urgent need to find out the difficulties being faced in these areas in the implementation of the schemes and take the desired action to address the problems. The Department should take the concrete action on the suggested lines and inform the Committee accordingly.

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

During 2007-08, funds to the extent of Rs.32.54 crore was allocated under Revenue (Plan) segment and Rs. 17.82 crore under Capital (Plan) segment out of which Rs.29.44 crore and Rs.5.40 crore amounting total to Rs.34.84 crore were utilized. Funds to the tune of Rs. 15.52 crore was transferred to Non Lapsable funds.

During the year 2008-09, Rs.60 crore was earmarked for North East which consists of Rs.26.90 crore Revenue (Plan) and Rs.33.10 crore Capital (Plan). The allocation at RE stage was reduced to Rs.41.06 crore with the breakup of Rs.29.60 crore under Revenue and Rs.11.46 crore under capital. Out of this, Rs. 16.38 crore under Revenue and Rs. 2.50 crore under capital making total to Rs. 18.88 crore were utilized.

All efforts are being made by the Department for earmarking 10% of the Budget allocation for North East and also for maximum utilization of funds. In some cases the scope of implementing some of the schemes in North East is not feasible due to environmental and developmental condition of the Region. However, the Department is taking all necessary steps for maximum utilization of funds earmarked for the North East. Funds allocation for the year 2009-10 in respect of North East Region are shown in Annexure I

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

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

### **(Recommendation Para. 19)**

The Committee find that as on January, 2008, 634 proposals for opening of new Post Offices were received out of which 207 requests were found justified. Besides during the year 2008-09 and 2009-10, 707 requests were received for opening of new Post Offices/upgradation of Post Offices, out of which, 142 requests were found justified. The Department has further stated that new Post Offices could not be opened as SFC had not been approved. The Committee observe that since the SFC has now been approved, the Post Offices which are justified should be set up expeditiously and the Committee informed accordingly. The Committee would also like to be apprised about the State/UT wise position of the requests and the status of setting up of Post Offices in this regard. The details in this regard may be furnished separately for opening of new Post Offices and the cases of upgradation of Post Offices.

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

Circle wise breakup of proposals as on 1<sup>st</sup> January, 2008 and the proposals received during the years 2008-09 and 2009-10 are enclosed in Annexure II & III respectively.

Opening of Post Offices depends not only requests received and requirement evaluated but also on target allotted under plan Scheme and availability of manpower. While a large number of requests for opening of Post Offices were received during the year 2007-08 and 2008-09, only about one third of the requests were found to fulfill the norms prescribed by the Department. Notwithstanding the aforesaid, no action could be taken to open these Post Offices in view of the fact that new creation of posts of BPMs is not permitted despite Plan targets having been allotted to the Department.

Targets for opening of 105 Sub Post Offices by relocation / redeployment ( 50 new Sub Post Offices by redeployment and 55 by relocation) and 50 Branch Post Offices by relocation have been allotted to the Circles in December,2009. Besides, target for opening of 300 Franchise outlets has been issued to the Circles for providing basic postal facilities in urban areas and upcoming urban areas.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

### **Comments of the Committee (Please see Para No. 23 of the Chapter I)**

### **(Recommendation Para. 22)**

The Committee understand that new Post Offices and sub-Post Offices are first being opened and then relocated due to being unviable. From the information provided by the Department, it appears that the discretionary power provided to Chief Postmasters General to relax the norms for opening of Branch Post Offices was not being judiciously used. Their decision to open the new Post Office made neighbouring Post Office unjustified and there was the need to relocate the Post Office. Even when the Department has clarified that relocation is done in very rare and unavoidable circumstances, the specific allocation of outlay for relocation under the Plan Schemes indicates otherwise. The Committee would like to be apprised



about the no. of cases of relocation of POs and SPOs during Tenth Plan and in the Eleventh Plan so far to understand the matter and comment further in this regard.

