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**STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2014-15)**

SIXTEENTH LOK SABHA

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

IT INDUCTION AND MODERNIZATION IN THE DEPARTMENT OF POSTS

TENTH REPORT



LOK SABHA SECRETARIAT

NEW DELHI

August, 2015/Shravana, 1937 (Saka)

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Presented to Lok Sabha on 7 August, 2015

Laid in Rajya Sabha on 7 August, 2015



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* Minutes not Appended in the cyclostyled copy.

COMPOSITION OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2014-15)

Shri Anurag Singh Thakur - Chairperson

Lok Sabha

2. Shri L.K. Advani
3. Shri Prasun Banerjee
4. Dr. Sunil Baliram Gaikwad
- * 5. Dr. K.C. Patel
6. Shri Hemant Tukaram Godse
7. Dr. Anupam Hazra
8. Dr. J. Jayavardhan
9. Shri P. Karunakaran
10. Shri Virender Kashyap
11. Shri Harinder Singh Khalsa
12. Smt. Hema Malini
13. Shri Keshav Prasad Maurya
14. Ms. Mehbooba Mufti
15. Shri Paresh Rawal
16. Dr. (Smt.) Bhartiben Dhirubhai Shiyal
17. Shri Abhishek Singh
18. Shri D.K. Suresh
19. Shri Ramdas C. Tadas
20. Smt. R. Vanaroja
- @21. Shri Raosaheb Danve Patil

Rajya Sabha

22. Shri Javed Akhtar
23. Shri Salim Ansari
24. Smt. Jaya Bachchan
25. Shri Vijay Jawaharlal Darda
26. Shri Santiuse Kujur
27. Shri Derek O'Brien
28. Dr. K.V.P. Ramachandra Rao
29. Shri Sachin Ramesh Tendulkar
30. Mahant Shambhuprasadji Tundiya
- # 31. Shri Meghraj Jain

Secretariat

- | | |
|---------------------------|----------------------|
| 1. Shri K. Vijayakrishnan | Additional Secretary |
| 2. Shri J. M. Baisakh | Director |
| 3. Shri Abhishek Sharma | Executive Assistant |

* Nominated to the Committee w.e.f. 11.09.2014 *vide* Shri Feroze Varun Gandhi, M.P., *vide* Bulletin Part – II w.e.f. 11.09.2014.

@ Nominated to the Committee w.e.f. 15.07.2015 *vide* Bulletin Part-II dated 17.07.2015

Nominated to the Committee w.e.f. 14.01.2015 *vide* Bulletin Part – II dated 16.01.2015.

ABBREVIATIONS

BPM	Branch Post Master
CBS	Core Banking Solution
CEPT	Centre for Excellence in Postal Technology
CICs	Commercially Important Clients
CIM	Customer Interaction Management
CM	Change Management
CoD	Cash on Delivery
CPCS	Circle Processing Centers
CSC	Common Service Center
CSI	Core System Integrator
DBT	Direct Benefit Transfer
DC	Data Center
DCF	Data Center Facility
DoP	Department of Posts
DPR	Detailed Project Report
DRC	Disaster Recovery Center
EoI	Expression of Interest
FSI	Financial Services Integrator
IVR	Interactive Voice Response
LAN	Local Area Network
MIS	Management Information System
MNOP	Mail Network Optimization Project
MOH	Mail Operation Hardware
MoU	Memorandum of Understanding
NI	Network Integrator
NPCI	National Payments Corporation of India
PBI	Post Bank of India
PLI	Postal Life Insurance
RFPs	Request for Proposals
RH	Rural Hardware
RICT	Rural Information Communication & Technology
RPLI	Rural Postal Life Insurance
RSI	Rural System Integrator
WAN	Wide Area Network

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INTRODUCTION

I, the Chairperson, Standing Committee on Information Technology (2014-2015), having been authorised by the Committee, do present the Tenth Report on the subject 'IT Induction and Modernization in the Department of Posts' relating to the Ministry of Communications and Information Technology (Department of Posts).

2. The Committee took evidence of the representatives of the Ministry of Communications and Information Technology (Department of Posts) on 11th November, 2014.

3. The Committee wish to express their thanks to the representatives of the Department of Posts for appearing before the Committee for evidence and furnishing information desired by the Committee in connection with the issues relating to the subject.

4. The Report was considered and adopted by the Committee at their sitting held on 5th August, 2015.

5. The Committee also place on record their appreciation for the valuable assistance rendered to them by the Officials of Lok Sabha Secretariat attached to the Committee.

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

New Delhi
5 August, 2015
14 Shravana, 1937 (Saka)

ANURAG SINGH THAKUR,
Chairperson,
Standing Committee on
Information Technology.

REPORT

PART-I

Introductory

The IT Modernization Project in the Department of Posts aims at modernization and computerization of all post offices in the country, including more than 1,30,000 branch post offices in rural areas. It is an ambitious transformation project undertaken by the Department. By setting up an IT infrastructure spanning all post offices, including branch post offices in rural areas, the Department will be able to harness the benefits of consolidated real time information and capabilities across various functional silos as well as geographical reach. The transformation of the physical network to a digital network will also provide a national asset for all users, apart from post offices, including various Government Departments, business houses and citizens to use the IT enabled country wide network for communication, banking, insurance and service delivery needs with transaction data. The Project will create a national asset of 1,55,000 networked post offices. This mega IT driven transformation is the first of its kind undertaken by any postal operator in the world as well as by any Government Department in the country. It involves development of scalable, integrated and modular software covering all operations of the Department of Posts, including Post Office Savings Bank, Postal Life Insurance, Mail Operations, along with the establishment of the required IT infrastructure, including Data Centre, Disaster Recovery Centre, WAN Networking of the Departmental Post Offices, development of rural information communication technology (Rural ICT) in rural post offices and providing rural post offices with handheld devices which are 'Aadhaar' enabled and will also act as micro-ATMs, besides transacting PO Savings. This Project will equip the Department of Posts to play a more proactive role towards transforming the rural economic landscape in the country, in addition to providing value added mail and financial services to the urban customers.

a. Genesis and need of IT Induction and Modernization in the Department of Posts

2. During the early 1990s, with the advent of technology that led to electronic substitution of mail, introduction of core banking and easy accessibility to mobile and internet based services, the Department of Posts started inducting technology by way of

supplying Hardware to Post Offices and implementing standalone software solutions for various operations in a LAN based environment. A software development centre was set up at Mysore to cater to the needs of the Post Offices.

3. To improve the quality of its services in line with the public expectations and competition, it was necessary to upgrade technology in Post Offices for providing the best in-class products and services at par with global standards. For achieving this vision, the Department decided to improve and augment their IT infrastructure and introduce a new integrated software platform for their operations through an end-to-end IT Project. The India Post IT Project was designed to realize the vision and the Project was approved by the Government with a total outlay of Rs. 4909 crore in November 2012.

4. The entire scope of the India Post 2012 Project has been structured into the following eight streams which were to be implemented through eight Request For Proposals:

#	Project	Scope
1	Data Center Facility (DCF)	Hosting of Primary Data Center (DC) & building the Disaster Recovery Center (DRC) for the Department of Posts
2	Network Integrator (NI)	Provide connectivity for each departmental post office location from 2 different network service providers in order to ensure uninterrupted network connectivity (~ 28,000 locations) through one single WAN.
3	Financial Services Integrator (FSI)	<ul style="list-style-type: none"> • Implementation of the solutions for Core Banking in all departmental Post Offices. • Implementation of the solutions for Postal Life Insurance. • Provide Multiple delivery channels - internet, Interactive Voice Response (IVR), Mobile, ATM & SMS
4	Core System Integrator (CSI)	Implementation of the solutions for Mail Operation, Retail, Logistics Post, Philately, Finance & Accounts & Human Resources and integration with other SIs
5	Change Management (CM)	To prepare the work force for the complete change in Department's working after the implementation of the IT project.
6	Rural Hardware (RH)	Providing connectivity, hardware & solar power panels to extra departmental Rural Post Offices.
7	Rural System Integrator (RSI)	Implementation of the solution for integrating all the FSI/CSI applications to the Branch Offices.
8	Mail Operation	Providing Handheld devices to delivery Postman

Hardware (MOH)	and Providing Hardware for Mail offices
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The earlier programmes of induction of technology and computerization of Post Offices and introduction of core banking for post office saving bank operations were merged in this new project.

