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

**SIXTEENTH LOK SABHA**

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

**BUSINESS DEVELOPMENT AND MARKETING STRATEGY  
IN THE DEPARTEMENT OF POSTS**

**ELEVENTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*August, 2015/Shravana, 1937 (Saka)*

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**Presented to Lok Sabha on 13 August, 2015  
Laid in Rajya Sabha on 13 August, 2015**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*August, 2015/Shravana, 1937 (Saka)*

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\*Not appended with 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. Vijaykrishnan | Additional Secretary |
| 2. Shri J. M. Baisakh    | Director             |
| 3. Shri Abhishek Sharma  | Executive Assistant  |

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\* 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

DoP	Department of Posts
BD&M	Business Development and Marketing Directorate
VAS	Value Added Services
eIPO	electronic Indian Postal Order
BD	Business Development
BRSP	'Business Reply Speed Post Article'
PRS	Passenger Reservation System
KPIs	Key Performance Indicators
BNPL	Book Now Pay Later
MNOP	Mail Network Optimization Project
POD	Proof of Delivery
CoD	Cash-On-Delivery
RH	Rural Hardware
SP-CoD	Speed Post Cash on Delivery
P2P	Print to Post
RCPI	Rural Consumer Price Index
DBT	Direct Benefit Transfer
IT	Information Technology
POSB	Post Office Savings Bank
NEFT	National Electronic Fund Transfer
RTGS	Real Time Gross Settlement
RICT	Rural Information Communication & Technology
BPM	Branch Postmaster
BOs	Branch Post Offices
RPLI	Rural Postal Life Insurance
RSI	Rural System Integrator
CBS	Core Banking Solution
eFMS	electronic Fund Management System
CPSMS	Central Plan Scheme Monitoring System
CGA	Controller General of Accounts
NREG Act	National Rural Employment Guarantee Act
RCPI	Rural Consumer Price Index
RAKNPA	Rafi Ahmed Kidwai National Postal Academy
STPs	Standard Training Packages
EDP	Executive Development Programme
MDP	Management Development Programme
ADP	Advanced Development Programme
EOI	Expression of Interest
CEC	Consultancy Evaluation Committee
IMO	Instant Money Order
eMO	electronic Money Order
EMS	Express Mail Service
WNX	World Net Express

## **INTRODUCTION**

I, the Chairperson, Standing Committee on Information Technology (2014-2015), having been authorised by the Committee, do present this Eleventh Report (Sixteenth Lok Sabha) on 'Business Development and Marketing Strategy in the Department of Posts' relating to the Ministry of Communications and Information Technology (Department of Posts).

2. The Standing Committee on Information Technology (2013-14) selected the subject for detailed examination. The predecessor Committee took briefing and recorded evidence of the representatives of the Department of Posts at their sittings held on 6<sup>th</sup> November, 2013 and 21<sup>st</sup> January, 2014 respectively. The Report was considered and adopted by the predecessor Committee at their sitting held on 11<sup>th</sup> March, 2014. However, the Report could not be presented as the House was prorogued on 27<sup>th</sup> February, 2014.

3. The subject was subsequently carried forward by the successor Committee (2014-15) for examination. The Report was redrafted taking into consideration the updated information furnished by the DoP. The updated Draft Report which was placed before the Committee was considered and adopted at their sitting held on 11<sup>th</sup> August, 2015. The Committee wish to express their thanks to the representatives of DoP for appearing before the Committee for evidence and furnishing the information desired by the Committee in connection with the issues relating to the subject.

4. The Committee thank their predecessor Committee for taking oral evidence of the representatives of Department of Posts and obtaining the requisite information on the subject.

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;**  
**11 August, 2015**  
**20 Shravana, 1937 (Saka)**

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

**REPORT**  
**PART-I**  
**CHAPTER-I**

**(i) Introductory**

India has the largest Postal Network in the world with 1,54,882 Post Offices (as on 31.03.2014) of which 1,39,182 (89.86 per cent) are in the rural areas. At the time of Independence, there were 23,344 Post Offices, which were primarily in urban areas. Thus, the network has registered a seven-fold growth since 1947, with the focus of expansion primarily in the rural areas. On an average 8221 people are served by a post office in the country. In rural areas, a post office serves 6193 people and in urban areas, a post office serves 26198 people. Thus the average area served by a post office is 21.22 sq. kms.

1.2 The Department of Posts (DoP), with their vast network of Post Offices, continuously strive to be a customer-service-centric organization. The Post Office as a one stop shop, provides a range of postal, saving bank, money remittance and utility services to the customers and thus offers convenience and affordability at the door step of the common man. In addition to meeting their social obligations, DoP, with an aim to generate revenue, have introduced a number of business products and services like Retail Post, ePost, ePayment, ePost Office, Speed Post, Express Parcel Post, Logistics Post, Business Post, Aadhaar enrolment ,etc. The DoP were the only service delivery organization for a long time till the entry of private couriers. This made the Posts think in terms of competition offered by the courier industry. To provide a greater impetus to these business activities in an environment of emerging competition, the idea of a Business Development Directorate was conceived in the year 1996.

**(ii) Establishment of Business Development and Marketing Directorate**

1.3 The Business Development Directorate was established in the year 1996 to monitor, design and develop Value Added Services to cater to the market needs. The Business Development Directorate has the mandate to develop a business development and marketing strategy, which should translate into generation of revenue for the Department of Posts. It was recognized into Business Development and Marketing Directorate in the year 2004-05, to provide a better

focus on marketing. In July, 2007, the Business Development and Marketing Directorate (BD&M), hereinafter also referred to as the Directorate, was given the responsibility of marketing and publicity of all the services & products of India Post, including Financial Services, Money Remittance, Mail Business Development and Value Added Services. The Directorate is headed by a Chief General Manager. Dedicated Business Development and Marketing Divisions have been created in the Circles, Regions and Divisions.

1.4 The mandate of the Directorate are as follows:

- (i) Administration, expansion and promotion of the existing value added services;
- (ii) Planning and introduction of new value added products and services;
- (iii) Evolving procedures, regulations and guidelines for their retailing and networking;
- (iv) Market study, market testing and product improvement;
- (v) Evolving market strategies, alliances and cooperation;
- (vi) Organizing and sponsoring business training for personnel;
- (vii) Monitoring and review of growth of value added products and services;
- (viii) Exploring the scope of commercial utilization of idle resources of the Department.

1.5 In addition to the above, the Directorate is also responsible for:

- (i) Marketing and Publicity of all the products and services of the Department.
- (ii) Identifying business opportunities
- (iii) Conducting market research for new product development, repositioning of existing premium services and identifying retailing potential of Post Offices.

**(iii) Value Added Services (VAS) and Products Planned/launched by the Business Development and Marketing Directorate**

1.6 The Committee have been informed that the Directorate has, over the years, introduced a number of products and services which are as follows:-

- a. Speed Post:** Speed Post, the market leader in the domestic express industry, was started by the Department of Posts in August, 1986 for providing time-bound and express delivery of letters and parcels weighing upto 35 kg between specified stations in India. In view of market trends



and changing customer needs, the Business Development & Marketing Directorate, after its inception has added a number of features like insurance facility, internet based Track & Trace system along with other value additions like free pick-up facility, credit facility and volume based discount to customers of Speed Post service.

**b. Express Parcel Post:** Express Parcel Post service was launched w.e.f. 01.12.1994 to cater to the needs of corporate customers for parcel delivery and to provide a safe, secure and faster delivery solution.

**c. Logistics Post:** Logistics Post service was introduced by the Department of Posts on 10.08.2004 with a pilot started in select Circles/cities. Logistics Post was started to grab the opportunities lying in the transmission and delivery of bulk volumes/ heavier consignments. Logistics Post is an ideal service for sending large consignments, including multi-parcels, Just-in-time parcels, bulk-break consignments and goods of any weight.

**d. Flat Rate Parcel:** Flat Rate Parcel service was introduced on 04.02.2011. Flat Rate Parcel is an air express parcel service. Flat Rate Parcel provides an added convenience to the customers by offering them pre-paid Flat Rate Parcel boxes. These boxes are available in three weight slabs, viz. 1 Kg, 2.5 Kg and 5 Kg.

**e. Express Parcel and Business Parcel:** Increasing eCommerce market in India has given a boost to the parcel segment where B2C parcels are on the rise. At the same time there is requirement to cater to the needs of the C2C category parcels also. Accordingly, Express Parcel and Business Parcel services have been introduced by the Department w.e.f. 02.12.2013 for the following offerings:

**(i) Express Parcel:** Express Parcel is a premium parcel service available for retail as well as bulk customers, which offers time bound, safe and secure home delivery of parcels. Minimum chargeable weight of Express Parcel is 0.5 Kg whereas maximum chargeable weight for retail customers is 20 Kg and for contractual customers it is 35 Kg. Service is initially available between the following 20 cities and will be expanded country-wide in a phased manner: Agra, Bangalore, Bhubaneshwar, Chennai, Delhi (NCR), Patna, Guwahati, Hyderabad, Indore, Jaipur, Jammu, Kolkata, Lucknow, Ludhiana, Mumbai, Pune, Parwanoo, Shillong, Surat and Thiruvananthapuram.

**(ii) Business Parcel:** Business Parcel aims to provide an economical distribution solution to corporate customers by providing surface transmission of the parcels. Minimum chargeable weight of parcels

in this category is 2 Kg and maximum weight is 35 Kg. Service is available for all locations in the country.

**f. Cash on Delivery:** Increasing trend for online shopping among the Indian customers has tremendous business opportunities for payment services, order processing and fulfillment services, etc. In order to cater to these business opportunities and to provide a fast, safe and economical solution of collection of amount of goods at the time of its delivery and its remittance to sender, Department of Posts have introduced Cash on Delivery facility as value addition to Speed Post and Parcel Services w.e.f. 02.12.2013 which shall be available to the contractual customers of Express Parcel, Business Parcel and Speed Post.

**g. Retail Post:** In order to generate additional revenue, Department of Posts have introduced "Retail Post" wherein the Post Office network is used to sell third party products and services like sale of application forms of various educational institutions & recruiting agencies, sale of railway reservation tickets, sale of Rakhi envelopes, address verification service, etc. Retail Post was introduced in 1998. Postal Circles have been empowered in 2005 to get into third party tie-ups and to explore new areas of tie-ups under Retail Post to generate additional revenue for the Department.

**h. Business Post:** Business Post was introduced in December 1996 as a value addition to various mail/ premium products to generate additional revenue. Business Post provides 'total mailing solutions' to the businesses from mail preparation to mail delivery. Customers can choose from a range of cost-effective and professional mailing services, including inserting, sealing, addressing and franking, etc. to meet their specific business needs.

**i. ePayment:** ePayment service (earlier known as e-bill Post which was launched in 2001) was launched in 2006. It is a comprehensive bill payment service offered by the Department to help meet the needs of the business customers. This allows collection of bills (telephone bills, electricity bills, university fee, school fee, etc.) on behalf of any organization. The collection is consolidated electronically using web based software and payment is made centrally through cheque from a specified post office (HPO/GPO). The service is offered from around 22,000 post offices.

**j. ePost :** ePost service was introduced in 2004. It is a kind of hybrid mail service where the message travels electronically and at destination point message is printed and delivered in paper format. Apart from sending ePost through Post Offices, individual customers can register themselves online to use facility of prepaid account wherein they can send ePost messages using their own computer & internet. Further, the Corporate version of ePost enables Ministries/Departments/PSUs and other organizations to send ePost messages from their premises in bulk.