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

10<sup>th</sup> Plan Policy Imperatives had directed the Department that all units which do not fulfill the norms and where the resources are underutilized need to be closed down. Instead of restoring to closing down the Post Offices, the Department has taken the alternative route of rationalization/relocation of some of the Post Offices for optimum utilization of the resources. So, during the 10<sup>th</sup> Plan period 210 Post offices not fulfilling the distance norm were relocated to other needy areas. During 11<sup>th</sup> Plan, physical target for relocation of 55 SOs and 50 BOs have been issued to the Circles. Financial allocation for the purpose is Rs. 2.75 lakh and 0.5 lakh respectively. This is one time expenditure.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

### **Comments of the Committee (Please see Para No. 26 of the Chapter I)**

#### **(Recommendation Para. 23)**

The Committee feel that solution to the problem of relocation lies in opening of mobile Post Offices. In this regard the Committee in its 56<sup>th</sup> report had suggested opening of mobile Post Offices. Instead of giving heed to the suggestion of the Committee, the Department could not accept the recommendation. When the issue was reiterated during the course of examination of DFG 2009-10, the Department explained that mobile Post Offices used to function in remote and hilly areas and their reintroduction can be considered. This explains the insensitivity of the Department to the issues raised and the suggestions made in various reports. The Committee emphasize that Mobile Post Offices equipped with all the possible postal services and equipments can be of great help to the people residing in the far-flung tribal, hilly and other difficult areas particularly in the unfavourable weather conditions which make it impossible for these peoples to go outdoor. More so the financial institutions and banks may also not be interested to open Branches in these areas due to the commercial considerations. Another solution is the weekly bazaars of postal services at prominent places in rural areas like Panchayat Headquarters. Close coordination with the local bodies can solve the problem of space for these weekly bazaars. Besides providing the postal facilities at the doorstep of the customers, said mechanisms can also address the problem of relocation of Post Offices and the save the money spent in this exercise. The Committee hope that now when the Secretary has agreed to consider this suggestion of the Committee, concrete action would follow which need to be communicated accordingly.

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

Out of 1,55,015 Post offices ( as on 31.3.2009), 1,39,144 Post Offices are located in rural areas. Thus 89% of the Post offices are functioning in rural areas. Average area and population served per Post Office are 21.21 sq.km and 7175 respectively. This compares favourably with other countries including advanced ones.

Postal facilities in terms of regular delivery of mail at the door step of every customer, collection of letters from letterboxes and selling of stamps /stationery are 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 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 at many places.

When Department of Posts is able to network all the Rural Post Offices, the Branch Post Masters will be provided with the handsets and will be able to transact his business anywhere in his jurisdiction.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

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

**(Recommendation Para. 28)**

The Committee further find that the Post Offices are not providing the competitive rate of interest on the various small saving schemes. The information provided by the Department indicates that there is a huge difference between the rate of interest of Posts and SBI under the five year recurring deposit scheme. Posts provides rate of interest @ 7.50 percent whereas SBI is giving 9 percent rate of interest. The choice of the customer is obvious. Further disappointing is the fact that with such apparent difference, the Ministry of Finance is not ready to move from its stand of not reviewing the rate of interest even when the representations in this regard as received by the Prime Minister Office are being forwarded to them. In the competitive market, it is utmost necessary to keep track of the frequent changes in the rate of interest and act fast. With Posts having no such autonomy and with the stand of the Ministry of Finance not to review the position is quite dismal. The Committee strongly recommend that the issue of revision of rate of interest under POSB scheme should again be taken with the Ministry of Finance and the concerns of the Committee duly communicated to the Cabinet Secretary and the Ministry of Finance.

**Action Taken by the Government**

The issue has been taken up with the Ministry of Finance at number of times but Ministry of Finance has not agreed to raise interest rate of Small Savings Schemes. Views expressed by the Committee are being communicated to the Cabinet Secretary and Ministry of Finance.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

**Comments of the Committee  
(Please see Para No. 41 of the Chapter I)**

### **(Recommendation Para. 30)**

The Committee feel that the people particularly in rural India recognize Post as related to the postal operations. The Committee would like to suggest to consider adding the word 'Bank' with the India Post in its nomenclature. This would make the public aware that Post Offices also provide Banking facilities. Besides publicity about the various activities of the Post in rural areas can be done through various mechanisms like displaying the information at various prominent places like Panchayat Headquarters, dispensaries, schools etc. Besides Gram Sabha meetings can be the best platforms in this regard. The Committee recommend to use the suggested mechanisms for advertisement of the various schemes of the Department in order to enlarge its customer base in rural areas.