5. To a query as to how the IT Induction & Modernization Project will improve the overall functioning of the postal department such as increased revenue and reduced operation cost, the Department, in a note, stated:-

- "Faster and more reliable services in postal, logistics, banking, insurance and retail operations thus improving service delivery to customers.
- Bringing Financial/banking services to the doorsteps of the customers through multiple delivery channels like internet, mobile banking, ATMs, telephone, etc.
- All WAN locations are equipped with primary and secondary bandwidth connectivity. Hence, if the primary link is down, the availability of secondary link ensures immediate restoration of seamless connectivity.
- Simplification of processes and almost immediate transfer of accounts and certificates.
- No data entry required for the reporting SOs and BOs.
- ATMs would be installed at HOs and high-volume SOs.
- "Anytime Anywhere Banking" through multiple channels, e.g. Internet, ATM and mobile.
- Interoperability with other banks/Financial Institutions
- Improved MIS and reporting leading to efficient controls, monitoring & planning
- Potential new services possible leading to Growth of Business.
- Improved & timely administrative services with centralised and accurate employee information.
- Efficiency in inventory management & procurement.
- Reduction in operational times and costs.
- Technology will enable better services & hence more customers."

6. On the likely tangible and measurable benefits to an average customer who avails the services offered by the Department of Posts after implementation of the IT Induction and Modernization Project, the Department informed as under:-

- "Multiple channels of access to the customers through Post Office counters, internet, mobiles, call centres and ATMs, etc.
- Faster and more reliable services in postal, logistics, banking, insurance and retail operations.
- New products and services, e.g. NEFT, RTGS, bill payments, 3rd party products.
- "Anytime Anywhere Banking" through multiple channels, e.g. Internet, ATM and mobile.
- Debit cards for Post Office Savings Bank account holders.

- Better financial inclusion for the common man in the rural and semi-urban locations through mobile remittances, mobile banking, mobile insurance, etc.
- Better visibility of various articles in the mail stream by upgrading the track and trace facility and introducing SMS alerts
- Improved customer satisfaction due to faster and more reliable services in mails, banking, insurance and money remittance/transfer operations.
- Availability of information on real time basis.
- Transparency in financial services by introducing core banking and core insurance solutions.
- Effective and transparent delivery of the social security and employment guarantee schemes by the Government.
- Improvements in service level for transfer of accounts and certificates.
- Potential new services possible due to induction of RICT solution”.

Status of implementation of the IT Project

7. The Project is being implemented through eight different RFPs, the status being as under:-

SL NO.	NAME OF THE SEGMENT	STATUS AS ON 20-03-15
1	Change Management (CM)	RFP process completed and work awarded. Implementation started on 15-10-12. Training activities are in progress. Training is concurrent with the implementation of various other streams of the Project.
2	Data Centre Facility (DCF)	RFP process completed and work awarded. Data Centre is operational w.e.f. 3 rd April 2013 at Navi Mumbai.
	Disaster Recovery Centre (DRC)	Civil work completed. Site Acceptance Test of DRC is completed. Operation to start shortly
3	Financial Services Integrator (FSI)	RFP process completed and work awarded. Implementation started on 28-09-12. Pilot Roll out of Core Banking (CBS) and Life Insurance (PLI) - Completed. So far, 2148 POs for CBS and 7026 Post Offices for CIS have been migrated. ATM Services- installed and commissioned at 11 Post Offices. Circle Processing Centers (CPCs) have been commissioned in all the 22 Circles.
4	Network Integrator (NI)	RFP process completed and work awarded. Implementation started on 28-09-12. So far, 27095 locations out of ~28000 have been net worked on a single Wide Area Net work (WAN).

5	Core System Integrator (CSI)	RFP process completed and work awarded. Implementation started on 15-04-13. Installation and commissioning of Central Hardware completed. Detail Design Documents has been completed. User acceptance testing of common infrastructure solution completed. UAT cycle II for Human Resource, Mail Operations and Finance & Accounts completed on 06-12-14. Roll out is in progress.
6	Rural Hardware (RH)	RFP process completed. Contract signed with the Vendor on 24-11-14. Commissioning of RH devices will start during this year.
7	Rural System Integrator (RSI)	RFP process completed and work awarded. Contract signed on 28-02-13. Implementation in alignment with Rural Hardware (RH)
8	Mail Operation Hardware (MoH)	RFP process completed. The successful bidder M/s HCL Info systems Ltd expressed inability to sign the contract. LoI annulled on 26-09-14 and M/s HCL Info system has been blacklisted for 5 years on 25-11-14. Action is being taken for procurement of Mail Operations Hardware through DGS&D Rate Contract after approval of competent authority.”

8. The achievements in respect of the on-going components of the scheme during the Eleventh Plan are as follows:-

- Department of Posts has the largest network in the country with over 27000 offices connected to Data Centre on WAN
- Data Centre Facility functional, Disaster Recovery Center to be ready soon
- 2148 Post Offices are working on core banking
- 7026 Post Offices are working on core insurance service
- Core Operations: Email, ESB and SMS Gateway rolled out.

9. The tentative timelines for implementation of the various components of the IT Induction and Modernization Scheme for the entire Twelfth Five Year Plan are as follows:-

#	Project	Timeline
1	Data Center Facility (DCF) operational in respect of Data Recovery Centre (DRC)	June 2015
2	Network Integrator (NI) in remaining locations	June 2015

3	Financial Services Integrator (FSI)	June 2016
4	Core System Integrator (CSI)	June 2016
5	Change Management (CM)	October 2015
6	Rural Hardware (RH)	March 2017
7	Rural System Integrator (RSI)	March 2017
8	Mail Operation Hardware (MOH)	March 2016

10. On whether the Network Integrator (NI) will also provide connectivity to extra-departmental/rural post offices, the Committee have been informed that NI is not providing connectivity to Extra Departmental Post Offices. The computerization of extra-departmental/rural post offices will be done through handheld mobile devices working on SIM. The Rural Hardware vendor will provide the connectivity to these mobile handheld devices.

b. Financial Inclusion in rural areas of the country through IT Induction Project

- When asked about the multiple channels of access available to the customers after roll-out of the IT Modernization Project, the Department stated that multiple types of access would be available to the customers for getting information, availing services and for redressal of grievances. The channels which have been provisioned in the IT Modernization Project related to Customer Interaction Management Portal (CIM), Interactive Voice Response (IVR), Call Centre, ATM, e-Banking, Mobile phones, Post office counters, and Payment gateway.

11. Asked as to how the Project is likely to improve financial inclusion, especially in rural areas of the country, the Department, in a note, submitted as under:-

“The implementation of Rural ICT Solution (RH & RSI) and Core Banking Solution (CBS) will enable Department of Posts to rollout DBT through a network of 1.55 Lakh Post Offices in rural as well as urban Post Offices. Rural post offices will be enabled with a Hand Held device with biometric identification and Micro ATM enablement, wireless network, thermal printer to provide immediate receipts to customer and solar powered battery to charge and operate the Micro ATM.

The Rural Information Communication & Technology (RICT) involves computerization and digitally connecting all the Gramin Dak Sewak Post Offices, including those in rural areas. The objective is to provide a technology solution (ICT Device) to each Branch Postmaster (BPM) which will enable each of

approximately 130,000 Branch Post Offices (BOs) to improve the quality of services being offered to rural customers. It will increase the rural reach of the Department and enable Branch Post Offices to increase traffic of all financial remittances, savings accounts, cash certificates and Rural Postal Life Insurance (RPLI). This is being enabled through the Rural System Integrator (RSI) and Rural Hardware (RH) solutions.