The ePost message can be sent in multiple languages including local language. The facility for attaching files in PDF and JPEG is also available.

**k. ePost Office:** ePost Office service was launched in March 2011. It is an eCommerce portal of India Post which intends to provide select postal facility to the common man through internet. Customers can buy Philatelic stamps and can pay PLI / RPLI premia online using Credit/Debit card through this portal. Indian citizens living abroad may use this portal to pay RTI fee in the form of electronic Indian Postal Order (eIPO).

**l. Direct Post:** With the increasing commercial activity in India, the need for direct advertising of products and services by the business organizations is growing. India Post introduced Direct Post during 2005. Direct Post is the un-addressed component of Direct Mail in India, and would comprise of un-addressed postal articles like letters, cards, brochures, questionnaires, pamphlets, samples, promotional items like CDs/Floppies and Cassettes, etc., coupons, posters, mailers or any other form of printed communication that is not prohibited by the Indian Post Office Act 1898 or the Indian Post Office Rules, 1933.

**m. Media Post:** In order to exploit idle resources of India Post to generate additional revenue, Department of Posts launched Media Post in the year 2000. Media Post offers a range of advertising mediums such as letter boxes, Postal Stationery, Postal Premises, etc.

**n. Print to Post:** India Post transmits and delivers a large volume of mail of corporate customers. A major portion of this mail constitutes periodic B2C mail comprising of bills, statements, etc. Keeping in view the requirements of customers, Department of Posts has introduced Print to Post Service (P2P) during 2010, which offers a total solution to the customers covering printing services, pre-mailing services and mailing services under one roof.

1.7 The Committee have been informed that in addition to meeting customer needs, these products have generated additional revenue for the Department and helped to reduce their deficit. India Post staff cost is a fixed and known cost. The strategy is to sell more products and services so that the fixed cost is met or adjusted to the revenue generation.

#### **(iv) Budgetary Support & Fund Utilization**

1.8 Regarding budgetary allocation, the Committee have been informed that during the 11<sup>th</sup> Five Year Plan, Plan approval for the Business Development Directorate included twelve Projects / schemes with a total amount of Rs. 297.78

crore. Actual budget allotment for the same was Rs.68.97 crore. The expenditure against allotment was Rs. 65.56 crore.

1.9 The details of Budget allotment during the 11<sup>th</sup> Plan period are as under:-

<b>XI Plan Approval, Budget allotment and its utilization &amp; its percentage (In Rs. Crore)</b>						
Sl No	Name of the Project/ Scheme	Project wise fund allotted	Actual Budget allotted during 2007-08 to 2011- 12	Expenditure during 2007-08 to 2011-12	Budget allotment to the Fund approved %	Budget utilization %
1	Promotion, Publicity and Brand Visibility	85	22.55	21.73	26.52	96.36
2	Product Development and Marketing Premium Product	14	3.82	3.31	27.28	86.64
3	Marketing Plan for Philately	5	2	2.2	40	110
4	Creation of Brand Identity of India Post	8	8.23	8.73	102.87	106.07
5	Establishment of India Post Consultancy Group	3	0.32	0.31	10.66	96.87
6	Marketing Plan for Financial Services	30	2.2	1.98	7.33	90
7	Development of Infrastructure of Logistics Post	48.5	3.09	3.37	6.37	109.06
8	Development of Infrastructure for Express Parcel Business	40	3.72	3.072	9.3	82.58
9	India Post Innovation Centre	5	0.21	0.006	4.2	2.85
10	Business Expansion of Speed Post	49	21.4	19.44	43.67	90.84
11	Establishment of India Post Call Centre	7.88	0.1	0.01	1.26	10
12	Establishment of Print Mail System	2.4	1.33	1.4	55.42	105.26
	<b>Total</b>	<b>297.78</b>	<b>68.97</b>	<b>65.56</b>	<b>23.16</b>	<b>95.06</b>

1.10 The Committee have further been informed that in the 12<sup>th</sup> Five Year Plan a total financial outlay of Rs. 156.25 crore has been approved for the Business Development & Marketing Directorate. Scheme-wise outlays approved for the 12<sup>th</sup> Five Year Plan is as under:-

Sl. No.	Name of the Project/Scheme	Outlay (Rs. In crore)
1.	Marketing function of the Department	90.00
2.	Establishment & Upgradation of Parcel and Logistic Centres/Hubs/Warehouses	66.00
3.	Development of E-commerce Project	0.25
	<b>Total</b>	<b>156.25</b>

1.11 Allotment and expenditure of Plan funds for the year 2012-13 and 2013-14 are as follows:-

Sl. No.	Name of Activity	2012-2013			2013-2014		
		BE	Final Grant	Utilization	BE	Final Grant	Utilization
1.	Marketing Function of Department of Posts	10.00	0.02	0.22	5.00	3.72	3.64
2.	Establishment and Upgradation of Parcel & Logistics Centres/Hubs/Warehouses	3.00	--	0.12	5.00	5.00	4.47
	<b>Total</b>	<b>13.00</b>	<b>0.22</b>	<b>0.34</b>	<b>10.00</b>	<b>8.72</b>	<b>8.11</b>

In 2014-15, Rs.17.5 crore has been allotted for the Plan scheme Marketing Function of the Department (Rs.8 cr) & Establishment and upgradation of Parcel & Logistics Centres/Hubs/Warehouses (Rs.9.5 cr.)

#### (v) Revenue performance of the Services

1.12 According to the Department, there has been constant growth in the revenue of the Business development products in a major way since the establishment of the Directorate. Value added services of the Directorate earned revenue of Rs.74 crore in 1996-97. Its revenue has increased to Rs. 2724 crore in the financial year 2013-14 showing a growth of 3681% in revenue over the year 1996-97. At present, Business Development (BD) revenue constitute about 60% revenue of the Postal Operation revenue in the Department. Revenue growth has almost been positive except two financial years, i.e. 2000-01 and 2007-08 when there was negative growth because of adverse market conditions. There

has been an average growth of revenue of about 28% per annum for value added services of the BD Directorate since its formation. The major growth contributors for the BD revenue has been products like Speed Post, Business Post and Express Parcel Post which have shown average growth of 84%, 137% and 127% respectively.

1.13 The Revenue performance of the Business Development Directorate from 1996-97 to 2013-14 is as under:-

<b>Rs. in Crore</b>					
<b>Sl. No.</b>	<b>Year</b>	<b>Revenue</b>	<b>Sl. No.</b>	<b>Year</b>	<b>Revenue</b>
1.	1996-97	73.90	10.	2005-06	1179.60
2.	1997-98	103.15	11.	2006-07	1507.55
3.	1998-99	141.76	12.	2007-08	1335.96
4.	1999-00	221.19	13.	2008-09	1434.99
5.	2000-01	180.32	14.	2009-10	1625.03
6.	2001-02	224.83	15.	2010-11	1884.37
7.	2002-03	557.70	16.	2011-12	1978.82
8.	2003-04	746.89	17.	2012-13	2447.28
9.	2004-05	907.96	18.	2013-14	2728.55

1.14 The Committee have been informed that in 2009-10 to 2013-14, there has been consistent positive growth in the BD revenue. The average revenue growth in the last five years has been 14% p.a. Product-wise revenue growth of BD products has been viz., Speed Post 22.98%, Business Post 9.88%, Express Parcel Post 21.11%, Bill Mail Service 15.19%, e-bill post 11.5%, Direct Post 3.52%, E-post 36.32%, Logistic post 70.34%.

1.15 The Department have furnished the Revenue performance of Premium Products during the period 2008-09 to 2013-14:-

<b>Rs. In Crore</b>							
<b>S. No</b>	<b>Name of Product</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011- 12</b>	<b>2012- 13</b>	<b>2013-14</b>
1	Speed Post	515.27	613.96	748.82	889.64	1261.47	1372.21

2	Business Post	603.25	721.22	818.52	773.98	823.89	1029.52
3	EPP	23.05	33.94	51.99	71.80	78.87	77.63
4	Bill Mail Service	65.36	112.05	120.64	105.87	104.93	102.99
5	Retail Post	95.95	83.63	88.19	81.35	71.07	70.22
6	Media Post	10.29	10.89	6.51	10.26	4.24	4.19
7	Greeting Post	0.80	0.43	0.13	.18	.19	0.19
8	e-Bill Post	27.15	20.31	17.56	13.93	31.12	35.10
9	Direct Post	1.76	1.69	2.45	2.42	2.62	2.54
10	e-Post	1.60	1.30	1.85	3.42	2.67	3.47
11	Logistic Post	8.49	14.09	20.04	15.93	49.46	15.25
12	Others	82.02	11.52	7.67	11.04	16.75	10.24
Total		1434.99	1625.03	1884.37	1979.82	2447.28	2723.55

1.16 As per the Annual Report 2012-13, during the year 2011-12, only three services out of a total of 18, viz. Competition Postcard, Letter and Insurance generated revenue in excess of the cost incurred to the Department.

<b>Average Cost and Average Revenue of various Postal Services</b>					
<b>(Figures in Paise)</b>					
<b>Sl. No.</b>	<b>Name of Services</b>	<b>2010-2011</b>		<b>2011-2012</b>	
		<b>Cost</b>	<b>Revenue</b>	<b>Cost</b>	<b>Revenue</b>
1	Postcard	749.43	50.00	734.68	50.00
2	Printed Postcard	751.33	600.00	736.88	600.00
3	Competition Postcard	753.01	1000.00	706.72	1000.00
4	Letterhead (Inland Letter)	741.89	250.00	729.03	250.00
5	Letter	818.02	1032.72	790.24	968.37
6	Registered Newspaper – Single	931.00	99.00	884.47	56.00
7	Registered Newspaper – Bundle	2025.57	104.00	1792.84	153.00
8	Book Post – Book Pattern & Sample Packets	922.81	819.56	886.23	666.14
9	Book Post – Printed Books	1363.90	416.89	1258.80	311.19
10	Book Post – Other Periodicals	1169.64	1546.38	1083.97	861.61
11	Acknowledgement	653.25	300.00	639.05	300.00
12	Parcel	4809.86	4101.51	4352.15	3581.87
13	Registration	4184.23	1700.00	4111.62	1700.00
14	Speed Post	5368.37	2755.65	5056.39	2295.51
15	Value Payable Post	2767.54	418.26	2834.73	454.58
16	Insurance	12470.85	9277.09	13032.93	26856.47
17	Money Order	9349.75	4224.11	8667.14	6299.78
18	Indian Postal Order	3892.86	391.77	3540.14	272.64

1.17 The Product/Service-wise details of all the value added products and services launched by the Business Development and Marketing Directorate are shown in the following table:-

Sl. No.	Name of Product/Service	Introduced/ Launched in the year	Annual revenue growth rate (average) during 2009-10 to 2013-14	Current Market-share (%)	Cost * /Revenue per transaction
1	Speed Post	1986	22.98 %	17.4 - 20.2%	Rs 34/-
2	Business Post	1996	9.88 %	NA	Rs 5/-
3	Express Parcel Post	1994	21.11 %	5 - 7%	Rs 72/-
4	Bill Mail Service	2005	15.19 %	NA	Rs 3/-
5	e-Bill Post/ePayment	2001/2006	11.5 %	NA	Rs 19/-
6	Logistics Post	2004	70.34 %	NA	Rs 333/-
7	ePost	2004	36.32%	NA	
8	ePost Office	2011	Not a service in itself, it provides a platform to avail select postal service online		
9	Flat Rate Parcel	2011	NA	NA	
10	Express Parcel*	2013	Introduced on 02.12.2013		
11	Business Parcel	2013			
12	Retail Post	1998	(-)7.028	NA	
13	Direct Post	2005	3.52%	NA	
14	Media Post	2000	(-)15.16	NA	
15	Print to Post	2010	NA	NA	

\* Data of cost of various valued added services is not maintained separately.