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

Department of Posts is carrying out banking activity on behalf of Ministry of Finance as an operative agent of the Small Savings Schemes. Ministry of Finance make the rule pertaining to all Small savings Schemes under the powers vested with it through the Government Savings Bank Act 1873, Government Savings Certificates Act 1959 and Public Provident Fund Act 1968. Under these Acts, Department's mandate is limited to the collection and disbursement of the money deposited there in and maintenance of records. Hence, it may not be appropriate to add the word "Bank" with India Post as the Banks are governed by separate set of Acts /Rules which is/are all together different from the Acts/Rules followed by the Department to carryout banking activity.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

### **Comments of the Committee (Please see Para No. 29 of the Chapter I)**

### **(Recommendation Para. 31)**

The Department of Posts is involved in the disbursement of wages to labourers under one of the flagship programme of the Government i.e. NREGA. The share of the Posts in the disbursement of wages all over the country is 46.14 percent. However the State-wise data in this regard indicates that in Andaman and Nicobar, Arunachal Pradesh, Haryana, Himachal Pradesh, Jammu and Kashmir, Karnataka, Kerala, Madhya Pradesh, Tamil Nadu, Uttar Pradesh and Uttarakhand, the percentage share is even less than 20 percent. Further in Chandigarh, Daman and Diu, Lakshadweep, Nagaland and Puducherry the percentage share is nil. The Committee would like to know the State specific reasons for the low percentage of involvement of Posts in the disbursement of wages under NREGA in the said States. The Committee would also like the Department to work hard and take all the initiatives to increase its share in all the States/UTs.

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

The Department of Posts is involved in the disbursement of wages to labourers under one of the flagship programme of the Government i.e. NREGA. The share of the Posts in the disbursement of wages all over the country for the Financial Year 2009-10 upto the month of February, 2010 is 41.3 %. However, the

State-wise data in this regard indicates that in Andaman and Nicobar , Arunachal Pradesh, Haryana, Himachal Pradesh, Jammu & Kashmir, Kerala, Madhya Pradesh , Meghalaya, Punjab and Uttar Pradesh the percentage share is even less than 20 percentage. Further in Chandigarh, Daman and Diu, Lakshadweep, Nagaland, Pondicherry and Tamilnadu the percentage share is nil. In Lakshadweep. Chandigarh and Daman & Diu no NREGS wages were disbursed either through banks or through post offices. Further, in the state where disbursement of wages through post offices is low, disbursement is done through nationalized banks, local co-operative banks or by other means or in cash.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

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

**(Recommendation Para. 37)**

The Committee have persistently been recommending in their reports to give autonomy to the Department particularly with regard to taking initiatives to extend their clientele and introduce new products on their own. In this regard, at last the Cabinet has finally given approval on 13 December, 2007 for appointment of two public sector Fund Managers, Formation of Investment Division and sanction and creation of Ex cadre posts for the Investment Division. The likely date of implementation of above decision as informed by the Department was 1 October, 2009. The Committee would like to be informed whether the aforesaid proposal has finally been implemented. The Committee hope that the autonomy provided to the Department would provide similar level playing field to PLI/RPLI and the revenue by way of interest and returns through investments of the Department would increase.