The ease of transactions will encourage rural citizens to avail the services of Post Offices thereby having a positive impact on the rural economy, besides improving financial inclusion.”

c. Transparent delivery of social security schemes, including DBT through IT Project

12. The Committee enquired as to how the IT Induction and Modernization of Post Offices is likely to lead to transparent delivery of social security schemes, including Direct Benefit Transfer (DBT). The Department stated that the disbursement of Social Security Scheme shall be done through biometric identification using the mobile hand held devices. That will not only lead to transparency but shall also reduce the number of complaints of wrong payment and fraudulent transactions, besides eliminating the middlemen in the system. Online monitoring shall also be faster and without any manipulation.

d. Improved decision making by Department of Posts

13. The Committee have been informed that the Department’s decision making process will be facilitated in the following manner after roll-out of the Modernisation Project :-

- Implementation of IT Modernization Project will improve the visibility in day-to-day operations and enable real-time interventions in case of operational problems, e.g. mail movements.
- Automatic data updation will enable verified data/report availability/generation
- Operational planning and decision making will be facilitated by availability of reliable and up-to-date data.
- Efficiencies in Inventory Management and Procurement.
- Financial monitoring/planning will be easier.
- Human Resource Management will improve.

e. Launch of new products/services after successful roll-out of IT Project

14. The new products/services proposed to be offered by the Department after roll-out of IT Induction and Modernization Project are as follows:-

1. Exponential growth in e-Commerce riding on seamless track & trace, including returns, and immediate remittance of collections on delivery.
2. e-Commerce(give orders/view commodity rates)
3. Utility Bill payments- phone/electricity, etc.
4. Commission/Fee Collection Booking and reservation of train ticket & air tickets
5. Data for other organisations
6. Distribution of social security benefits
7. Common Service Centre services.”

f. Challenges in roll-out of IT Induction and Modernization Project

15. The following are the major problems/challenges being faced in the roll-out of the IT Induction and Modernization project across different postal circles of the Department:

- Public procurement process in Government of India is time consuming and Department’s experience has been that in some cases (e.g. MOH & RH), when the selected vendor decided not to take up the work, the Project suffered major delays.
- Availability of telecom network connectivity in the country, particularly in the areas like North East, Chhattisgarh, Uttarakhand, Ladakh and Island territories.
- Pan-India geographical spread
- 25,000 Departmental POs and approximately 130,000 BOs.
- Migration from almost 56 stand-alone applications presently being used in the Department to an integrated IT platform.
- Managing a workforce of almost 4.66 lakh persons, who have been working in a manual environment all through their service tenure.

16. When asked about how the Department propose to meet those challenges, the Department stated that they have developed a focused and time-bound plan to meet the aforesaid challenges. These are enumerated below:

- Change Management vendor is working for creation of a new work culture.
- Training is being imparted to employees working at all levels.
- The processes are being simplified so that manual processes are not replicated in an IT environment.
- A large number of Rules and procedures have been simplified and brought in sync with the new IT working environment
- Project Monitoring Units have been set up right up-to the Divisional levels (district level) in order to implement the Project in a synchronized manner.

g. Allocation/Utilization of funds under the IT Project

17. The Project is an important scheme of the Department of Posts that got the maximum outlay of Rs. 3046.75 crore amongst all the schemes for the Twelfth Five Year Plan. The details of allocation relating to IT Induction and Modernization Scheme for the past four years and 2014-15 are as follows:

SI No	Year	Proposed allocation	BE	RE	Actual Exp	% of Achievement when compared with BE
1	2010-11	600.66	414.97	210.90	188.88	45.52
2	2011-12	917.97	676.41	196.82	164.40	24.31
3	2012-13	1437.28	516.00	109.36	26.13	5.06
4	2013-14	842.01	532.21	295.74	254.85 (up to March, 2014)	47.88
5	2014-15	1910.18	506.39	--		----

18. Enumerating the reasons for reduction of funds from BE to RE stage for all the years beginning from 2010-11 in the IT Induction and Modernization scheme and its impact on the implementation of the Project, the Department submitted as under:-

"Delay in finalization of some RFPs as well as award of work due to unforeseen reasons from 2010-11 to 2012-13, led to reduced utilization of allotted Plan funds. Detailed reasons for delay in operationalization of RFPs under the IT Modernisation Project are explained below:-

- (i) The IT Modernisation Project is a project involving public procurement of hardware and software for 1,55,000 post offices along with mail, accounts, administrative, motor vehicle and store depot offices. The process of finalization of RFP is complex and time consuming.
- (ii) Because of the complexity and dimensions of the work involved, which is unparalleled, the work was split up into 8 silos for implementation through 8 RFPs. However, the eight RFPs are inter-dependent. Finalization of one RFP would not lead to the completion of one functionality/silo. E.g. RSI could not start till RH had been on-boarded.
- (iii) Two vendors, M/s Sai in case of RH and M/s HCL India Ltd. in case of MOH, did not complete the formalities for signing the contract even

after being finally selected. In case of RH, it led to re-tendering twice and consumed a lot of time.

- (iv) The Department has nominated cross-sectional committee members from DIT/NIC and experienced eminent resource persons from various IITs/IIITs in all the RFP management committees, in order to gain from their expertise and domain knowledge. RFP meetings had to be convened as per their schedule to ensure their presence. This process has affected the time lines of the RFP committee meetings on deliberation, evaluation of RFPs and their finalisation.
- (v) Due to the complex nature of RFPs many queries and clarifications were sought by the bidders to understand and to prepare the bid documents. Accordingly, last date of submission of bid documents had been extended several times in almost all RFPs to give ample opportunity to ensure maximum participation of bidders.
- (vi) Many clarifications were sought during pre-qualification and technical evaluation stages by the RFP Management Committees. Bidders had to be given reasonable time to answer and provide additional documents to ensure fair and transparent evaluation of bids, which were a must process and could not have been over looked or cut short or eliminated and were absolutely necessary to ensure a complete, transparent and comprehensive evaluation process. This, however, caused considerable delay in evaluation of RFPs.
- (vii) Some complaints were received by the Department regarding certain aspects of the Project. For a certain period, the Project was on hold when the complaints were being examined. The issues were examined at higher level and the Project could be moved forward only after the complaints were closed.

19. The financial details of Plan schemes in IT Induction and Modernization are as under:-

S.No.	Particulars of Scheme/Activity	BE 2012-13	RE 2012-13	Actual 1 2012-13	BE 2013-14	RE 2013-14	Actual 2013-14	BE 2014-15
1	Supply of Mail Office Hardware & Rural H/W	140.00	17.90	18.15	0.02	00	00	55.01
2	Development & deployment of Rural ICT solution	24.00	00	00	95.98	00	00	50.00

3	Development & Deployment of Banking and PLI solution	100.00	30.00	00	179.00	85.00	193.529*	86.40
4	Data Centre and Disaster Recovery Centre	05.00	0.46	00	13.00	4.10	4.0944	16.60
5	Network Integration	100.00	34.00	00	235.28	50.00	45.0805	159.38
6	Development and deployment of integrated scalable software & Change Management activities	126.00	15.00	00	0.02	143.75	00*	114.00
7	PMU –PPS	04.00	1.50	00	5.00	9.98	9.8932	14.00
	PMU- OE	12.00	9.00	0.82	1.31	1.31	1.1289	2.55
	PMU-FTE	01.00	00	00	0.60	0.60	0.2612	0.10
	PMU-TE	01.00	01.00	3.85	1.00	1.00	0.7945	1.40
	PMU- Tools & equipment	03.00	0.50	0.36	1.00	00	00	6.95
8	Total	516.00	109.36	23.18	532.21	295.74	254.78	506.39

20. The details of physical targets and achievements of Plan schemes in IT Induction and Modernization are as under:-

Sl. No.	Particulars of Scheme/Activity	Physical Target 2012-13	Achievement 2012-13	Physical Target 2013-14	Achievement 2013-14	Physical Target 2014-15
1	Supply of Mail Office Hardware & Rural H/W	Supply of H/W to 49000 ED BOs, 346 Mail Offices, 234 TMOs, 336 Record offices, 146 Speed Post Hubs	NIL	Supply of H/W to 45000 ED BOs, 346 Mail Offices, 234 TMOs, 336 Record offices, 146 Speed Post Hubs	NIL	Supply of Mail office hardware to 346 Mail Offices, 234 TMOs, 336 Record offices, 146 Speed Post Hubs and postman handheld devices to 850 POs. Supply of RH hardware to