#Data on Government business as part of total business is not maintained by the Department.

1.18 When asked about the Plans of the Directorate to reverse the declining trend wherein most of the services are incurring huge losses, the Department stated as under:

“The proposal for revision of rates of the services is under process. Department of Post is implementing an IT modernization Project wherein all Post Offices will be networked and brought on a central server platform. IT induction is likely to result in reduction of operational cost of the postal transactions. Department of Posts is also increasing activities and transactions in Post Offices to reduce cost per transaction for various services.”

1.19 Asked to provide a similar comparison of cost and revenue for the various Value Added Services (VAS) and Products marketed by the Directorate and



whether the financial viability of a value added product or service is taken into consideration at the time of its Planning and introduction by the Directorate, the Department, in a note, stated:

“Tariff and Costing Division apportions the Revenue and Expenditure of the Department to some services of which the detailed data is available. Separate data for value added services and products are not maintained.

Development of any new services or value additions on existing services takes into account the likely cost, potential revenue and the market conditions. There is a well defined procedure of internal consultation for financial parameters and Internal Financial Advice is institutionalized in the working conditions.”

1.20 On the issue of financial position of the Department, the representative of the Department of Posts stated during evidence:-

“..xxx..for the year 2011-12, the net expenditure was Rs. 13,705 crore and for the year 2012-13, the figures are Rs. 14,792 crore. The expenditure has gone up. The revenue also has gone up. In 2011-12, it was Rs. 7,899 crore and in 2012-13, it was Rs. 9,366 crore and this year(2013), the Projections show that there will be an increase and it will touch Rs. 11,000 crore figure.”

1.21 The Committee enquired about the justification to continue with those services whose operational cost is higher than the revenue generated by them.

The Department, in a note, submitted as under:-

“The contribution from Media Post, e-Post, Greeting Post, Direct Post is not very substantial. However, the services utilize the existing network of the Department and therefore the cost incurred would not be substantial. Due to decline in the demand of Greeting Cards, Greeting Post service has been reviewed by the Department and the printing & supply of Greeting Cards by the Directorate is discontinued. Keeping in view of business potential, Circles have been empowered to get Greeting Cards, etc. printed locally as a business package. The services like e-post, direct post have potential for further development and therefore the Department continues with these services to cater to the specific segment of customers.”

1.22 When asked about the Plans of the Department to launch any new products/services during the next three years, the Department, in a note, stated:

“(a) **Express Parcel, Business Parcel and Cash on Delivery** Market dynamics is closely studied and examined and action would be

taken to introduce new services or modify service features of existing products as and when required and in tune with market demand to generate additional revenue for the Department.

**(b)** In order to cater to the need of return logistics for online/tele-retailers, a service has been formulated namely 'Business Reply Speed Post Article' (BRSP) under which customers can return articles to the company without payment of postage. The software has been developed for the same and is undergoing testing.

**(c)** A dialogue is underway with Hon'ble High Court of Delhi to provide a complete solution for delivering court Summons/Notices through Speed Post. The end-to-end solution being offered by the Department includes providing 'Proof of Delivery' in hard as well as soft copy to the Hon'ble Court. In addition, specially designed envelopes are also being Planned to be used for this purpose. Once this proposal is agreed and implemented, this will help in reducing time taken in deciding court cases.

**(d)** Department of Posts in association with Department of Personnel and Training introduced Electronic Indian Postal Order (eIPO) to enable Indian citizens abroad to pay RTI fee online. Now, the Department is considering extending this facility of online payment of RTI fee in form of eIPO to resident Indians as well. The user can pay RTI fees sitting in his home or office online in the form of eIPO.

**(e) Postal GIS Mapping:** Project for Postal GIS mapping of seven cities has been taken up during the current Plan. GIS mapping of Delhi city is being done by M/s GSDL while GIS mapping of Mumbai plus five cities is being done by NIC. The mapping for Delhi will be completed by 15<sup>th</sup> January, 2014 and for Mumbai and five cities would be completed by February, 2014.

**(f)** To facilitate people in knowing the correct pincode for a particular location the Department is Planning to launch 'Locality Based Pincode Search Directory'.

1.23 To a specific query of the Committee regarding the business opportunities identified by the Business Development & Marketing Directorate for the next three years, the Department of Posts, in a note, stated:-

"Emerging e-Commerce market is being perceived as business opportunity by the Department. Department of Posts is modifying its service features to suit the requirements of e-commerce

business players. Further, the Department as part of IT Projects would launch its own e-commerce portal. Proposals for delivery of summons/notices of Hon'ble High Court of Delhi, extending eIPO facility to resident Indians, Cash-on-Delivery for Speed Post & Parcel, Business Reply Speed Post Article service are under consideration of the Department."

1.24 When asked if the Directorate has ever recalled/wound-up any of its products or services owing to lack of financial viability or poor response from the targeted customers, the DoP submitted as under:-

**(i)** A rationalization exercise for the parcel services has been carried out recently and two services namely Express Parcel and Business Parcel were introduced w.e.f. 02.12.2013. With the introduction of new parcels, Express Parcel Post has been discontinued. Bulk customers have been given option to book their surface Parcels as Business Parcel and both retail customers and bulk customers have been given a new option named Express Parcel for transmission of parcels through Air for faster delivery.

**(ii)** Printing and supply of greeting card by the Business Development & Marketing Directorate has been discontinued since 2005."

1.25 The major revenue generating areas/products/services identified by the Directorate which need to be explored by the Department to augment its income include:-

"Express Parcel Market, meeting the requirement of e-Commerce delivering companies, e-services like e-payment, bill collection. Etc. effective utilization of vast network of Post Offices are generally perceived as areas that need to be further explored to augment the revenue for the Department."

1.26 About the number of Post Offices which have been evaluated for their retailing potential by the Business Development and Marketing Directorate, the Department, in a note, stated:-

"Department has a large network of approx. 1.55 lakh Post Offices. As per the administrative structure of the Department, all Postal services are made available through 23 Postal Circles. Post Offices are directly controlled by the Postal Divisions which in turn are under administrative control of Regional/Circle office. Potential of retailing in Post Offices is evaluated by Circle and Circles have been authorized to have agreement/enter into tie-up keeping in mind space, manpower, business potential, financial viability, etc. At Business Development & Marketing Directorate, tie-up with

Ministry of Railways has been done to provide Passenger Reservation System (PRS) through Post Offices. Post Offices offering PRS facilities are identified based on recommendation by Circle to provide the facility and the approval of Ministry of Railways is taken.”

1.27 When asked about the market studies which have been conducted by the Business Development & Marketing Directorate during the last three years and the contribution of these studies in the process of product improvement, the Department replied as under:-

“Starting from 2011-12, Department has conducted market research and Customer Satisfaction surveys in last two years for seven major products namely Speed Post, Commercial Mail, International Parcel, Express Parcel Post, Postal Life Insurance, Post Office Savings Bank, Money Transfer. The study for the third year is ongoing at present. ‘Cash on delivery’ facility has been developed as recommended in the market research on Speed Post.”

**(vi) Speed Post**

1.28 The Committee have been informed that the Speed Post was started by Department of Posts in August 1986 for providing time-bound and express delivery of letters and parcels weighing upto 35 kg between specified stations in India. In the past 27 years, it continues to be the market leader in the express industry with monthly volumes of almost 4 crore articles. Speed Post is operating in a highly competitive express industry market where a large number of couriers, national as well as international, are operating.

1.29 Speed Post ushered in a new era when ‘One India, One Rate’ scheme was launched for all destinations across India, from Kashmir to Kanyakumari. Now, Speed Post delivers ‘Value for money’ to everyone everywhere, delivering Speed Post upto 50 grams @INR 35 across the country and local Speed Post upto 50 grams @ INR 15, excluding applicable Service Tax.

1.30 The performance of Speed Post is monitored against a set of well defined Key Performance Indicators (KPIs) like time taken for delivery, reasons for non-delivery, etc. to ensure consistency in quality of service. Such monitoring has resulted in reduced transit time, tracking of each consignment at every stage of movement, improved delivery performance and increase in traffic of Speed Post items.

1.31 Speed Post is booked in almost all the Departmental Post Offices across the country and is handled in 89 National Speed Post Sorting Hubs & 138 Intra Circle Sorting Hubs. The rural Post Offices are generally not included in the Speed Post network. However, under customized packages, delivery is also made through rural Postal network and track and trace facility is also provided to these articles.

**(a) Tariff Structure and features of Speed Post**

1.32 The current tariff structure of Speed Post is as under:

<b>Weight</b>	<b>Local</b>	<b>Upto 200 Kms.</b>	<b>201 to 1000 Kms.</b>	<b>1001 to 2000 Kms.</b>	<b>Above 2000 Kms.</b>
<b>Upto 50 grams</b>	Rs.15	Rs.35	Rs.35	Rs.35	Rs.35
<b>51 grams to 200 grams</b>	Rs.25	Rs.35	Rs.40	Rs.60	Rs.70
<b>201 grams to 500 grams.</b>	Rs.30	Rs.50	Rs.60	Rs.80	Rs.90
<b>Additional 500 grams or part thereof</b>	Rs.10	Rs.15	Rs.30	Rs.40	Rs.50

According to the Department, the above tariff is exclusive of taxes. The taxes have to be paid extra as notified by the Central Government from time to time. Proof of Delivery charges for Speed Post articles shall be Rupees ten per Speed Post article in addition to Speed Post charge.

1.33 Insurance Facility, 24 hours booking facility in selected Offices, Speed Post International Service, Internet based Track and Trace system are some of the major offerings of the Speed Post Service.

1.34 The Department highlighted some of the Value Addition features of Speed Posts as under:-

**(a) Free Pick-up Facility**

With a view to providing convenience for the bulk customers, Speed Post provides collection from the premises of the customers through on-call collection and regular collection.

**(b) Book Now Pay Later Facility (BNPL)**

Credit facilities are provided under Book Now Pay Later (BNPL) Scheme for corporate customers and regular users, under specific terms and conditions.

**(c) Volume Based Discount Facility**

For corporate customers and for regular users, Speed Post also provides volume based discounts under specific terms and conditions.