**Action Taken by the Government**

As per the Cabinet decision, UTI asset Management Company and SBI Funds Management Private Limited have been appointed as Funds Managers. Agreement was signed with the two Funds Managers on October,6, 2009. The CIO of the Investment Division taken on loan basis from RBI, has joined on October, 9<sup>th</sup>, 2009. Accordingly, investments of net accretions to POLIF and RPOLIF finally started w.e.f. November,2009 as per IRDA Regulation. As regards providing autonomy to DOP to expand clientele and introduce new products , the matter is still under correspondence with the Ministry of Finance regarding removal of restrictions imposed on DOP for extension of scope so as to cover other clientele, introduction of new products/schemes etc.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

**Comments of the Committee  
(Please see Para No. 41 of the Chapter I)**

**(Recommendation Para. 40)**

Project Arrow was launched with the objective of making a tangible difference in the Post Office operations that matter to the common man. Initially the project was proposed to be extended to 4500 Post Offices after the pilot phase.

Even when the success of the scheme is a different experience to customers both in terms of ambience of the Post Offices as well as in terms of providing improved and reliable services as acknowledged by the Department, the proposal to extend the facility to 4500 Post Offices was stalled. The reason for this has been stated to be as fund constraint. The Committee further note that no separate funds were earmarked for the Project Arrow under Eleventh Plan outlay and the expenditure was being met from the outlay provided for computerization and networking. The Committee cannot appreciate the reasons of fund constraints particularly when the proposed outlay for the computerization and modernization have remained unspent during the first two years of Eleventh Plan. Out of total allocation of Rs. 2011.50 crore only Rs. 281.87 crore could be utilized. The funds remaining unspent could have been utilized for the Project Arrow which have been a success experience. The Committee would like to recommend that the initial plans of extending the facility to 4500 Post Offices should be maintained and the detailed strategy in this regard should be chalked out. The Committee would also like to be apprised whether the approval of the Ministry of Finance was obtained for using the outlay earmarked for computerization and networking in the Project Arrow.

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

'Project Arrow' plan activity was introduced only after the 11<sup>th</sup> Plan Outlays were approved and hence no fund could be marked to the activity. When the activity was launched as a pilot project funds to the extent of Rs. 12 crore was utilized from various other activities. During Phase-I of the project funds to the extent of Rs.74 crore were utilized from the outlay available under 'Computerisation & Networking of Post Offices' to cover 500 offices. The funds were diverted as the activity 'Computerisation & Networking of Post Offices' was not approved till then. Further, when the Department proposed to cover 4500 offices under Project arrow funds to the extent of Rs.887 crore was requested out which Rs.512 crore was sought as additional outlay from Planning Commission over and above the 11<sup>th</sup> Plan Outlays.

Since the funds could not be provided by the Planning Commission, as requested, the scheme was restricted to cover only 500 Post Offices with an outlay of Rs. 65 crore which was again met from the outlays available under the activity 'Computerisation & Networking of Post Offices'. No further diversion of fund is possible at this stage as all plan activities have been approved including 'Computerisation & Networking of Post Offices. With no additional funds being provided for meeting the demand, the Department is not in a position to extend the facility of 'Project Arrow' to 4500 Post offices even though the activities under Project arrow have been widely appreciated both by customers and Postal staff.

However, despite all the constraints the Department will extend Project Arrow to 500 more Post Offices in 2010-11. Thus 1500 Post Offices would be covered under Project Arrow.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

### **Comments of the Committee (Please see Para No. 35 of the Chapter I)**

#### **(Recommendation Para. 47)**

The Committee find that the Department has appointed a consultant who would study the international experience with regard to functioning of regulatory

mechanism there and would recommend accordingly. The Committee feel that with the increased activities of the Department, entry of strong private sector in the core functioning of the Department, likely increase in Banking and insurance activities with the Post Bank becoming reality and the autonomy provided to insurance sector, there is an urgent need to take expeditious decision on the issue of regulatory mechanism. The Department should accordingly take the desired action so that the regulatory mechanism is set up expeditiously.

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

The Department has appointed a consultant to aid it in the preparation of a draft legislation to replace the existing Indian Post Office Act, 1898. In this context, the consultant is required to carefully identify and evaluate various options for administering and regulating the Postal Services and make recommendations. One of the aspects to be considered in this regard along with other proposals is the creation of a regulatory authority. While legislating, the need or otherwise of a regulatory mechanism will also be examined.