						45000 BOs
2	Development & deployment of Rural ICT solution	Deployment of application and deployment of hardware	NIL	Deployment of application and deployment of hardware	NIL	Deployment of application and deployment of hardware
3	Development & Deployment of Banking and PLI solution	Deployment of application and deployment of hardware	NIL	Deployment of application and deployment of hardware	Achieved. CBS in 124 POs and PLI 220 POs gone live.	Completion of Phase 1 roll-out. Operation and maintenance.
4	Data Centre and Disaster Recovery Centre	Installation and commissioning of DC	NIL	Installation and commissioning of DC	Data Centre commissioned w.e.f. 03-04-13. DRC work in progress.	Installation and commissioning of DRC
5	Network Integration	Networking of 8000 Post Offices on WAN	NIL	Networking of 18000 Post Offices on WAN	Achieved. 27095 locations have been networked	WAN roll out in remaining Post Offices.
6	Development and deployment of integrated scalable software & Change Management activities	Continuous activation of trainings, workshop and surveys, etc.	NIL	Continuous activation of trainings, workshop and surveys, etc.	achieved	Continuous activation of trainings, workshop and surveys, etc.
7	PM Tool & Equipment	Deployment of application	NIL	Deployment of application	NIL	Deployment of application

Implementation of Eight Requests for Proposals (RFPs)

21. The status/timelines for roll-out of the eight components of IT Induction and Modernization Project are as follows:-

Sl No.	Name of the segment	Completion of Implementation	Completion of Operation and Maintenance
1	Rural System Integrator	March 2017	Oct. 2025
2	Core System Integrator	June 2016	June 2021
3	Financial Solution	June 2016	May 2021
4	Data Centre & DR	DC Functioning. DRC –Very shortly	July 2020
5	Network Connectivity	June 2015	Dec. 2020
6	Rural H/W & Connectivity	March 2017	Oct. 2021
7	Mail Operation Hardware	March 2016	Sep. 2020
8	Change Management	Oct. 2015	Oct. 2015”

22. On the current status of the procurement of hardware and software under IT Induction and Modernization scheme, the Department submitted as under :-

Sl No.	Name of the segment	Setting up of network connectivity	Implementing agency	Completion of Implementation	Completion of Operation and Maintenance
1	Rural System Integrator	will be completed by March 2017	M/s Infosys	March 2017	Oct. 2025
2	Core System Integrator	NA	M/s Tata Consultancy Services Ltd.	June 2016	June 2021
3	Financial Solution	NA	M/s Infosys	June 2016	May 2021
4	Data Centre & DR	Done	M/s Reliance Communication India Ltd.	DC Functioning. DRC –Very shortly	July 2020
5	Network Connectivity	Completed at 27095 locations	M/s SIFY	June 2015	Dec. 2020
6	Rural H/W & Connectivity	will be completed by March 2017	M/s TCIL & RICOH India Ltd.	March 2017	Oct. 2021
7	Mail Operation Hardware	NA	Through DGS&D	March 2016	Sep. 2020
8	Change Management	NA	M/s Tata Consultancy Services Ltd.	Oct. 2015	Oct. 2015”

h. Role of Software Development Centre, Mysore in IT Project

23. On the contribution of the Department's Software Development Centre at Mysore towards the IT Induction and Modernization Project, the Department, in a note, submitted as under:-

“Department’s software development centre at Mysore (Centre for Excellence in Postal Technology) had developed most of the application software that are still being used by the post offices. In addition, CEPT Mysore also housed the first in-house data centre of the Department. The software developed by CEPT is also working in the post offices of many friendly countries.

In addition, data sanitization work required for roll-out of Core Banking Services (CBS) and Core PLI is also being done throughout the country under the overall supervision of CEPT Mysore. CEPT Mysore has the following role in IT Induction and Modernization Project:

- Knowledge Transfer of existing Applications.
- Assistance in roll-out and Data migration
- Acceptance Testing of respective solutions of all RFPs.
- Operation and Maintenance.”

i. Task Force on Leveraging India’s Post Office Network - Key Recommendations relating to IT Project

24. The Department of Posts constituted a Task Force on 21.08.2014 to study and make recommendations regarding leveraging the post office network in India. The Task Force made a total of 181 recommendations. The key recommendations of the Task Force concerning IT induction and modernization domain in particular are as under:

Para 4.2.4: As part of the IT Modernization and Rural ICT Projects, the Task Force wishes to underline that the soft-ware for the Hand Held Mobile Computing Devices to be made available in Branch and rural POs should be versatile and universal, based on non-proprietary and open standards, without being locked to any vendor or particular operating system.

Para 8.1.8 India Post may conduct a comprehensive study of the viability and feasibility of transmitting unregistered mail through e-mail rather than through physical transportation as at present.

Para 9.2.12: The strategic strengths of India Post (reach of network and century plus experience in delivering mail) should be aggressively leveraged in the growing e-commerce and e-retail market, particularly at the back-

end of the delivery chain in rural areas so that it becomes the premier Pan-India delivery service provider.

India Post should also leverage its unique strengths to conversely extend the supply chain for products emanating from local markets and rural areas (ethnic, traditional and artisanal products, handicrafts, etc.,) to all parts of India and even beyond.

Para 9.2.16: Under the IT Modernization Project, India Post should seek to integrate its information systems with those of the major e-commerce companies in order to facilitate two-way information exchange.

India Post should enter into Agreements and Understandings with e-commerce companies and online retailers to deliver their consignments and collect cash on their behalf.

Para 9.2.17: To support e-commerce sales, sophisticated logistics and warehouse planning, as well as robust routing and tracking & security and delivery systems, should be instituted so as to allow the shipper, India Post and the consumer to track the delivery and time line of the parcel on a real-time basis, accessible through any device or channel.

Para 9.2.18: Agreements or tie-ups with e-commerce companies should include a clause which will enable the booking of product delivery through India Post / Parcel at the time the product is purchased on the e-commerce portal, so that the customer purchases the product and simultaneously books its delivery through India Parcel.

India Post may seek to incorporate the above clause into its existing MOUs with e-commerce retailers and also incorporate it in MOUs which it may enter into in future.

Para 9.2.19 India Post should set up an e-Commerce Portal that allows manufacturers, SMEs, village craftsmen, offline retailers, etc. to list and sell their products.

The India Post portal should, in particular, provide consumers from Tier II and Tier III cities access to a catalogue of goods for sale in their local language, along with ratings and reviews, similar to that offered by industry-leading portals today.

Agents and advertisers should also be provided access to this portal.

The portal should have a payments gateway allowing payments through credit and debit cards, the Post Office Savings Bank and RuPay cards.

Para 9.2.20: Customer interaction and service channels such as Interactive Voice Response (IVR) and Call Centres should be provided as required to support e-Commerce activities.

Additionally, a mobile solution should be provided to the end-consumer to track and trace a delivery across the India Parcel system, and to allow scheduling of appointments for delivery of goods and services.

Para 9.2.23 The delivery of parcels should be de-linked from normal postal services and a separate vertical link should be created from the Directorate to the field with a dedicated, nodal and mechanized delivery system.

Parcel Kiosks should be set up at important locations and delivery staff should be equipped with Hand-held Mobile Computing Devices which can immediately register the delivery of parcels and log them into the tracking system in real time.

Introduction of same day delivery service, return logistics, standard and secure packaging at the booking point are areas where reliable systems need to be put in place.

Para 9.2.25 Strong IT back-end support for all activities of India Post and its Subsidiaries is critical and could be achieved by tying up with one of the leading Indian IT Companies to develop a world class user-friendly portal.

The portal should provide end-to-end track and trace service with authentication of the loop being completed on the customer receiving delivery, after sales service, key accounts management, BI tools and API based integration with e-commerce players, road and rail transport agencies, airlines and other freight forwarders.

A strong online monitoring system with capabilities to diagnose and resolve issues on a real time basis should be put in place with the aim of providing world class customer services.

Para 9.2.26 A strong security system should be instituted at all levels of mail and parcel service.

In particular, the security system should ensure absolute cyber security and payment security.