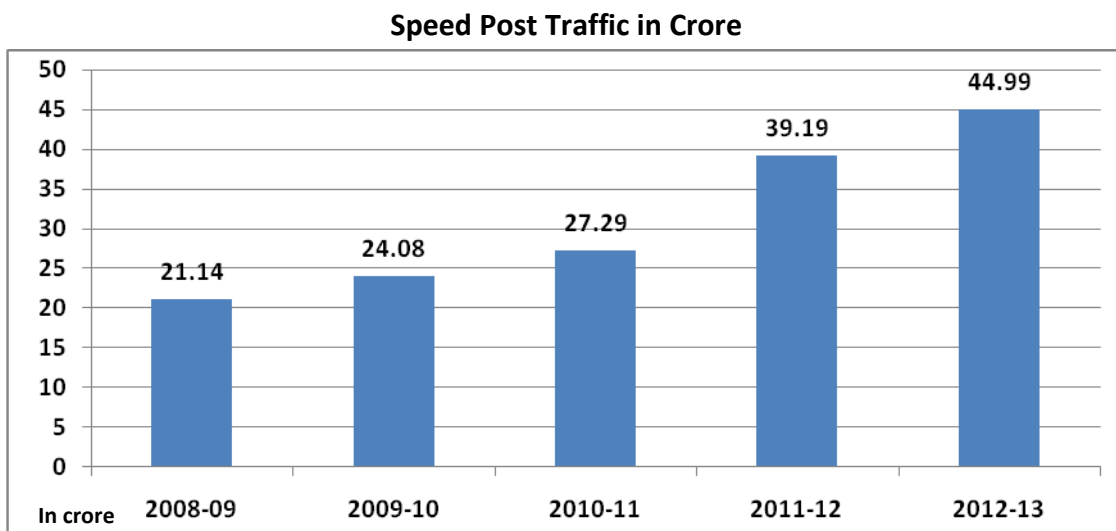
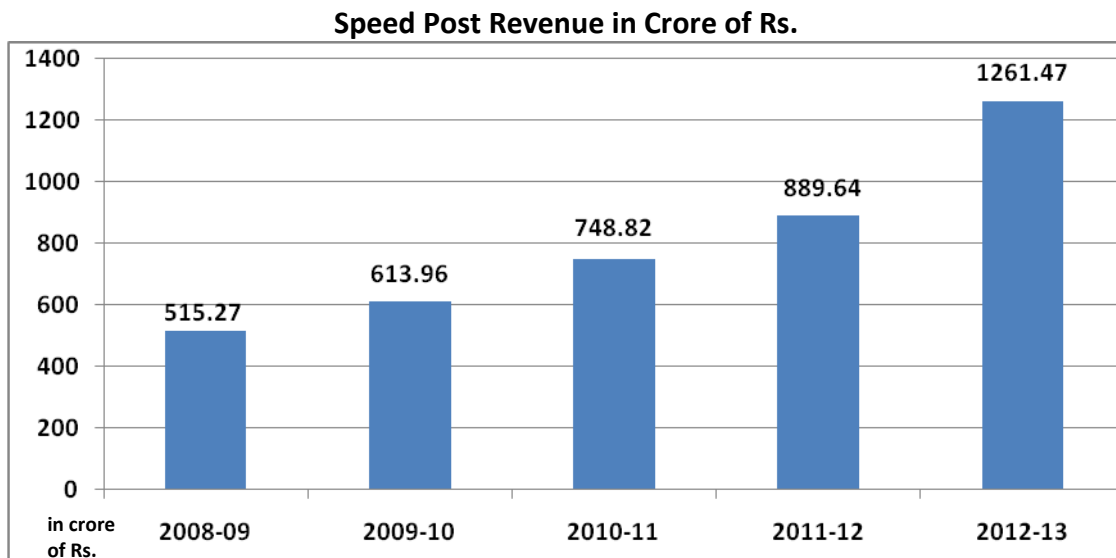
(d) **Premium Delivery Centers**

Direct delivery of bulk articles is provided to recipient from identified offices.

1.35 Regarding compensation in case of deficient service, the Committee have been informed that in case of delay in delivery of domestic Speed Post articles beyond the norms determined by the Department of Posts from time to time, the compensation to be provided shall be equal to the composite Speed Post charges paid. In the event of loss of domestic Speed Post articles or loss of its contents or damage to the contents, compensation shall be double the amount of composite Speed Post charges paid or Rs. 1,000/-, whichever is less.

(b) **Business Performance of Speed Post:**

1.36 The Department stated that their Speed Post revenue & traffic has been growing consistently. The following Tables depict the statistics:



1.37 Study on Speed Post conducted through IMRB International also shows that the share of India Post's Speed Post in overall courier market has increased from the range 15.1 % to 18.3% in the year 2010-2011 to 16.7% to 19.8% in the year 2011-2012. The share of both traffic and revenue of Speed Post have been increasing over the years indicating the trust of the customers in the service.

1.38 The information on Traffic and Revenue Generated by Speed Post as furnished by the Department is as under:-

<b>Year</b>	<b>Traffic (in crore)</b>	<b>Revenue (Rs. in crore)</b>	<b>Percentage growth in revenue</b>
2008-09	21.14	515.27	13.19%
2009-10	24.08	613.93	19.15%
2010-11	27.29	748.82	21.97%
2011-12	39.19	889.64	18.81%
2012-13	44.99	1261.47	41.80%

1.39 At present Speed Post contributes more than 50% revenue of the BD Products. The average revenue per Speed Post article has increased from Rs. 22/- to Rs. 34/- after tariff revision *w.e.f.* 01.10.2012. After its tariff revision *w.e.f.* 01.10.2012, there is high positive revenue as well as traffic growth. Speed Post is known for its fast transmission and timely delivery. Department ensures delivery of Speed Post within 2 days for local and between metro cities and within 4-6 days for rest of India, irrespective of difficult geographical locations. Department of Posts provides Track and Trace information for more than 95% Speed Post articles.

1.40 On being asked about the most successful Product/Service introduced/launched by the Directorate till date, the Department stated that in terms of revenue generation & traffic/revenue growth Speed Post is the most successful Product/Service introduced by the BD&M Directorate. The revenue of Speed Post has grown at an average growth rate of 23% per annum during 2009-10 to 2013-14.

1.41 When asked about the market share of Speed Post in the domestic express industry vis-à-vis other private players during the previous five years, the Department submitted as under:

“Study on Speed Post conducted through IMRB International shows that total market size of courier industry is Rs.4,950/- crore for FY 2011-12. The share of India Post’s Speed Post in overall courier market has increased from the range 15.1 % to 18.3% in year 2010-2011 to 16.7% to 19.8% in the year 2011-2012 and 17.4% to 20.2% during 2012-13. The study also shows that in terms of volume India Post is the leader in domestic express industry.”

1.42 The Committee desired to know about the steps/measures which have been taken to improve the quality of service of Speed Post during the previous three years. In this context, the Department, in a written note, submitted as under:

“Department has taken a number of steps to improve the services in the Post Offices. The qualitative improvements include optimized network, improved operational processes and point to point tracking information. In order to improve the quality of Speed Post service across the country, the network has been restructured under Mail Network Optimization Project (MNOP) of the Department of Posts during the year 2010 and 89 National Speed Post Sorting Hubs & 138 Intra Circle Sorting Hubs were established. The performance of these Sorting Hubs is regularly monitored both in the Directorate and in the Postal Circles with a view to improving the quality of service. Monitoring is done against a set of well defined Key Performance Indicators (KPIs) like time taken for delivery, reasons for non-delivery, etc. to ensure consistency in quality of service. Such monitoring has resulted in reduced transit time, improved delivery performance and increase in traffic of Speed Post items.

**(c) Project Impact of MNOP:**

- (a) Out of 2.62 crore articles for which both booking and delivery information was available in Speed Net for September 2013, 62% articles were delivered within 2 days of their booking.
- (b) The visibility of Speed Post articles on tracking system has significantly increased as part of the Project. Out of 2.62 crore articles booked in September 2013, end to end (booking as well as delivery) online tracking information was available on India Post website for 91% articles.



- (c) Standardized processes at Speed Post operations have led to streamlined operations, better monitoring and enhanced productivity.
- (d) Introduction of new tools and equipment in operations have led to better working conditions for the employees.
- (e) The online KPI (Key Performance Indicator) tool has provided an effective mechanism for performance measurement for the management at different levels. “

1.43 On the quality of service of Speed Post, the Secretary, Department of Posts, in evidence stated as under:-

“...xxx... We are monitoring the quality of service through the MNOP Project. We have drawn up the key performance indicator for every article. In that we ensure that we monitor whether the article is being delivered in ‘D’+1 (‘D’ being the day of posting), ‘D’+2, ‘D’+3 and ‘D’+4, and whether there has been any delay. The KPIs have been fixed for various cities and enable us to know whether we have been able to deliver within the KPIs fixed or we have delayed it.

Now, this is a system where the performance of the Circles in respect of Speed Post and Registered Post, which we are monitoring now, is made known to the Circles, Circles being the States which are operating the postal services. They are given a feedback as to what is the quality of performance that they have been able to achieve, which are the cities that are doing well in delivery, which are the cities that are not doing well, and where is it that they have to pay attention in order to improve the quality of service...xxx...”

1.44 When the Committee desired to know about the number of complaints registered for non-delivery of articles of Speed Post, the Secretary, Department of Posts, in evidence deposed:

“Non-delivery, I would say, is a very generalised term. It could be non-delivery because the particular person does not want to take the delivery...xxx..Out of 52,661 Speed Post complaints received in quarter ending March, 2013, delay in delivery is 25,876 complaints, non-receipt of AD is 22,672, loss of articles is 2,061, wrong or fraudulent delivery is 30 and delay in settlement of claims is 44...xxx...”

1.45 Regarding the steps being taken for marketing and promotion of Speed Post while giving due emphasis on features such as Track and Trace facility, the Department in, a note, stated as under:

“A number of steps have been taken for marketing and promotion of Speed Post service highlighting the features such as Track & Trace facility, Volume based discount, free pick-up, credit facility ,etc. The advertisements on Speed Post service have been given in newspapers, Metro, TV, Radio to spread awareness about the Speed Post service and its features. In addition to this Track & Trace facility has been given on home page of India Post website and all the information about the Speed Post service is also available on India Post’s website. The receipt given for Speed Post articles contains the tracking number & displays the Track & Trace functionality.”

1.46 The Committee have been informed that the Department have initiated action for providing Track & Trace information of Speed Post articles through SMS on Mobile Phones under IT Modernization Plan for Speed Post.

#### **New Initiatives under Speed Post**

##### **(d) Delivery of UIDAI Aadhaar Letters**

1.47 The Committee have been informed that the Department of Posts have been closely associated with UIDAI from the beginning in fulfilling the mandate to provide Unique Identification Cards (“Aadhaar”) to all Indian residents. The Department of Posts are the sole logistics partner for delivery of “Aadhaar” Card to residents across the country. An MoU was signed on 30.4.2010 between Department of Posts and UIDAI for delivery of “Aadhaar” letters through Speed Post. Department have handled 19.37 crore of articles containing Aadhaar letters under Speed Post. UIDAI has started posting Aadhaar letters as first class franked mail from January, 2013. Department of Posts have successfully handled 54 crore Aadhaar letters booked as 1<sup>st</sup> class ordinary mail till February, 2015.

1.48 As a new initiative, the Department have started booking notices/summons of the Hon’ble High Court of Delhi through Speed Post service with Proof of Delivery (POD) facility from 3<sup>rd</sup> February, 2014. The PoD in its return transmission is also booked under Speed Post service and is also provided

in a soft copy format through e-Post. As of September, 2014, 13846 notices/summons issued by Delhi High Court have been booked under Speed Post. The service has also been extended to Odisha High Court and Punjab and Haryana High Court.

1.49 At present UIDAI has started posting of Aadhaar letters as first class franked mail from January, 2013 as an interim measure. The Department of Posts have conveyed their acceptance to partner with UIDAI for the next phase for delivery of "Aadhaar" through Speed Post. However, UIDAI is using the ordinary mail route to reach Aadhaar letters to beneficiaries.