Banking and insurance activities of the Department of Posts are agency functions. Since sectoral regulations are already in place, incorporating these activities of the Department into the ambit of regulation may lead to regulatory overlap.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

### **Comments of the Committee (Please see Para No. 41 of the Chapter I)**

## **CHAPTER – V**

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

#### **(Recommendation Para. 17)**

In all the documents furnished to the Committee, the expenditure position in respect of the Outlay provided to North East has been indicated as nil. The Committee have subsequently been informed that the expenditure was reported from the North East and the nil expenditure shown was due to the fact that Circles are booking expenditure under the Common Head 3201 and 5204 for Revenue and Capital Outlay, which is not bifurcated at the final compilation stage. The Committee are not satisfied with the aforesaid clarification. The Committee feel that the outlay and expenditure position for North East need to be monitored periodically. As such it is not justified to show the expenditure under the Common Head by the Circles. The Department should issue suitable instructions to Circles to maintain outlay and expenditure position separately which may be monitored and reflected in the Budget documents.

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

Action has been initiated to show the expenditure against the Heads of Account 2552 (Revenue) and 4552 (Capital). Guidelines have also been sought from the Ministry of Finance.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

### **(Recommendation Para. 20)**

As per the data made available to the Committee, out of total 1,29,484 EDBOs/EDSOs mostly operating from rural areas, 73,000 are running on loss. The number of sub-Post Offices operating mostly in urban areas is 24,722, out of which 9,668 are running on loss. While appreciating the fact that the Department has the mandate to reach to the last person of the society, the Committee feel that such a high number of Post Offices running on loss is a matter of grave concern. The Committee in its 56<sup>th</sup> Report had emphasized on the involvement of local bodies particularly Panchayati Raj Institutions while taking the decision for setting up a new Post Office. While reiterating the earlier suggestion, the Committee would like to add that the proposals for setting up of new Post Offices, need to be deliberated in the meetings of Gram Sabhas. Besides helping the Department in examining the viability of the new Post Offices, this mechanism would also address various other problems confronting the Department like availability of land for setting up the new Post Offices etc. Another suggestion in this regard that the Committee would like to make is the involvement of local MPs and MLAs. The Department should frame suitable guidelines in this regard and circulate to various Circles for implementation.

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

Rural Postal Network is subsidized to the extent of 66.66% of the cost in normal rural areas and up to 85% of the cost in hilly, tribal and inaccessible areas. Therefore, the loss is inherent in the Policy of providing Postal Facilities within reach of People. However, efforts are being made to reduce the loss by rationalization of staff and providing new services at Branch Post Offices. Most requests are received through representatives of the people or sponsored by the Gram Sabhas. These requests are given immediate attention. Incidentally, necessary instructions for involvement of Panchayati Raj Institutions and local MPs and MLAs in setting up of Post Offices have been reiterated to Circles for implementation of the Recommendations of the Committee.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

### **(Recommendation Para. 25)**

The Committee have been informed that a monitoring mechanism has been set up to regularly monitor physical and financial performance during the course of the year. With the said mechanism in operation, the Department was unable to furnish the data of performance of these outlets Circle-wise, State-wise. The Committee fail to understand the utility of such mechanism in such a scenario. The Committee emphasize that more than setting various monitoring mechanisms, it is

utmost necessary that these mechanisms function effectively. The State-wise and Circle-wise data in this regard should be maintained and made available to the Committee.

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

90 Franchise Outlets were opened during the 10<sup>th</sup> Plan (2006-07). During the first two years of 11<sup>th</sup> Plan, 760 Franchise Outlets have been opened and target for opening of 300 Franchise Outlets have been allotted to the Circles during the year 2009-10. Financial allocation has not been given for opening of these outlets. However, Financial Plan support is proposed to be given during the remaining two years of the Plan. Quantum of business transacted by these Franchise outlets during April –June 2009 is enclosed. (Annexure-IV)