Security at parcel handling centers should be enhanced through installation of CCTV Cameras with live streaming capabilities, installation of metal detectors, X-ray screening, frisking, etc.

Security in transit should be ensured through GPS tracking and containerized movement of parcels.

Suitable training should be provided to the security and other personnel to create awareness and establish protocols of operation and standard operating procedures.

Para 10.2.2: The Governments of Andhra Pradesh and Telengana are operating MeeSeva, an IT-based programme under which as many as 342 Services, including both G2C and G2B services, are being facilitated through a single entry portal. India Post can also consider this model.

Para 10.3.2: Services which could potentially and usefully be added to the menu of mail and parcel services currently being offered by India Post

1) Post Offices can be used as Common Service Centres for:

- i. Dissemination of information, including weather warnings, traffic conditions, agricultural extension practices, disease protection and prevention, good health practices, etc.;
- ii. Promotion of digital literacy and distance education;
- iii. Sale of railway, airline and road transport tickets; application forms for passports, driving licenses; Stamp Paper, Court Fees Stamps; Application, Examination, Name Correction and other Forms;
- iv. Collection of electricity, water, telephone and all other bills for Government services;
- v. Collection of payments for e-tailing goods and services on behalf of private service providers;
- vi. Promotion of tourism by facilitating dissemination of information, booking of hotels and transport of various kinds;
- vii. Delivery of all Government documents, including Aadhar cards, Voter ID cards, Driving Licenses, Birth, Marriage and Death certificates, Land records, etc.;
- viii. Acceptance of challans and school and university fees;
- ix. Sale of life, crop, accident and other types of insurance;
- x. Collection and compilation of data on electricity services, quality of infrastructure;
- xi. Collection and dissemination of grass-roots innovations and outstanding, functional traditional knowledge practices;
- xii. Conversion of POs to Disaster Management Centres in case of need;
- xiii. e-Education and e-Healthcare, as these areas develop in future.

2) The Department of Posts may consider whether it would be feasible to add some of these services, as well as some of the 342 services being offered through the 'MeeSeva' programme in to its existing bouquet of services.

Para 12.2.1: India Post should strengthen its capabilities and diversify the range of products which it offers, paying particular attention to growth segments such as Card Based Money Transfers, Mobile Banking, Collection of EMIs and bill payments.

Para 12.2.2: India Post may collaborate with the National Payments Corporation of India (NPCI) to develop new financial products based on the RuPay Indian domestic card scheme.

Para 12.2.3: India Post may tie-up with RuPay to boost the acceptability of the Card, particularly in rural areas.

Para 16.2.1: The Aadhar data base will be the primary means of authenticating the identity of individuals to whom payments / services are being provided. Where the individual is not covered by Aadhar, the PO Network or other data base may be accessed to authenticate his identity.

Para 16.2.2: Where social security schemes and entitlements are household / family based, it will be the responsibility of the State Government / District / Local Administrations concerned to ensure that the individual beneficiary is in fact entitled to the service / payment being provided and obviate the possibility of duplication or fraud in the implementation of Government schemes.

The PBI data-base would need to be updated and re-checked periodically to eliminate duplication of beneficiaries.

Para 16.2.5: The Aadhar data-base will be the primary means of biometric identification; the PBI should also develop its own data-base focusing on the family or house-hold and link it to the Aadhar data-base for functional and operational purposes.

Para 16.3.1: In order to speed up biometric identification and improve operational efficiency, the Aadhar data base should be segmented State-wise or even district-wise.

Para 16.3.2: The smaller data base focused on the particular District should be accessed in the first instance and the larger data base should be resorted to as a secondary procedure only if identity authentication on the truncated data base fails.

Para 16.4.1: Commercially Important Clients (CICs) should be treated as a special category and provided with a Bulk Client code through which they can access updated data and ascertain delivery status immediately.

CICs should be allowed to frank the postage impression while printing the communication letter itself.

Para 18.2.1: India Post / Parcel should make postal services available to citizens electronically through the introduction of digital stamping and franking machines at postal counters, internet postage and electronic mail boxes.”

25. On the major challenges in implementation of recommendations of the Task Force on leveraging India's post office network, the Committee have been informed as under:-

“The Task Force on Leveraging the Post Office Network has made a total of 181 recommendations. The main challenge in implementing the recommendations of the Task Force is that most of the recommendations are interconnected and decision will have to be taken on them in a holistic and not in a piecemeal manner. Further, before taking a final view on the recommendations, consultation with various stakeholders, including Service Unions, etc. will be required.

However, with the approval of Hon’ble Minister of Communications & Information Technology, a Group of Senior Officers has been constituted to examine each recommendation of the Task Force to obtain relevant inputs from various stakeholders, including Service Unions, etc. and to chalk out a strategy for implementing specific recommendations of the Task Force along with timelines, in synergy with the other two reports of Internal Task Forces set up to ‘Scale up PLI Business’ and ‘Capture e-Commerce Market’”

26. On how the IT Induction and Modernization Project will facilitate implementation of key recommendations of the Task Force, the Department stated that the Task Force has envisaged new role for the Department in the realm of e-commerce, banking and insurance. The new set-up will be possible only in a technologically augmented environment of the Department, which the IT Modernization Project will create.

j. Focus on Banking, Insurance and e-Commerce

27. When asked about how the IT Induction Project is likely to facilitate banking, insurance and e-Commerce operations of the Department of Posts, the Committee have been informed as under:-

- (i) Banking: The core banking solution is part of the IT Modernization Project that aims to bring in the facility of ‘Anytime Anywhere banking’ for the Post Office Savings Bank customers. The primary objective of the IT Modernization Project has been to enhance customer,

satisfaction through better service delivery. India Post plans to implement core banking in all departmental Post Offices (more than 25,000) and install 1000 ATMs in major Post Offices. The Project will bring in facilities of ATM banking, Internet banking and Mobile banking to the Post Office Savings Bank customers.

- (ii) Insurance: Implementation of IT induction will facilitate the insurance customers to pay premium or get policy update through any Post Office or online, apply for loan against policy as well as submit final claim at any Post Office. The settlements of claims will also be easier and smoother as all documents shall be available in a digitized and easily retrievable format. The departmental processing of investments will be more efficient as the corpus at the disposal of the Department will be known and made available to the Investment Desk on a real time basis.
- (iii) e-Commerce: It is a technology driven business involving seamless data transmission, visibility of articles across mail flow pipeline and smooth & transparent remittance of collected amount. Department has already started providing these facilities to high value e-Commerce customers through 'Application Programme Interface'. With the implementation of IT project in the Department, e-Commerce transmission & delivery services can be provided through an integrated IT system. The Department shall thus be able to bring the benefits of e-Commerce to the rural and semi-urban areas, both as a market as well as supplier of goods.

k. Data Centre Facility (DCF) and Disaster Recovery Centre (DRC)

28. On the current status of the Data Centre Facility (DCF) located at Mumbai, the average number of transactions handled by the DCF on a daily basis and the current status of installation of the Disaster Recovery Centre (DRC) at Mysore which was slated to be operational by October, 2014, the Department, in a note, stated:-

"DCF located at Navi Mumbai is functional since April 2013. Presently, DCF is handling CBS and Core PLI transactions in 9174 Post Offices. Daily average number of transactions handled at DCF is 8.52 Lakh. The DRC facility at CEPT, Mysore has been installed. The user acceptance test has been completed and accepted on 19.03.2015. DRC shall be operationalized shortly."

29. On the status of setting up of the National Data Center (NDC) and Disaster Recovery Center (DRC) and the frequency of synchronization of DRC with the NDC, the Committee have been informed that the National Data Centre has been operational since April 2013. The DRC facility has been accepted by the Department from the vendor on 19.3.2015. For its complete operationalization, statutory approvals from Pollution Control

Board and Controller of Explosives are being obtained. The complete operations of DRC are likely to start very soon. The data flow between NDC and DRC would be continuous and mirror data shall be available at DRC.