**(e) Speed Post Cash-On-Delivery (CoD) Service:**

1.50 The Committee have been informed that the e-Commerce industry in India is growing at a fast pace and that the growing online retail industry is throwing up new opportunities. In traditional retail, goods are shipped to stores using large trucks (traditional logistics). Customers travel to these shops and buy goods; there is no need for courier or parcel services in the process. However, in online retail, individual customers get their delivery through small lots shipped through courier or parcel services. Therefore, online retail is expanding the base for courier and parcel services. The main challenges faced by e-commerce players in the retail segment are related to pricing, payment and logistics. Though online retailing is growing, credit card penetration is low in India, as a result of which many customers opt for Cash on Delivery. Speed Post (Cash on Delivery) is now available to e-Commerce customers.

**(vii) IT Modernization**

1.51 When the Committee desired to know about the status of IT Modernization Project for improving the quality of services, the Department in a note furnished to the Committee, have stated as under:

"In order to provide the best-in-class customer service, deliver new services and improve operational efficiencies, the Department of Posts has undertaken an end-to-end IT Modernization Project – India Post 2012 to equip the organization with requisite modern tools and technologies. This Project will be covering all business operations as well as applications for employees including Finance and Accounts as well as Human Resources Management. This

Project aims at transforming the Department into a “Technology Enabled, Self Reliant Market Leader”. It will lead to wider reach to Indian populace through more customer interaction channels, provide better customer service, introduce increased market share and revenues, new products and services, IT enablement of business processes and services and increased employee satisfaction, improved service delivery, increased employee morale, rural development and improved operational efficiency.

A major part of this Project is the Rural ICT solution which aims at meeting the objective of financial inclusion. The IT Modernization Project includes eight Projects supporting this vision which will provide the systems and support covering all business operations as well as applications for employee including Finance and Accounts as well as Human Resources Management. India Post has a network of approximately 1.55 lakhs post Offices, of which 1.39 lakh are rural post offices. The IT Modernization Project will rebuild the rural postal infrastructure to create institutional last mile connectivity for service delivery of Post, IT based services including banking & insurance and Govt. Schemes like MGNREGS, Social Security, etc. This infrastructure will form the platform for the electronic delivery of Postal, financial, insurance and Government services to the 80 crore plus rural population through Post Offices.”

1.52 The RFP process in respect of Rural Hardware (RH) has been completed and vendor has also been selected. The contract with the selected vendor has been entered into by the Department on 24<sup>th</sup> November, 2014. In respect of mail Operation hardware, the RFP process has been completed. But the selected bidder has expressed unwillingness to enter into a contract. The bidders’ firm has been blacklisted on 25<sup>th</sup> November, 2014 for a period of five years and action is taken to procure and supply the hardware through DGS&D Rate Contract. With this, all segments of the Project have entered the implementation phase.

1.53 During the course of evidence, Secretary, Department of Posts informed the Committee that confirmation of delivery of Speed Post through SMS will be implemented at all locations by 2015 but the roll-out will begin by June, 2014.

1.54 The Secretary, Department of Posts, added:-

“We have engaged M/s. TCS to do it for us. It will start sometime in May. So, we are starting the process. We have approached TRAI for the SMS system because it involves a certain process. We have

written to the Secretary, Telecom, for it, and the moment this system is approved by the Telecom Department, we will roll out the SMS intimation.”

**(viii) Focus on eCommerce**

1.55 The Business Development & Marketing Directorate is working towards Speed Post Cash on Delivery (SP-CoD) service, especially for e-Commerce companies. The pilot Project Speed Post Cash on Delivery Software is under testing with identified e-Commerce company. Dedicated parcel hubs are also being set up to handle the increasing parcel and e-Commerce traffic.

1.56 The Committee have been informed that the Department informed the Committee that the Department of Posts have tie ups with a number of online retail players. At central level, Business Development & Marketing Directorate has an understanding through a Statement of Intent with M/s Amazon India to deliver their consignments and collection of cash on their behalf. Some of the retail players with whom the Department has tie-ups at the Circle levels are as under:-

- (a) M/s GTM Teleshopping
- (b) M/s Telebrand (I) Pvt Ltd
- (c) M/s Rediff.com
- (d) M/s Naaptol.com
- (e) M/s Shop 24X7 (I) Pvt Ltd
- (f) M/s AAA Teleshopping
- (g) M/s Eage Shopping
- (h) M/s One Sky Shop

1.57 On being asked about the market share of the Department of Posts in the delivery of online merchandise in India and details of Plans to increase their market share in the near future, the Department, in a written reply, stated as under:

“The Department is in the process taking action to meet the needs of e-Commerce companies and is bringing in products and value additions for meeting their requirements. The effort is at nascent stage and therefore figures relating to market share of Department in delivery of online merchandise are not available. Under the 12<sup>th</sup> Five Year Plan scheme on marketing, it is proposed to utilize the services of a professional consultant and in depth studies of e-

Commerce market and share of India Post are likely to be part of 'Terms of Reference' of consultant."

1.58 In evidence, the Secretary, Department of Posts submitted as under:-

"To support the Business Development activities of the Business Development Directorate, three schemes have been approved under the Twelfth Plan with a total outlay of Rs. 156 crore. These schemes relate to marketing function of the Department, establishment and upgradation of parcel and logistics centres and development of an e-commerce Project."

1.59 When asked about the Plans of Business Development and Marketing Directorate to leverage the huge postal network to become a dominant player of choice for delivery of goods in the fast emerging online retail segment during the next five years, the Department, in a written note, stated as under:

"The Department is closely studying and examining the market dynamics to make the services in tune with the requirements of online shopping companies to offer safe, secure and reliable delivery options along with a reliable and economical remittance solution for the amount collected towards cost of goods at the time of its delivery so that Department can increase its share in delivery of goods ordered online. As a forward step Department has introduced two parcel services on 02.12.2013 and Cash On Delivery facility on Speed Post and new parcel services. Further, in order to provide complete supply chain management solution by providing them return management solution also Department is formulating a service namely 'Business Reply Speed Post Articles'. Horizontal integration in the supply chain through development of warehousing capacity to assist small e-retailers is also part of 12<sup>th</sup> Five Year Plan scheme on parcel and logistics. All these steps will help the Department to be the priority choice among e-Commerce companies for delivery of goods ordered online."

1.60 To a query on the specific constraints/challenges faced by the Department vis-à-vis the private players in the courier and parcel services in e-Commerce segment, the Department submitted as under:

"There are certain operational and technological challenges with the Department in offering quality and economical services to its customers. Department depends on external agencies like railways/ airlines/ state transport buses etc for transportation of mail/ parcels, etc. This dependency creates challenges in operations and maintaining service delivery standards. At present the technology dependence of Department is on in-house developed software modules which are working in silos and there is no integration

among them. In order to overcome these challenges, Department is rolling out a major IT Project wherein all the software modules will be integrated and Plan is underway to impart training to all staff in change management.”

1.61 When asked about the Plans to establish 40 dedicated Parcel Centers during the 12<sup>th</sup> Plan to handle e-Commerce Parcels, the Department informed as under:-

“Under 12<sup>th</sup> Five Year Plan scheme ‘Establishment & Up-gradation of Parcel and Logistics Centers/ Hubs/ Warehouses’ 48 Parcel Booking Centers have to be established. Out of this 20 such centers are being established in current annual Plan, rest will be established in the coming annual Plans of 12<sup>th</sup> Five Year Plan period, upto March 2017.”

1.62 When the Committee wanted to know about the total number of business alliances / tie-ups and co-operations entered into by the Business Development & Marketing Directorate since its inception, the Department stated that the BD & M Directorate mainly focuses on product development and policy matters related with business development and Circles have been empowered to implement the policies and execute the tie-ups/ business alliances with a view to increasing the revenue earnings. However, some major tie-ups that have been entered into by the Directorate are as under:-

**(i) Speed Post**

**(a) Tie-up with SBI-GE Capital:** BD&MD had entered into an agreement with State Bank of India – GE Capital Group in the year 2002 for booking and delivery of SBI Debit cards across the country. This had involved business of almost 20,000 Speed Post articles per day from SBI-GE Capital group. This tie-up is not current.

**(b) Tie-up with Registrar General of India:** BD&MD had entered into an agreement with Registrar General of India for distribution of identity cards in identified States.

**(c) Tie-up with UIDAI for delivery of Aadhaar Cards:**  
An MoU was signed on 30.4.2010 between Department of Posts and UIDAI for delivery of “Aadhaar” letters. Department of Posts has done a remarkable job of delivering crore of Aadhaar Cards.

UIDAI has started posting Aadhaar letters as first class franked mail from January, 2013 as an interim measure. The Department of Posts has conveyed its acceptance to partner with UIDAI for the next phase for delivery of “Aadhaar” through Speed Post. However

UIDAI is using the ordinary mail route to reach Aadhaar letters to beneficiaries. Department of Posts has successfully handled more than 19.37 crore Aadhaar letters under Speed Post booked as 1<sup>st</sup> class ordinary mail.

**(d) Tie-up with Indian Air Force:** Department of Posts is in agreement with Indian Air Force since 1999 for transmission of items for its delivery at various Air Force Stations across the country. The agreement was renewed on 11<sup>th</sup> June, 2013.

**(e) Tie-up with Ministry of External Affairs:** BD&MD has entered into agreement with Ministry of External Affairs for delivery of Passports through Speed Post to residents across the country.

**(ii) E-Payment**

- a. Aviva Life Insurance for collection of premia
- b. TATA-AIG for collection of premia
- c. ICICI Prudential for collection of premia
- d. CBSE for collection of fees for various examinations
- e. Cyberica Net Technologies for collection of fees
- f. Green Clouds for collection of fees
- g. Central Reserve Police Force for collection of examination fees
- h. Bajaj Auto Finance Limited for collection of loan repayment
- i. Home Credit Limited for collection of loan repayment

**(iii) Logistics Post**

- a. Pawan Hans Helicopters Limited for availing Logistic Post, Express Parcel and Speed Post.
- b. Air India for providing air transmission facility for Logistic Post Air consignments w.e.f. 09.01.2012.
- c. Registrar General of India for distribution of census consignments for census 2011 (Project finished).

**(iv) Retail Post**

- a. Bharat Sanchar Nigam Limited for sale of top-up coupons, etc through Post Offices, payment of telephone bills in Post Offices, distribution of telephone bills, etc.
- b. Tie-up with Election Commission of India for displayed electoral roll in Post Offices for examination by voters.
- c. Ministry of Railways to provide facility for booking reserved tickets in Post Offices.
- d. Reliance Money Infrastructure Limited for sale of gold coins (discontinued in July 2013).



- e. Centurian Bank of Punjab (later merged with HDFC Bank) for Forex service [Not operational at present].
- f. Registrar General of India – Parcel boxes were supplied.
- g. National Stock Exchange – for installation of LCD display system in post offices.
- h. UIDAI for enrollment of residents.

(v) **Print to Post**

Keeping in view the need of customers, Department of Posts has introduced Print to Post Service (P2P) which offers a total solution to the customers covering printing, pre-mailing and mailing services under one roof. The same has been done with tie-ups with printers, i.e. M/s CMS & M/s Friends Color Images Pvt. Ltd. selected through tender process.

2. In addition to the above tie-ups by the Business Development & Marketing Directorate, the Department has tied up with Ministry of Statistics and Programme Implementation for collection of data on Rural Consumer Price Index (RCPI) & entered into tie-up with Ministry of Rural Development for Direct Benefit Transfer (DBT) to the beneficiary.