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

### **(Recommendation Para. 27)**

Today's customer has the vast option and is always looking for a bank which fulfils all his requirements at one place. There are limited services available under Post Office Saving Bank Scheme, if we compare with that of the services provided by Commercial Banks and private Banks. Loan facility which is the major requirement of the customer is not available in the Post Offices. The solution is the Post Bank which is still at the conceptualization stage. Pending setting up of Post Bank, the Department has entered into an MOU with SBI to act as business correspondents in 5,000 Post Offices across the country. But that too is not working well as acknowledged by the Secretary during the course of oral evidence. In this background the Committee feel that there is no other option available with the Post Office. The Post Offices have to think and act professionally. There is an urgent need to address to all the constraints being faced in the setting up of the Post Bank. This is all the most required for the survival of the Post Offices. The Post Bank should be the reality within the stipulated time frame and the action plan should be chalked out and implemented to achieve the objective.

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

The proposal to set up Post Bank Of India (PBI) is at a conceptual stage. The aim of establishing PBI is to provide full banking services primarily to the rural poor who still do not have the privilege of modern banking facilities and still have to depend on the informal sector for their credit requirements. The scheme of "Studies and miscellaneous expenditure relating to setting up of Post Bank of India" is the Plan activity included in the 11<sup>th</sup> Five Year Plan with an outlay of Rs.5.00 crore . The Appraisal Memo has been approved in March,2009, which covers action plan such as feasibility /detailed studies and study visits within and outside India to understand the various aspects of a Bank in order to prepare a detailed roadmap for establishing Post Bank of India.

Request for Proposal from various institutions have been issued for preparation of a roadmap for establishing Post Bank of India.



Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

**(Recommendation Para. 32)**

The Committee have been informed that the workers' wage account under NREGA is a type of POSB Account and Ministry of Finance gives remuneration for these accounts at the same rate that is applicable for POSB accounts. In this context, during the years 2007-08 and 2008-09, Rs. 117.89 and 123.33 crore respectively were provided by the Ministry of Finance. The projections during the year 2009-10 are for Rs. 129.49 crore. The Committee feel that there is hardly any difference between the amount received during the year 2008-09 and projections for 2009-10, which indicates that the Department do not intend to increase its base in this regard. The Department should clarify the position so as to enable the Committee about the expansion plans of the Department under NREGA.

**Action Taken by the Government**

The committee have been informed that the workers' wages account under NREGA is a type of POSB Account and the Ministry of Finance gives remuneration for these accounts at the same rate that is applicable for POSB Accounts. In this context, during the year 2007-08 and 2008-09 Rs.117.89 and Rs.123.33 crore respectively were provided by the Ministry of Finance. The projections during the year 2009-10 are for Rs.129.49 crore. The case of remuneration to workers wages account under NREGS is under consideration between the Department of Posts and Ministry of Finance.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

**(Recommendation Para. 35)**

The Committee are happy to note that pursuant to their recommendation made in the 56<sup>th</sup> report, the Economic Survey, 2008-09 and the Hon'ble President's address to Parliament on 4<sup>th</sup> June, 2009 have emphasized on revamping of Post Offices to become outreach units for financial inclusion. The Committee feel that great opportunities are being provided through various Centrally Sponsored Schemes particularly through NREGA. The Department has to think professionally and act fast to use the opportunity to capture the rural market particularly when it has the added advantage of its reach to the last person of the society through its vast network and also the fact that it has the backing of the Government in all respects including the funding through the Plan schemes.

**Action Taken by the Government**

As suggested by the Committee, the Department of Posts is moving professionally and acting fast to use the opportunity to capture the rural market.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

### **(Recommendation Para. 36)**

The Committee further observe that Hon'ble President in her aforesaid address has also referred to providing scholarships and social security schemes through accounts in Post Offices and phased transition to smart cards. The Committee would like to be apprised of the detailed strategy of the Department to achieve the set goal.