30. The status of computerization and networking across the different postal circles is depicted in the following Table:-

Sr. No.	Circle	No. of Post Office Computerised	No. of POs Networked
1	Andhra Pradesh	2438	2438
2	Assam	626	582
3	Bihar	1046	1043
4	Chhattisgarh	343	335
5	Delhi	425	393
6	Gujarat	1335	1328
7	Haryana	493	490
8	Himachal Pradesh	464	418
9	Jammu & Kashmir	263	251
10	Jharkhand	455	454
11	Karnataka	1715	1683
12	Kerala	1506	1506
13	Madhya Pradesh	1062	1061
14	Maharashtra	2212	2212
15	North-East	329	268
16	Odisha	1195	1147
17	Punjab	758	758
18	Rajasthan	1345	1334
19	Tamil Nadu	2759	2578
20	Uttar Pradesh	2553	2540
21	Uttarakhand	388	341
22	West Bengal	1758	1301
	Total	25468	24462

I. Need to reorient the Workforce to function in an IT enabled environment

31. When asked about the plans of the Department to create awareness among the staff about the working conditions in an IT enabled environment & to meet the training requirements of a large workforce under the Change Management Vendor (CM) module, the Department submitted as under:-

“The Change Management vendor selected for required job is conducting surveys for different level of officers/officials. On the basis of the same, workshops are being held and training programs are being conducted for the staff. Department’s website, newsletter and SMS alerts are being used to create awareness among the staff. Vendors are conducting training in the phased manner to train the staff in IT enabled environment. This is being augmented by training in all our Training Centres, including Work Place Training Centres functioning in all Divisions, and Standard Training Packages being delivered online, and Divisional level Change Agents.”

m. Project Governance Structure

32. A Project Governance Structure has been put in place which consists of the following:-

- (i) Steering Committee: for implementation of the Project in the manner indicated in the proposal recommended by the EFC and has flexibility in modifying the financial and physical parameters of the scheme within the total budget approved by the CCEA, keeping in view the extant instructions as regards time and cost over-runs. Secretary, Posts, is its Chairperson.
- (ii) Project Coordination Committee: for reviewing the project, issues/risks and taking key decisions with respect to the project and for sanctioning the payments as per the contracts approved by the Steering Committee within the overall outlay.
- (iii) Project Implementation Committees: to review, approve and sign off on the Project deliverables in each phase. Finalization of functional requirement, blue print document, and User Acceptance Test, Facilitating deployment of Department’s manpower to carry out structural changes and taking business and operational decisions/ process changes.
- (iv) Circle Monitoring Committees: for ensuring the progress of the project in the Circles.

PART II

Observations/Recommendations

1. The Committee note that during the early 1990s, with the advent of technology that led to electronic substitution of postal mail, introduction of core banking solutions and easy accessibility to mobile and internet based services, the Department of Posts (DoP) had started inducting technology by way of supplying hardware to Post Offices and implementing standalone software solutions for various operations in a Local Area Network (LAN) based environment. A Software Development Centre was also set up at Mysore to cater to the needs of the Post Offices. To improve the quality of its services in line with the public expectations and to meet the increasing competition, technology upgradation in Post Offices was identified as a necessary prerequisite and to achieve this objective, the Department decided to improve and augment their IT infrastructure and introduce a new integrated software platform for its operations through an end-to-end IT Project. The India Post IT Project was designed to realize this vision. The Project was approved by the Government with a total outlay of Rs. 4909 crore in November 2012. The earlier programmes of induction of technology and computerization of Post Offices and introduction of core banking for post office savings bank operations were merged in this new Project. The Committee recognize that IT Induction and Modernization is a very important Project of the Department with a comprehensive IT roadmap to develop network architecture, integrated software and effective data management, including the establishment of National Data Centre(s) and Disaster Recovery Centre. The Committee observe that there are eight segments/activities under the IT Induction and Modernization Project which are the Data Center Facility (DCF), Network

Integrator (NI), Financial Services Integrator (FSI), Core System Integrator (CSI), Change Management (CM) structure, Rural Hardware (RH), Rural System Integrator (RSI) and Mail Operation Hardware (MOH).

The Committee note that the IT Induction & Modernization Project envisages improvement in the working of the Department across all functional areas, viz. faster and more reliable services in postal, logistics, banking, insurance and retail operations, equipping all Wide Area Network (WAN) locations with primary and secondary bandwidth connectivity for seamless connectivity, simplification of processes resulting in immediate transfer of accounts and certificates, "Anytime Anywhere Banking" through multiple channels such as Internet, ATM and mobile, interoperability with other banks/Financial Institutions, efficient controls through improved Management Information System (MIS), centralised and accurate employee information resulting in improved and timely administrative services, efficient procurement and inventory management and reduction in operational times and costs.

The Committee further observe that by setting up an IT infrastructure spanning across all post offices, including branch post offices in rural areas, the Department will be able to harness the benefits of consolidated real time information and capabilities across various functional silos as well as geographical reach. The transformation of the physical network to a digital network will also provide a national asset for all users, apart from post offices, including various Government Departments, business houses and citizens to use the IT enabled countrywide network for communication, banking, insurance and service delivery needs with transaction data. This mega IT driven transformation would be unparalleled in its size and scope and will create a national asset of over 1,55,000 networked post offices.

2. The Committee also note that multiple types of access have been provisioned in the IT Modernization Project which will be available to the customers for getting information, availing services and for redressal of grievances. The multiple channels include the Customer Interaction Management Portal (CIM), Interactive Voice Response (IVR), Call Centre, ATM, e-Banking, Mobile phones, Post Office counters, Payment Gateway, etc. Further, the implementation of Rural ICT Solution (RH & RSI) and Core Banking Solution (CBS) will enable the Department of Posts to roll-out Direct Benefit Transfer (DBT) through a network of 1.55 Lakh Post Offices in rural as well as urban Post Offices. Rural Post Offices will be enabled with a Hand Held device with biometric identification and Micro ATM enablement, wireless network, thermal printer to provide immediate receipts to customer and solar powered battery to charge and operate the Micro ATM. The Rural Information Communication & Technology (RICT) involves computerization and digital connectivity of all the Gramin Dak Sewak Post Offices including those in rural areas. The objective is to provide a technology solution (ICT Device) to each Branch Postmaster (BPM) which will enable each of approximately 1,30,000 Branch Post Offices to improve the quality of services being offered to rural customers. It will increase the rural reach of the Department and enable Branch Post Offices to increase traffic of all financial remittances, savings accounts, cash certificates and Rural Postal Life Insurance (RPLI). This is being enabled through the Rural System Integrator (RSI) and Rural Hardware (RH) solutions. The ease of transactions will encourage rural citizens to avail the services of Post Offices, thereby having a positive impact on the rural economy, besides improving financial inclusion.

The Department of Posts have a vast network of approximately 1,55,000 Post Offices out of which 1,30,000 are rural Branch Post Offices. The Committee recognize that transformation of the physical network to a digital network will also enable the Government to use the postal network to reach out to the rural population for efficient delivery of financial services such as banking and insurance, besides improving communications, mails and other service delivery needs of the citizens. The IT Modernization Project, particularly the rural ICT solutions, will rebuild the rural postal network to create an institutional infrastructure for last mile delivery of financial services to the citizens. The Project will make the Post Office the focal point for delivery of financial services and further the cause of financial inclusion by providing the rural population across the country with access to formal banking and insurance services.

3. The Committee acknowledge that the IT enabled Post Offices will lead to transparent delivery of social security schemes, including Direct Benefit Transfer (DBT). The disbursement of Social Security Scheme shall be done through biometric identification using the mobile hand held devices, that will not only lead to transparency but also reduce the number of complaints of wrong payment and fraudulent transactions, besides eliminating the middlemen in the system. Online monitoring shall also be faster and shall be without scope for any manipulation. The Committee observe that the Department of Posts, with a network of approximately 1,55,000 Post Offices making transition to a digital network, will enable the Government to use the postal network to reach out to the citizens for efficient delivery of social service schemes, apart from improving the communications, mails and other service delivery needs of the citizens. The IT Modernization Project, particularly the

rural ICT solutions, will thus rebuild the rural postal network to create an institutional infrastructure for last mile delivery of all Government services to the citizens. The project will make the Post Office the focal point of delivery for social security and employment guarantee schemes of the Union and the State Governments, including disbursement of wages under MNREGS, Pension and scholarship, etc. through Direct Benefit Transfer employing Biometric authentication of financial transactions.