3. Main objectives of these tie-ups have been to generate revenue for the Department and to provide need based services to the customers.

1.63 On the specific benefits of such business alliances/tie-ups to the Department in terms of additional revenue generation, the Department replied as under:-

“The above mentioned tie-ups have contributed significantly towards additional revenue generation and also fulfilling social commitments of the Department. Through these tie-ups Department has provided need based services to its major customers. In addition, these tie-ups have helped in increasing foot-fall at post offices as well as worked as marketing tool for other products/services.”

(ix) **Delivery of Government schemes/services through Post Offices**

1.64 When asked about the efforts being made by the Directorate to procure more Government related business and increasing the share of Post Offices vis-à-

vis banks in discharge of Government-related schemes such as MGNREGA, the Department replied as under:

“Department of Posts has been deeply engaged in fulfilling Government Social agenda such as Financial Inclusion and disbursement of Social Security Schemes through Post Offices across the country, including disbursement of wages under MGNREGS. With more than 139,000 Post Offices in Rural Areas, India Post provides critical support in Financial Inclusion through financial services, money remittance and life insurance products. The Post Office with its vast network, trained staff and excellent accounting systems is a key player in facilitating financial inclusion of the marginalized poor in remote rural areas. It has the potential for being a one-stop-shop to deliver comprehensive financial services to the financially excluded households.

Department of Posts has been making several efforts to procure more business to leverage its IT Modernization programme. Some of the initiatives focused on modernizing rural network of Post Offices are given below:

**(i) Core Banking Solution (CBS):**

The Core Banking Project aims to bring in Information Technology (IT) solutions with the required IT infrastructure to the Post Offices. The Project will bring facilities of ATM banking, Internet Banking, Mobile Banking and Phone Banking to the Post Office Savings Bank (POSB) customers. It will enable POSB customers to perform transactions 24x7 in ATMs and to transfer money from their Post Office account to/from any bank account through National Electronic Fund Transfer (NEFT) and Real Time Gross Settlement (RTGS). The Project has started from 28.09.2012. CBS will be rolled out in four pilot Post Offices in January 2014 and will be rolled out in all departmental Post Offices by 2014.

**(ii) Rural Information Communication & Technology (RICT)**

The programme involves computerizing and digitally connecting all the Branch Post offices located 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 level 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. RSI contract has already been signed.

### **(iii) Direct Benefit Transfer (DBT) through Post Offices**

The implementation of Rural ICT Solution (RH & RSI) and Core Banking Solution (CBS) will enable Department of Posts to roll out DBT through a network of 1.54 Lakhs Post Offices in Rural as well as Urban areas. Rural Post Offices will be enabled with a Hand Held device with biometric identification and Micro ATM enablement, network provision, thermal printer to provide receipts to customer and solar powered battery to charge and operate Micro ATM.

However, as an interim measure, Department of Posts has introduced electronic Fund Management System (eFMS) for disbursement of MGNREGS wages in 121 DBT districts and other parts of country. The eFMS has been successfully implemented in Chhattisgarh, Gujarat, Haryana, Jharkhand, Kerala, MP, Maharashtra, Odisha, Punjab and Rajasthan and is being expanded in other Circles. In addition to eFMS, Department of Posts has also introduced Central Plan Scheme Monitoring System (CPSMS) of Controller General of Accounts (CGA) office for electronic crediting of benefits other than MGNREGS. The CPSMS platform is working successfully in Kerala & Maharashtra. Both these interim solutions are helping in crediting the benefits / wages directly into accounts of beneficiaries and speedy payment thereof.

### **(iv) Disbursement of wages under MGNREGS**

Government of India passed the National Rural Employment Guarantee Act (NREG Act) in September 2005 with the objective of providing 100 days guaranteed employment to all adult members of the rural households. Starting with Andhra Pradesh Postal Circle in 2005, the payment of wages is currently operational in all Postal Circles in the country, excepting Delhi and J&K Postal Circles. At present, 95,886 post offices in the country are involved in payment of wages and disburse more than 50% of total wages. So far, the Department has disbursed Rs.49,174 crore of MGNREGS wages by 30<sup>th</sup> September 2013 and there has been an increasing trend every year in the quantum of wages disbursed through post offices. In the first seven months of the financial year 2013-14, the Department has already disbursed Rs.8358 crore. Post Offices have 5.96 crore wage seekers accounts under MGNREGS as on 30<sup>th</sup> September 2013.

As per the figure available on [www.nrega.nic.in](http://www.nrega.nic.in), the banks have 4.70 crore MGNREGS accounts and have disbursed Rs.6564 Crore as on 6 December 2013.

**(v) Rural Consumer Price Index**

The Department of Posts has successfully leveraged its rural postal network for use by other Government Ministries and agencies. Through this model, Department of Posts is able to earn additional revenue, while fulfilling the social/development objectives of other arms of the Government

One such initiative has been the tie-up between Department of Posts and Ministry of Statistics and Programme Implementation for collection of data on Rural Consumer Price Index (RCPI) & entered into tie-up with Ministry of Rural Development for Direct Benefit Transfer (DBT) to the beneficiary. Under tie-up with Ministry of Statistics and Programme Implementation, data is being collected by Post Offices from 1181 villages throughout the country, on local prices of about 300 items. This is collected every month by the Branch Postmasters and uploaded on website by Head/Sub Post Office concerned. Ministry of Statistics and Programme Implementation accesses the information through an online MIS. Based on the data provided by Post Offices, the Rural Consumer Price Index is being issued every month by the Ministry of Statistics and Programme Implementation.”

1.65 The Department of Posts have furnished the following information on delivery of Government related schemes through Post Offices:-

Sl. No	Name of the Scheme	Year of introduction / launch	Share of Postal Department	2010-11		2011-12		2012-13	
				No. of Accounts	Wages Disbursed	No. of Accounts	Wages Disbursed	No. of Accounts	Wages Disbursed
1.	MGNREGS	01-04-2006	More than 50%	4.90 Crore	Rs 9179 Crore	5.38 Crore	Rs 7865 Crore	5.74 Crore	Rs. 12014 Crore
2	Indira Gandhi National Pension Scheme (IGNPS)	19-11-2007	Accounts	38.49 Lakhs	Rs. 809.35 Crore	64.22 lakhs	Rs. 984.37 Crore	84.4 Lakhs	Rs. 813.79 Crore
			Money Order	2.72 Crore	Rs. 2174.57 Crore	Rs. 4.42 Crore	Rs 2850.53 Crore	4.28 Crore	Rs. 3295.46 Crore
3	IGMSY	2010		Launched in 2010 November		1.66 lakh	Rs. 4.79 Crore	2.75 lakhs	Rs. 10.72 Crore

1.66 When asked about the share of Government related business in all the Value Added Services offered by Department of Posts through the BD&MD, the Department stated that they do not maintain separate information for

Government Business and figures of traffic and revenue of different products and services also include Government Business.

1.67 To a query about the total share of Post Offices in disbursement of wages through MGNREGS, the representative of the Department of Posts, in evidence, stated that putting all banks together, whether they are nationalized, cooperative or State Banks, the Department have 47 per cent share of MGNREGS accounts and the banks have 53 per cent of the share.

1.68 When the Committee pointed out that not all the States are disbursing funds through the Post Offices, the representative of the Department in evidence submitted as under:-

“There are a couple of challenges in the sense that money is given to the State Government. Then, they opt to go either with a bank or a post office. For example, from the day one, Tamil Nadu has not gone with post office. There are some other States also, but at majority of the places, we are the dominant player, especially in Madhya Pradesh, Chhattisgarh, West Bengal, Jharkhand and Andhra Pradesh. Almost 90 per cent accounts are with us in Andhra Pradesh. But it is a decision which the State Government takes. So, we have tried to approach some of the State Governments, but they do not want it.”

1.69 Elaborating further on the issue of disbursement of funds through MGNREGS, the Secretary, Department of Posts, stated as under:-

“..xxx... Most of the MGNREGA schemes are being done in the most backward parts of the country where bank branches are not there, but post office is there. So, we take bulk of this, and banks do not have an incentive to open these accounts because they are zero-balance accounts and they get nothing out of it. So, the post offices are ready to look after such accounts.”

1.70 Regarding revenue generated through disbursement of MGNREGS funds, the Secretary stated:

“We got nothing out of it for the last six years. Now, we are fighting a battle with the Ministry of Rural Development, and they are giving us Rs. 80 per account for maintenance of these accounts, but we have not got the full amount as yet for all the years of work.”

1.71 Regarding the revenue earned through Passenger Reservation Scheme (PRS) during the previous five years, the Department, in their written reply, stated as under:

Year	Number of Railway tickets sold through Post Offices* (figures in lakhs)	Revenue earned in Cr Rs)	No. of Post offices offering PRS service#
2008-09	2.55	0.39	34
2009-10	5.61	0.83	89
2010-11	11.45	1.69	152
2011-12	18.85	2.91	189
2012-13	22.34	3.33	237

\* Includes number of tickets cancelled.

# Figures at the end of the financial year.

1.72 Asked about the Plans of the Directorate to increase its revenue through the PRS scheme, the Department, in a note, explained that the Directorate is in constant touch with Circles and Ministry of Railways for increasing the number of PRS centres. The revised costing of PRS services at Post Offices is being undertaken after which the matter of revision in service charges will also be taken with the Ministry of Railways. Further, Circles have been asked to create awareness among the customers about PRS facility available at Post Offices.

**(x) Challenges before the Department in Business Development and Marketing**

**(i) Human Resource Issues**

1.73 The Department, in a note, stated that at present Business Development revenue constitute about 60 per cent revenue of the Postal Operation revenue in the Department. During the study visit of the Committee to Ahmedabad on 17<sup>th</sup> October, 2013, the representatives of the Department informed the Committee that the total sanctioned staff strength of the Business Development and Marketing Directorate is a meagre 35 out of which 7 posts were lying vacant. In this context, when the Committee desired to know about the proposals to augment the strength of Business Development and Marketing Directorate and

the extent to which the inadequacy of staff is hampering the work of the Directorate, the Department stated as under:

“The role of Business Development and Marketing Directorate is to conceptualize and Plan the business development activities and actual execution is through Postal Circles. Therefore at present there is no proposal to augment the staff strength in Business Development & Marketing Directorate. Out of 35 sanctioned posts, 6 are vacant as on 06.12.2013, therefore, Business Development & Marketing Directorate is facing some operational challenges but has been able to manage the work. Efforts are being made to fill up the vacant posts.

Augmentation of staff is not feasible as the Ministry of Finance has imposed a ban on creation of posts since 1984. Despite the inadequate staff the Business Development & Marketing Directorate is working on business expansion and launch of new services/products.”

1.74 During the above study visit, the Committee were also informed that the officers/staff of the Business Directorate do not have special skills/qualifications for marketing and business development and the requirement is met through various types of training imparted to the employees.

1.75 In this regard, when asked about their comments on having specialized professionals to handle the activities of the Business Directorate, the Department stated as under:

“The officers/staff of Business Development & Marketing Directorate do not have specific qualifications for Marketing and Business Development. However, the officers/officials who have more experience and orientation in Marketing, Business Development & operations have been deputed in Business Development & Marketing Directorate to cater to the functional needs of Business Development and Marketing Directorate. However, based on the requirement, the Department utilizes the services of specialized professional agencies through laid down due procedures for specialized jobs e.g. M/s IMRB International, a reputed marketing agency has been empanelled to conduct Market Research & Customer Satisfaction surveys. A Media House has been empanelled for developing creatives & marketing strategy inputs.”