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

**(RB)**

The Department is willing to operate social security schemes and providing Scholarship through accounts in Post Offices.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

### **(Recommendation Para. 41)**

The Committee note that during Eleventh Plan no new projects were taken and the whole allocation is being used for completion of spill over of projects. Even then a lot of spill over projects still remain to be completed. Such spill over projects include 25 projects under construction of Post Office buildings, 5 projects under construction of administration office building and another 5 projects for under construction of staff quarters. The Committee disapprove the way the Plan scheme is being implemented. Equally disappointing is the fact that the Department has not bothered to know the impact of spilling over of the projects on the cost of the projects. The Committee strongly recommend that the detailed report of spill over of projects should be obtained from different circles and the Committee apprised about the same. Besides it should be ensured that all the spilled over projects are completed within the stipulated time frame.

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

A building project depends upon many factors such as preparation of Drawings, approval from municipal authorities, finalization of pre-contractual formalities and award of tenders etc. However, many new building projects have already been started and the fund for these new projects stands released during the current financial year.

As on 1<sup>st</sup> April 2009, there were 35 spillover projects of 10<sup>th</sup> Plan ( i.e 25 Post Office Projects, 5 Administrative Office Projects and 5 Staff Quarters Projects). Out of these 35 spillover Projects, the work of 11 Post Offices Projects, 2 Administrative Office Projects and 5 Staff Quarters Projects involving 27 staff quarters was already completed during the period April,2009 to December, 2009. In order to complete the remaining 17 spillover projects of 10<sup>th</sup> Plan (14 Post Office Projects and 3 Administrative Office projects), monitoring is done at various levels by holding Review Meetings etc. Further all the Heads of Circle sand Engineering Wing were instructed to monitor /review these on-going projects at personal level for their early completion.

As regards impact of spillover of the projects on their cost, it is submitted that the nature of building projects is such that all the projects can not be completed within a particular time as the completion period varies depending on their size, location etc. besides subject to availability of funds.

At the start of 11<sup>th</sup> Plan, there were 110 spillover projects of the 10<sup>th</sup> Plan (84 Post Office Projects, 13 Administrative Office Projects and 13 Staff Quarter Projects). Amongst them, 75 spillover Projects ( 59 PO, 8 AO & 8 SQ Projects involving 18 staff quarters) were completed during the first and second year of 11<sup>th</sup> Plan.

Detailed report in respect of 70 projects (out of 75 completed spillover projects of 10<sup>th</sup> Plan) have revealed that the total expenditure on the project ( from starting to completion) were within the AA&ES amount of the project. Hence there was no impact of spillover of the projects on their cost. The detailed report of 70 spillover projects have been **annexed. (Annexure 'V')** Information in respect of remaining 5 spillover projects is being obtained.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

**(Recommendation Para. 43)**

The Committee are pleased to note that at last the Committee of Secretaries has cleared the proposal regarding the commercial utilization of land. The Department has been asked to put up a Cabinet note on the kind of model that they propose to utilize. The Committee would like to emphasize that the Cabinet note should be put up expeditiously and all actions initiated to get the approval of the Government. The Committee hope that with the aforesaid approval, the Department would be able to utilize its land optimally. While recommending for optimum utilization of land of Post Offices, the Committee would like to emphasize that it should be ensured that the identity of India Post is maintained.

**Action Taken by the Government**

A draft Note for Cabinet on a proposal for public – private partnership for development and management of postal estates has been prepared and circulated to the subject matter Ministries for their views. Once the views of all concerned subject matter Ministries are received further necessary action for placing the proposal before the cabinet would be taken.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

**(Recommendation Para. 49)**

The Committee note that ED employees form substantial part of the total employees of the Postal Department. Such a great number of employees should also get all the pensionary benefits being provided to the regular employees. The decision in this regard should be taken at the earliest and the Committee informed accordingly.

**Action Taken by the Government**

It is stated that Gramin Dak Sewaks are not regular employees and they are not covered by FR/SR, CCS (Pension) Rules 1972. They work for a part time ranging for 3 to 5 hours per day .Their Service conditions are regulated by separate set of Conduct and Employment Rules. The Apex court held that, they are holders of civil posts and outside the regular civil service. The Recommendations of Talwar Committee for provision of Pension to this category of workers was examined by a Group of Ministers in 1998 and it was not agreed and an element of payment severance allowance is introduced.