4. The implementation of the IT Modernization Project is likely to improve the visibility in day-to-day operations and enable real-time interventions in case of operational problems, e.g. mail movements; further, automatic data updation will enable verified data/report availability/generation and operational planning and decision making will be facilitated by availability of reliable and up-to-date data, introduction of efficiencies in Inventory management and Procurement, ease of financial monitoring/planning and improvement in Human Resource Management. The Committee are of the view that the IT Induction and Modernization Project will facilitate quick decision making by the Department of Posts enabling real-time interventions to resolve operational problems. The Project will also lead to improved planning and decision making through the use of Management Information System (MIS) facilitated by availability of reliable and up-to-date data generated in real-time. The Committee recommend that the Department should ensure optimum use of the data generated in real-time in improving decision making, both in the operational and the policy front.

5. The Committee also take note of the fact that with the roll-out of the IT Induction and Modernization Project, the Department shall be in a position to introduce several new services in the future, viz. delivery of e-Commerce

articles offering seamless track and trace facility, including returns, and immediate remittance of collections on delivery, e-Commerce (place orders / view commodity rates), Utility Bill payments - phone/electricity, etc., Commission/Fee Collection, booking and reservation of train & air tickets, data collection for other organizations, distribution of social security benefits and Common Service Centre (CSC) services. Keeping in view the fact that the future roll-out of various products/services by the Department of Posts is closely tied-up to the successful roll-out of the IT Induction and Modernization Project, the Committee emphasize that efforts should be made for the timely and successful execution of the Project to reap the benefits of prospective business.

6. The Committee note that the major challenges faced by the Department in the roll-out of the IT Induction and Modernization Project include, *inter-alia*, the time consuming nature of public procurement process, selected vendors not taking up the allocated work leading to major delays, telecom network connectivity issues in areas like North East, Chhattisgarh, Uttarakhand, Ladakh and Island territories, pan-India scope of operations, large number of Post-Offices (approx. 1,55,000 comprising of 25,000 Departmental Post Offices and 1,30,000 Branch Post-Offices), migration from almost 56 stand-alone applications presently being used in the Department to an integrated IT platform, and managing a workforce of almost 4.66 lakh employees having no prior experience of working in an IT-enabled environment. In their endeavour to meet these challenges, the Department have developed a focused and time-bound plan which includes roping in Change Management vendor for creation of a new work culture, imparting training to employees at all levels, simplification of procedure to ensure that manual processes are not replicated in an IT environment, large scale simplification of Rules and Procedures to bring them

in synchronisation with the new IT-enabled working environment and setting up Project Monitoring Units upto the Divisional levels (district level) in order to implement the Project in a synchronized manner. While appreciating the efforts made by the Department to ensure a smooth transition from a manual work environment to an IT-enabled environment, the Committee recommend to the Department to remain focused through structural monitoring of the remedial measures taken for addressing the operational impediments.

7. The Committee note that the implementation of the eight components of the IT Modernization Project is planned to be completed between 2015 and 2017. As estimated by the Department, the entire operation and maintenance of these units is to be completed between 2020 and 2025. A review of implementation of the plan schemes indicates that achievement in the year 2012-13 was nil. The year 2013-14 witnessed fair progress with the commissioning of the Data Centre, networking of 2795 locations, development and deployment of CBS in 124 POs and PLI in 220 post offices, etc. It is disquieting to note that milestones could not be achieved in respect of some important schemes, namely, Supply of Mail Office Hardware and Rural Hardware and development and deployment of Rural ICT solution in the year 2013-14. The Committee observe that the IT Modernization Scheme of the Department of Posts got the maximum outlay of Rs. 3046.75 crore amongst all the schemes for the Twelfth Five Year Plan. A scrutiny of the financial performance of the Department during the past four years indicates that there has been significant shortfall in utilization of funds against the allocation at the BE stage. The shortfall in utilization is attributed to reasons like complex and time-consuming nature of finalization of RFPs, interdependence amongst the eight RFPs, need for re-tendering in RH and MOH due to the vendors opting-out after being selected, delay in RFP meetings, queries and clarifications sought

by bidders leading to extension of last date of submission of bid documents, delay in evaluation of RFPs, resolution of complaints regarding certain aspects of the Project, etc. The Committee do understand that some of these factors may have hindered the timely utilization of funds but would like to point out that such challenges are often encountered in implementation of mega projects of this nature. It is for the Department to have anticipated such problems and factor them in the implementation mechanism. The Committee, therefore, recommend that greater efforts should be made by the Department to ensure that the problem areas are addressed in an expeditious manner for the smooth execution of the plan schemes with better utilization of funds. The Committee also emphasize that the monitoring mechanism in place be appropriately strengthened to ensure that various components of the Project are rolled out in a time-bound manner. The Committee would like to be apprised of the progress of achievement of all the components of the IT Modernization Project.

8. The Committee note that the Department's software development centre at Mysore (Centre for Excellence in Postal Technology) had developed most of the application software that are still being used by the Post Offices. In addition, CEPT Mysore also housed the first in-house Data Centre of the Department. The Committee have been apprised that the software developed by CEPT is working in the post offices of many friendly countries. In addition, data sanitization work required for roll-out of Core Banking Services (CBS) and Core PLI is also being done throughout the country under the overall supervision of CEPT Mysore. Insofar as the IT Induction and Modernization Project is concerned, the CEPT, Mysore, is involved in Knowledge Transfer of existing Applications, assistance in roll-out and Data migration, Acceptance Testing of respective solutions of all RFPs, and Operation and Maintenance.

While appreciating the role of CEPT, Mysore, in developing the application software to cater to the specific requirements of post offices, the Committee feel that the Software Development Center at Mysore, with its unique experience in developing stand-alone software applications for Post Offices, can play a vital role in areas such as knowledge transfer of existing applications, data migration, acceptance testing of different modules of the IT Project as well as operation and maintenance matters. The Committee recommend that the accumulated experience of CEPT, Mysore, in software development for DoP may be optimally utilized in ensuring a seamless transition from stand-alone applications to a fully networked architecture served by a common data center.

9. The Committee have been informed that Task Force on leveraging the Post Office network had given wide-ranging recommendations concerning IT Induction and Modernization in the Department. Some of the key recommendations include adoption of non-proprietary and open standards for hardware and software products, leveraging the inherent strengths of the India Post network to garner business in upcoming segments such as e-commerce and e-retailing, integration of information systems with those of major e-commerce companies, de-linking parcel service from normal postal services, introduction of same day delivery, providing end-to-end track and trace facility, implementation of measures for cyber security and payment security, GPS tracking and containerized movement of parcels. The Task Force had also stressed the need to use post offices as Common Service Centers (CSCs) offering a variety of public services, diversification into other range of products/services such as Card Based Money Transfers, Mobile Banking, Collection of EMIs and bill payments, collaboration with the National Payments

Corporation of India (NPCI) to develop new financial products based on the RuPay Indian domestic card scheme, treatment of Commercially Important Clients (CICs) as a special category and availability of Postal Services to citizens electronically through the introduction of digital stamping and franking machines at postal counters, internet postage and electronic mail boxes. The Committee are given to understand that a Group of Senior Officers has been constituted to chalk out a strategy for implementing specific recommendations of the Task Force along with timelines, in synergy with the other two reports of the Internal Task Forces set up to 'Scale up PLI Business' and 'Capture e-Commerce Market'. The Committee recommend that the Group of Officers should complete the exercise in a time-bound manner and evolve an effective strategy to implement the recommendations of the Task Force so that the vision of leveraging the Post Office network of the country can be realized. The Committee would like to be informed of the outcome in this regard.