1.76 On the Plans to conduct specific training programs for officers/staff to enhance their skills and knowledge in the area of marketing and business development, the Department submitted as under:

“At present the requirement of training has been fulfilled by the existing resources of the Department such as six Postal Training Centres, one Postal Staff Collage for officers, etc. Department of Posts is regularly imparting training in the area of Business Development and Marketing to all cadres through various induction and in-service training programmes being conducted at various training facilities.

Under the IT Modernization Project, trainings on all products and services of the Department will be imparted on-line by establishing connectivity of all computer labs of various Postal Training Centres/Workplace Training Centres to training servers installed in Data Centre, to facilitate centralised evaluation of effectiveness of training. The Postal Training Policy, 2012 includes imparting specialized trainings to Manager in-charge of Sales Promotion and Marketing Executives, at regular intervals to update them on the happenings in Express Industry worldwide, with special reference to India. Such trainings are to be organised in association with reputed institutes in the field.”

1.77 When asked about the training programmes which have been organized/sponsored by the Directorate in the previous three years and their focus areas, the Department stated as under:-

“The Department of Posts has a well defined infrastructure and establishment for imparting training to its Officers & employees through the Rafi Ahmed Kidwai National Postal Academy (RAKNPA), Ghaziabad and the Six Postal Training Centres. The training related to Business Development & Marketing Directorate is organized within this infrastructure and there is no separate training organization or sponsorship from the Business Development & Marketing Directorate.

Since all the operative as well as supervisory officials of the Department are required to handle all products and services of the Department depending upon their postings/rotational transfers, therefore, presently all Postal Assistants/Sorting Assistants and Inspectors (DR) are imparted induction training to equip them with the knowledge of all Premium Products and they get skilled to book/handle them in computerized environment. This is done through Standard Training Packages (STPs) so as to ensure uniformity of training in all the Postal Training Centers in the



country. The Standard Training Packages, containing topics on Premium Products and Services are followed for induction as well as in all mandatory Mid-Career training programmes.

Topics on Premium Products and Services including marketing of value added services are covered in induction training programme for officers of Indian Postal Service as well as Group 'B' officers at the Rafi Ahmed Kidwai National Postal Academy at Ghaziabad

In addition to induction training programmes for various cadres, specially designed in-service training courses on Premium Products and marketing of value added services are organised regularly for all operative staff, including supervisory cadres at the six Postal Training Centres, located across the country.

For Gazetted officers, including senior management level officers, in-service programmes are regularly organised on Premium Products and marketing of value added services at the Rafi Ahmed Kidwai National Postal Academy, Ghaziabad.

Officers are also exposed to best practices of other postal operators through visits and training at their locations. For Indian Postal Services officers, there are three mandatory trainings (in addition to Induction Training), called Executive Development Programme (EDP), Management Development Programme (MDP) and Advanced Development Programme (ADP). During these Mid-career Development Programmes, officers undergo training with foreign component. Such trainings have been organized at the facilities of USPS, Royal Mail, EPFL Switzerland, Korea Post, etc. In these trainings, officers get opportunity to know the best practices in postal operations and management in foreign postal administrations, particularly the ones which have undergone transformation. The last such Advanced Development Programme for a group of 20 senior officers was organized in September, 2013, coinciding with Postal Innovation Forum conference at Lausanne, Switzerland and World Postal Business Forum at Post -Expo, Vienna. The world's leading Postal Operators and innovators covered various topics for transformation of Post, including e-commerce, business opportunities, marketing and so on. This will equip officers to devise suitable marketing strategy to develop postal business in the country. Officers & officials of the Department are also given international exposure by organizing trainings at APCC, Bangkok.

**(ii) Competition from Private Courier Services/Private Players**

1.78 During the study visit of the Committee to Gujarat, the Committee were informed that the Department faced stiff competition from private courier and parcel service operators such as Bluedart, GATI, DTDC, etc.

1.79 The Committee desired to know whether the Directorate has undertaken any study to analyze the reasons behind the increasing popularity of private courier services and strategies worked out to meet the challenge, In response the Department stated as under:

“M/s IMRB International has been engaged by Department of Posts through due process for study to analyze the market. The identified company has conducted the Customer Satisfaction Survey and Market Research Analysis of Speed Post and Express Parcel Post for three consecutive years from 2011-12 along with five other services of Department of Posts. Results of study w.r.t. Market share of the Value Added Services of the Department of Posts vis-a-vis private couriers are as under:

Sl. No.	Name of Product/Service	Market Share	
		2011	2012
1.	Speed Post	15.1% to 18.3%	16.7% to 19.8%
2.	Express Parcel Post	4% to 6%	5% to 7%

1.80 To a query as to how the Business Development & Marketing Directorate proposes to meet stiff competition from the private players and the major constraints faced by the Directorate in meeting the competitive challenges, the Department stated as under:

“All the Value Added Products of the Business Development & Marketing Directorate operate in highly competitive environment. Business Development & Marketing Directorate keeps a close watch on market trends and customer requirements with a view to improving its services so as to increase its relevance to the customers. Mainly Speed Post and Express Parcel services are facing competition from private players.

1.81 Elaborating further on the issue of competition from private courier services, the Department submitted as under:-

“The local courier industry offers very little wages to their workers and therefore operate their services at very low cost. Further they do not offer medical treatment, Leave Travel Concession, Leave encashment, pension etc to their employees and this further reduces their cost of operation.

Most of the couriers are providing services in big cities like Metros, State Capitals, Tier II & III cities only, while Department of Posts is obligated to provide services throughout the length and breadth of the country, including most difficult and remote areas.

As a Government Department, India Post has to comply with all mandatory requirements of the Government and hence the cost of operation is higher in view of above inputs.”

**(iii) Commercial Utilisation of Idle Resources**

1.82 The Standing Committee on Information Technology, in their Report on Demands for Grants (2013-14), had recommended commercial utilization of the land bank held by the Department across the country. In this regard, on the specific Plans of the Directorate to monetize the vacant plots held by the Department across the country, the Department stated as under:

“In pursuance of the decision of Committee of Secretaries, a draft Cabinet Note for seeking approval of the Cabinet on the model concession agreement was circulated amongst various Ministries/Departments and as a follow up of the comments received, action is being taken to hire the services of a consultant, which was also recommended by the Committee of Secretaries. The constituted Committee finalized the Expression of Interest (EOI) for hiring of a consultant, and Notice for EOI has been published in the newspapers, website and Indian Trade Journal, Kolkata. The Consultancy Evaluation Committee (CEC) examined all the documents received from the bidders. Based on the weightage criteria and also with the approval of Secretary (Posts), the CEC decided that all bidders are eligible for RFP and now the RFP is under drafting in consultation with Integrated Finance Wing of the Department. “

1.83 When asked about other resources of the Department besides real estate which can be commercially utilized to generate additional revenue for the Department, the Department stated as under:

“The Postal Stationery and Postal Premises are being used to generate additional revenue for the Department under Media Post service. Infrastructure of Training Institutions is also being utilized to provide training to participants from other countries with funding from Ministry of External Affairs.”

**(iv) Dedicated Transport**

1.84 On being enquired about the major constraints being faced by the Business Directorate in meeting the competitive challenges, the Department stated that the Business Development and Marketing Directorate faces the following constraints in meeting the competitive challenges:

- (i) Department has recognized the constraint of non-availability of dedicated transport for transmission of its mail & parcel and is in the process of finalizing a tie-up with transport service provider for transmission of Postal consignment.
- (ii) The Department has also initiated process of integrating all Postal services software and bringing them on web based IT platform under IT Modernization Plan.
- (iii) Last mile delivery is not mechanized. However, Department is making efforts in this direction. Bicycles are proposed to be provided to delivery staff. Further, mechanization of delivery of Parcels is also being explored. “

1.85 Further, the Secretary, Department of Posts, in evidence stated as under:-

“...xxx.. as of now Postman is not provided a bicycle. They can have their own cycle. But now the Department will be providing them a bicycle...xxx...if Postmen have their own cycle, they are given a Cycle Maintenance Allowance of Rs. 60/- per month.

**(xi) Miscellaneous**

**(i) Promotion and Publicity**

1.86 On the steps/measures which are being envisaged to improve the visibility and to create awareness amongst the public of various products being offered by the Department of Posts, the Department, in a note, stated as under:-

“Premium Products especially the services such as Speed Post, Express Parcel Post and Business Post face competition in the market for which advertisements are issued from time to time. Products such as Retail Post, Media Post, e-Post, e-Payment, Bill

Mail Service, etc. need visibility to make them popular. India Post recognises that one of the means of increasing revenue and market share is by making the public aware of the services offered under the Premium Products. For this purpose, Business Development & Marketing Directorate has formulated a Plan Scheme “Marketing Function of the Department”.

**(ii) Scheme of Marketing Function of the Department**

1.87 The Committee have been informed that the objective of the ‘Marketing Function of the Department’ Scheme is to enhance the visibility and brand value of existing as well as new products. The Scheme is to support the vision of the Department that India Post’s products and services will be the customer’s first choice. There are five sub-components of the Scheme which are as under:-

**(i) Promotion, Publicity & Marketing Activities for Postal Services excluding Financial & International Services**

The activity of “Marketing of Postal Services (excluding Financial & international Services) includes marketing of existing products and services, mainly premium services like Speed Post, Express Parcel Post, Business Post, e-post, Retail Post, etc. The activities under this component, inter-alia, include Newspaper advertisement, TV advertisement, Radio Advertisement, Web-based/ use of social media for advertising, Market Research, Customer Satisfaction Surveys, Empanelment of media house/ firms for strategic support in Planning, execution, monitoring and review of generic or specific campaigns, Exhibitions, Event sponsorship, Outdoor advertising, Direct marketing, Mailers, Brochures, Press Conferences/ meets, Inauguration/ launches, use of Brand Ambassador and other such activities that are needed to be carried out to market India Post’s various services.

**(ii) Promotion, Publicity & Marketing Activities for Financial Services**

Post Office Savings Bank has a very large customer base and deposit mobilization. Anytime-Anywhere-Any Branch Banking through a core banking solution and launch of 1000 ATMs is in the offing. New technology driven products like Instant Money Order (IMO), electronic Money Order (eMO), Mobile Money Transfer, International Money Transfer Services, retailing of Mutual Funds/ Pension products, etc. require visibility and marketing support for proper positioning.

**(iii) Product Enhancement and Marketing Activities for New Products and Services**

Product enhancement in tune with new markets expansion in existing markets through value addition and internal marketing along with external marketing would be integral for this component of the Plan scheme and also include the marketing activities of new initiatives like Cash on Delivery (CoD) and returns management for e-commerce, rationalization of parcel services, Print to Post Service ,etc.

**(iv) Promotion, Publicity & Marketing Activities for International Services**

Taking note of the prevailing climate of globalization, the Department of Posts is focusing on drawing business from international market by leveraging the vast domestic network. It is essential to have a unified marketing Plan which is co-ordinated and integrated across multiple country markets for all cross border products and services of India Post. Target oriented and catchment area focused marketing for international products and services, overseas marketing of all products, especially among the Indian Diaspora, which have potential to generate revenue like Express Mail Service (EMS), World Net Express (WNX), International Remittance Services, e-Commerce, corporate communications with an overseas focus would be an integral part of marketing activity for international services.