Recent One- man Committee also examined this issue and did not recommend the Pension to GDSs as the Pension Scheme is withdrawn for regular employees also from 01.01.2004. In order to provide social security, the Committee recommended annuity scheme on contribution basis. The Department accepted the recommendation and approval of Cabinet is also obtained for examining this in consultation with Nodal Ministries.

Action has already been initiated and Pension Regulatory Authority has been requested for formulating proposal and for evolving detailed guidelines. The scheme is being taken up with the Ministry of Finance for formal approval.

Department of Posts letter. No.20-2/2009-BGT (1<sup>st</sup> Report) Dated 20.03.2010.

**New Delhi**  
**May, 2010**  
**Vaisakha, 1932 (Saka)**

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

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

[Vide Paragraph No.5 of Introduction]

(i)	Recommendations/Observations which have been accepted by the Government		
	Paragraph Nos:- 1,2,3, 4, 5,7,8,9 ,14,21, 24, 26,29,38, 39, 42, 44, 45, 46, 48, 50 & 51		
		Total	22
		Percentage	43.14
(ii)	Recommendations/Observations which the Committee do not desire to pursue in view of the replies of the Government		
	Paragraph No:- 13, 33, 34 & 39		
		Total	04
		Percentage	7.84
(iii)	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and require reiteration		
	Paragraph Nos:- 6, 10, 11, 12, 15, 16, 19, 22, 23, 28, 30, 31, 37, 40, 46 & 47		
		Total	15
		Percentage	29.41
(iv)	Recommendations/Observations in respect of which replies are of interim nature:-		
	Paragraph Nos:- 17, 20, 25, 27, 32, 35, 36, 41, 43 & 49		
		Total	10
		Percentage	19.61

**MINUTES OF THE EIGHTEENTH SITTING OF THE  
STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2009-10)**

The Committee sat on Tuesday, the 4<sup>th</sup> May, 2010 from 1500 hours to 1615 hours in Committee Room '62', First Floor, Parliament House, New Delhi.

**P R E S E N T**

Shri Rao Inderjit Singh - Chairman

**Members**

**Lok Sabha**

2. Shri Rajendra Agrawal
3. Shri Milind Deora
4. Shri Charles Dias
5. Smt. Darshana Jardosh
6. Shri Mithilesh Kumar
7. Shri Inder Singh Namdhari
8. Shri Abdul Rahman
9. Shri Prem Das Rai
10. Shri Tathagata Satpathy
11. Dr. Bhola Singh
12. Shri Dhananjay Singh
13. Shri Sushil Kumar Singh

**Rajya Sabha**

14. Prof. Alka Balram Kshatriya
15. Shri Jesudas Seelam
16. Shri P. Rajeeve
17. Shri M.P. Achuthan

**S E C R E T A R I A T**

18. Shri T. K. Mukherjee, Joint Secretary
19. Smt. Sudesh Luthra, Director

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

3. Thereafter, the Committee took up the following Draft Reports for consideration and adopted the same without any modifications:-

- (i) Draft Report on Action Taken by the Government on the Recommendations/Observations contained in their First Report on Demands for Grants (2009-10) relating to the Ministry of Communications and Information Technology (Department of Posts).
- (ii) Draft Report on Action Taken by the Government on the Recommendations/Observations contained in their Second Report on Demands for Grants (2009-10) relating to the Ministry of Information and Broadcasting.
- (iii) Draft Report on Action Taken by the Government on the Recommendations/Observations contained in their Third Report on Demands for Grants (2009-10) relating to the Ministry of Communications and Information Technology (Department of Information Technology).
- (iv) Draft Report on Action Taken by the Government on the Recommendations/Observations contained in their Fourth Report on Demands for Grants (2009-10) relating to the Ministry of Communications and Information Technology (Department of Telecommunications).

4. The Committee, then, authorized the Chairman to finalise the above Reports and present the same to the House on a date convenient to him.

5. The Committee also decided to undertake on-the-spot study tour during the month of June, 2010.

*The Committee, then, adjourned.*