10. The Committee also note that the Task Force on leveraging India's Post Office network has envisaged a new role for the Department in the realm of banking, insurance and e-commerce. The new set-up will require a technologically augmented environment which will be created by implementation of the IT Modernization Project. The Committee understand that as part of the IT Project, India Post plan to implement core banking in all Departmental Post Offices (more than 25,000) and install 1000 ATMs in major Post Offices. The project will bring in facilities of ATM banking, Internet Banking and Mobile Banking to the Post Office Savings Bank customers. Implementation of IT induction will also facilitate insurance customers to pay premium or get policy update through any Post Office or online, apply for loan against policy as well as submit final claim at any Post Office. The settlement of claims will also be easier and smoother as all documents shall be available in a

digitized and easily retrievable format. The Departmental processing of investments will be more efficient as the corpus at the disposal of the Department will be known and made available to the Investment Desk on a real time basis. The Committee stress that e-Commerce is a technology driven business involving seamless data transmission, visibility of articles across mail flow pipeline and smooth and transparent remittance of collected amount. With the implementation of the IT project in the Department, eCommerce transmission and delivery services can be provided through an integrated IT system. The Department shall thus be able to bring the benefits of e-Commerce to the rural and semi-urban areas, both as a market as well as supplier of goods.

The Committee fully recognize the critical role of the IT Induction and Modernization Project in the realm of banking, insurance and e-commerce. The successful roll-out of the IT Project is a necessary pre-requisite for the Department to make any significant foray into the banking, insurance and e-Commerce domain. The Committee, therefore, recommend that the utmost emphasis should be accorded to the implementation of the Project so that the future expansion of products/services in these areas is not hampered for want of requisite IT infrastructure.

11. The Committee note that the DCF located at Navi Mumbai has been functional since April 2013. Presently, DCF is handling CBS and Core PLI transactions in 9174 Post Offices. The daily average number of transactions handled at DCF is 8.52 lakh. The Department plans to scale up the DCF as more Post Offices are being connected through Wide Area Network. The Committee are given to understand that all the technical solutions and infrastructure being created under the IT Project, including the Data Centre Facility, are

scaleable and modular in nature, *i.e.* they are designed to take care of additional load by scaling up commensurate to the requirement; besides, the Data Centre facility is designed to handle transactions emanating from the entire postal network. Insofar as the requirement of bandwidth is concerned, the RFP and contracts have provisions relating to increasing the bandwidth as per actual requirements. The DRC facility at CEPT, Mysore, has been installed followed by the user acceptance test which has been completed and accepted on 19.03.2015. The Committee have been apprised that the DRC is expected to be operationalized shortly.

With the Data Center Facility (DCF) already in operation since April 2013 and the Data Recovery Center (DRC) expected to be operationalized shortly, the Committee recommend that the Department should expedite the networking of the remaining Post Offices so that more and more Post Offices can move their data to DCF and make optimum use of the networked architecture as envisaged in the IT Project.

12. The Committee note that Change Management is a vital component of the IT Modernization Project and Change Management Vendor is conducting surveys for different levels of officers/officials which forms the basis of workshops and training programmes being conducted for the staff members. The Department's website, newsletter and SMS alerts are also being used to create awareness among the staff members. Vendors are conducting training in a phased manner to train the staff in an IT enabled environment which is being augmented by training in all Training Centres of the Department, including Work Place Training Centres functioning in all Divisions, Standard Training Packages being delivered online, and Divisional level Change Agents.

The Committee observe that it is imperative that the Change Management vendor should impart requisite training which will go a long way in improving the performance of the Postal employees. Efforts to improve the skills and capabilities of employees through training is necessary to equip the workforce with the knowledge of various IT tools at their disposal, which will also lead to optimum utilization of these IT tools. The Committee feel that since the Department of Posts are a service oriented entity having a large workforce of approximately 4.66 lakh employees who have been largely working in a manual environment, special emphasis on IT training requirements of such a large workforce should be a priority area. While appreciating the ongoing efforts of the Department to meet the training requirement of their employees, the Committee stress the need to focus on training requirements of the large workforce to reorient them to work in an IT enabled environment.

13. To sum up, though the IT Modernization Project has entered the fourth year of its implementation, the pace of execution has been slow resulting in shortfall in achievements as against the envisaged physical targets. It is noteworthy that this mega IT driven transformation is the first of its kind undertaken by any postal operator in the world. The benefits of the Project after its successful implementation is expected to be immense encompassing the Government, the Department of Posts and equally importantly the customers. The Department of Posts are poised to play an important role in bridging the urban-rural divide and bringing IT-enabled services to all sections of society through its 1,55,000 IT-enabled Post Offices. It needs reiteration that the reduction of paper-based processing will enable an environmentally sustainable greener Post Office. The vision can be transformed into reality only in a technologically augmented environment of the Department, which the IT

Modernization Project intends to create. Considering that it is a transformational project having far reaching impact, the Committee recommend that the Project Governance Structure of the Department should take all necessary measures for the successful execution of this mega venture in a time-bound manner which will also support the ambitious 'Digital India' Campaign.

**New Delhi;
5 August, 2015
14 Shrawana, 1937(Saka)**

**ANURAG SINGH THAKUR,
Chairperson,
Standing Committee on
Information Technology.**

MINUTES OF THE SEVENTH SITTING OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2014-15) HELD ON 11TH NOVEMBER, 2014

The Committee sat on Tuesday, the 11th November, 2014 from 1100 hours to 1315 hours in Committee Room 'C', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Anurag Singh Thakur - Chairperson

MEMBERS

Lok Sabha

2. Shri L.K. Advani
3. Shri Prasun Banerjee
4. Dr. Sunil Baliram Gaikwad
5. Dr. K.C. Patel
6. Shri Hemant Tukaram Godse
7. Dr. Anupam Hazra
8. Dr. J. Jayavardhan
9. Shri P. Karunakaran
10. Shri Virender Kashyap
11. Shri Keshav Prasad Maurya
12. Shri D.K. Suresh
13. Shri Ramdas C. Tadas

Rajya Sabha

14. Shi Salim Ansari
15. Shri Vijay Jawaharlal Darda
16. Shri Santiuse Kujur
17. Shri Derek O'Brien
18. Dr. K.V.P. Ramachandra Rao
19. Mahant Shambhuprasadji Tundiya

SECRETARIAT

- | | | | |
|----|-----------------------|---|---------------------|
| 1. | Shri J.M. Baisakh | - | Director |
| 2. | Shri Ajay Kumar Garg | - | Additional Director |
| 3. | Dr. Sagarika Dash | - | Deputy Secretary |
| 4. | Shri Shangreiso Zimik | - | Under Secretary |

Representatives of the Ministry of Communications and Information Technology
(Department of Posts)

	Name	Designation
1.	Ms. Kavery Banerjee	Secretary (Posts)
2.	Ms. Anjali Deveshar	Member (PLI)
3.	Ms. Kalpana Tewari	Member (Planning)
4.	Shri G.J. Samuel	Member (Operation)
5.	Shri Ashutosh Tripathi	Member (Personnel)
6.	Ms. Saroj Punhani	JS&FA
7.	Shri Vasumitra	CPMG, Delhi Circle
8.	Shri Vineet Pandey	CGM, BD Directorate
9.	Shri V.Pati	CGM, PLI
10.	Ms. Smita Kumar	General Manager (SP&P) BD Directorate

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee. In the first half of the session, the representatives of the Ministry of Communications and Information Technology (Department of Posts) briefed the Committee on the subject 'IT Induction and Modernization in the Department of Posts'. The Department of Posts also made a power-point presentation highlighting different facets of the modernization project. It included implementation/rollout plans, present status of implementation and timelines of the project, provisioning for the future requirements of the project and key benefits of the project to the stakeholders, viz. the customers, the Government and the Department of Posts, etc.

3. The Members then sought clarifications on issues to which the representatives of the Department of Posts responded. The Chairperson directed the Department of Posts to furnish written replies to the points which remained unanswered.

4. The Chairperson, then, thanked the representatives of Department of Posts for briefing the Committee.

The witnesses then withdrew.

5.XXXXX.....XXXXX.....XXXXX.....XXXXX.....

6.XXXXX.....XXXXX.....XXXXX.....XXXXX.....

7.XXXXX.....XXXXX.....XXXXX.....XXXXX.....

8.XXXXX.....XXXXX.....XXXXX.....XXXXX.....

Verbatim Proceedings of the sitting has been kept on record.

The Committee, then, adjourned.

xxxx Matter not related to the Report.