**(v) Project Management, Establishing an effective Marketing Structure & Strategy in the Department, including engagement of Consultant**

India Post is a service department. It does not have experience in marketing its services among niche clientele who have to be attracted to use the services. Professional support for marketing activities is required as Express/Financial markets are very competitive. The component will, inter alia, include support in formulation & implementation of Business Plan to maximize the benefits of IT Modernization Project, review of marketing structures in the Department, identify targeted clientele for each product line and repositioning the brand 'India Post' post IT induction. The Business Development & Marketing Directorate is promoting the products/services of the Department as per the Plan scheme.”

**(iii) Feedback Mechanism**

1.88 To a query about the feedback mechanism in place in relation to its customers and other stakeholders, the Department, in a written note submitted as under:-

“The Department has well laid down operational and accounting procedures to ensure the smooth rendering of services offered by it. However, having regard to the vastness of territory covered by its operations, the number of post offices, mail offices and the magnitude of the workforce some human and operational failures are inevitable. Reaction of its customers to such failures in the form of a complaint has been recognized by the Department as an opportunity to identify shortcomings in services and to take effective and corrective measures to solve the complaint and prevent similar instances from occurring again. With this end in view, the Department encourages its customers to come forward with their feedback and complaints and takes necessary steps to facilitate the receipt of grievances from them. A complaint/suggestion book is available in all the Post Offices to get the suggestions/feedback from the customers. A web based customer grievance handling and feedback system is in existence wherein the customers can register their complaints and post their feedback online. The Department is also getting feedback through the Centralized Public Grievance Redress And Monitoring System (CPGRAMS) maintained by the Department of Administrative Reforms & Public Grievances, Government of India. There is also prescribed mechanism for getting feedback and suggestions from all the stakeholders through Post Forum established in major Post Offices. Regular feedback about quality of service is also collected from customers visiting Project Arrow Post Offices.

In addition, the Department is also conducting Customer Satisfaction Survey through a hired agency to get specific feedback on various services of the Department.

## **PART-II**

### **OBSERVATIONS/ RECOMMENDATIONS OF THE COMMITTEE**

**2.1 The Committee note that with more than one and a half lakh Post Offices and 4,59,948 employees spread across the length and breadth of the country, India has the largest Postal Network in the world. To maintain and support this massive network, it is but natural that the Department have to incur huge expenditure. For the year 2012-13, the net expenditure of the Department was Rs.15,481.15 crore which rose to Rs.16,796.71 crore in the year 2013-14. During the same period, the corresponding revenue of the Department went up from Rs. 9366.50 crore to Rs.10730.42 crore. In this context, the Committee note that the Department are striving to increase internal generation of revenues to contain the deficit. Over the years, the Department have introduced a number of business products and services like Retail Post, ePost, ePayment, ePost Office, Speed Post, Express Parcel Post, Logistics Post, Business Post, etc. to advance their business interests and to generate more revenue. Further, with the entry of private couriers, the Department no longer remain the sole service delivery organization and necessarily have to operate in a highly competitive environment. In order to provide a greater impetus to their business activity, the Department set up a Business Development Directorate in the year 1996 with a view to designing, developing and monitoring Value Added Services to cater to the market needs and formulate business development and marketing strategies to generate further revenue. This Directorate was reorganized into the Business Development and Marketing Directorate (BD&M) in the year 2004-05, to provide a sharper focus on marketing. In 2007, the Business**



Development and Marketing Directorate was given the added responsibility of marketing and publicity of all the services and products of India Post, including Financial Services, Money Remittances, Mail Business Development and Value Added Services. The Committee note that presently, Business Development (BD) revenue constitutes about 60% of the postal revenue of the Department. The revenue from Value Added Services of the Directorate has grown from Rs. 74 crore in 1996-97 to Rs. 2724 crore in 2013-14. The average revenue growth has been about 13 per cent per annum during the period 2009-2014. The major growth contributors for the BD revenue have been products like Speed Post, Business Post and Express Parcel and Business Parcel which have shown an average growth of 84%, 137% and 127%, respectively. However, despite the growth in revenue from BD products, issues such as increasing competition from private players, identification of new business opportunities and promotion and publicity of new Value Added Services continue to remain some of the major challenges before the Department. Keeping in view the huge deficit of the Department which stood at a staggering figure of Rs.5473.10 crore in 2013-14, the Committee recognize that the BD&M has to play a vital role to supplement the efforts of the Department of Posts to bridge the revenue deficit. In the succeeding paragraphs, the Committee seek to evaluate the achievements made by BD&M and the efficacy of the measures undertaken by the Directorate over the years to fulfill its mandate.

## ***Rationalization of existing products/services and focus on emerging areas***

**2.2** The Committee note that the Department of Posts have been able to offer a number of products and services to the clients as a result of the initiatives taken by the Directorate. In this regard, the Committee note that while some of the premium products like Speed Post, Business Post and Express Parcel Post have performed exceptionally well in terms of revenue generation, other premium products like Media Post, Greeting Post and ePost are facing a decline in revenue generation. A scrutiny of the data furnished by the Department reveals that during the year 2012-13, Media Post, Greeting Post, Direct Post and ePost have contributed a meagre revenue to the Department, i.e. Rs. 4.24 crore, Rs. 0.19 crore, Rs. 2.62 crore and Rs. 2.67 crore, respectively. As such, the Committee feel that the Department should undertake a comprehensive review of these products and services to decide on the continuation/discontinuation or integration of these services so as to increase their revenue earning potential. The outcome of such a review would suggest whether investment made on these low performing products/services can be released and utilized elsewhere in the emerging areas/products/services such as Express Parcel, Business Parcel, Speed Post - Cash on Delivery (SP-CoD) for eCommerce companies, ePayment, Bill collection on behalf of third parties, etc. which, in the opinion of the Committee, have tremendous potential for growth and revenue generation for the Department. The Committee would like to be apprised of the efforts made in this regard and the outcome thereof.

### ***Budgetary Support & Fund Utilization***

2.3 The Committee note that during the 11<sup>th</sup> Five Year Plan, against the proposed outlay of Rs. 297.78 crore for the Directorate, the actual allocation was only Rs. 68.97 crore. The actual utilization by the Directorate in the Plan period was Rs. 65.56 crore which comes to a commendable achievement of 95 per cent of budget allocation. During the 12<sup>th</sup> Five Year Plan, out of the proposed outlay of Rs. 156.25 crore, a meagre amount of Rs. 0.22 crore was allotted for the financial year 2012-13 which was fully utilized. For the year 2013-14, Rs.8.11 crore has been utilized against an allocation of Rs.10 crore, while Rs.17.5 crore was allocated for the year 2014-15. Considering that major share of revenue of the Department accrue on account of the initiatives taken by the Directorate, the Committee are of the opinion that there is an imperative to strengthen the Directorate as its enhanced performance would ultimately help the Department in bridging the gap between revenue and expenditure, which would enable them to contain the deficit. The Committee, therefore, recommend to the Department to impress upon the Ministry of Finance to ensure allocation of requisite funds for the Directorate in the remaining years of the 12<sup>th</sup> Plan period so that its functioning is not hampered on account of paucity of funds.

### ***Review of Revenue Performance of Services***

2.4 A review of the revenue performance of individual Products/Services marketed by the Directorate indicates that out of eighteen services, only three services, viz. Competition Postcard, Letter and Insurance generated revenue in

excess of the cost incurred by the Department. To reverse this trend, wherein most of the services are incurring huge losses, the Committee have been given to understand that a proposal for revision of rates of the Services was under consideration of the Department. The Department are increasing their activities and transactions in Post Offices to reduce the cost per transaction for various Services. The Committee do recognize that progressive IT induction will also result in reduction of operational cost of postal transactions. It is, however, disquieting to find that the Department is not maintaining information on comparative cost and revenue for various Value Added Services (VAS) and products marketed by the Directorate. Taking into consideration the explanation by the Department that development of any new Services or Value Additions on existing Services takes into account the likely cost, potential revenue and the market conditions, the Committee are of the considered view that maintenance of data regarding the cost of various Value Added Services offered by the Department is an essential pre-requisite to ascertain their financial viability before undertaking any revision of rates for those Services. The Committee, therefore, recommend that the Directorate should ensure maintenance of requisite data in respect of all the Value Added Products and Services offered by it and utilize the same in planning Product/Service tariff structure while carrying out periodic revision of rates thereof. The Committee will like to be apprised of the cost-benefit analysis of the loss making Products/Services and measures taken to minimize the operation cost.

## ***Speed Post – Need for Improvement in Market share***

2.5 The Committee recognize that Speed Post has emerged as the most successful Product/Service introduced by the Directorate, contributing more than half of the revenue from BD products. As per the data furnished by the Department, Speed Post has shown significant growth, both in terms of revenue and traffic over the years. The Speed Post revenue has increased from Rs. 515.27 crore in 2008-09 to Rs. 1261.47 crore in 2012-13 and the Speed Post traffic has increased from 21.14 crore articles in 2008-09 to 44.94 crore articles in 2012-13. In terms of percentage, the revenue of Speed Post has grown at an average growth rate of 23 per cent per annum during the period 2008-09 to 2012-13. Despite the appreciable performance of Speed Post in being amongst the foremost revenue generating Services for the Department, the Committee feel that issues like low market share and improvement in quality of service continue to be a cause of concern for the Department. The market share of Speed Post ranged between 17.4 per cent and 20.2 per cent only during the year 2012-13. Considering the fact that India Post has presence in approx. 1,55,000 locations throughout India, the Committee strongly believe that Speed Post has tremendous scope for further improvement in its overall market share. The Committee, therefore, will like the Department to strenuously strive to further increase the market share of their most successful premium product by gainfully utilizing the available resources. The Committee also feel that after implementation of its IT Modernization Project, the Department will be in a better position to include the large number of rural Post Offices in their Speed Post Network which presently are outside the network. The Committee will like

to be informed about further achievements made by Speed Post in terms of market share and augmentation of revenue.

### ***Need for Improving Quality of Service of Speed Post***

2.6 The Committee find that even though Speed Post is the most significant revenue generating Service of the Department, the quality of service of Speed Post has not been up to the desired level. Non-delivery of articles and inordinate delays in delivery of articles booked through Speed Post are some of the routine complaints of clients when it comes to judging the quality of service of Speed Post. Though the Department have maintained that they have drawn up Key Performance Indicators (KPIs) for every Speed Post article to ensure time-bound delivery and KPI's have been fixed for various cities, still it is a matter of serious concern that there are complaints regarding delays in delivery. The Committee recall that the Department submitted before the Committee that in the quarter ending March, 2013, they had received as many as 25,876 complaints in respect of delay of delivery of articles and 22,672 complaints regarding non-receipt of acknowledgement. Keeping in view the fact that Speed Post is the most successful premium Product/Service offered by the Department, the Committee feel that it is imperative to monitor its service quality and ensure that minimum quality benchmarks are maintained in regard to timely delivery of Speed Post articles. While the Department are hopeful that the roll-out of their two important schemes, i.e. the Mail Network Optimization Project (MNOP) and IT adoption and modernization scheme will significantly improve the quality of service of Speed Post, the Committee feel that quality improvement is a continuous process and should be accorded the

highest priority, especially since the Department is facing stiff competition from Private Courier Services. The Committee, therefore, recommend that the monitoring mechanism for various stages of Speed Post delivery should be further strengthened by raising the standards of all performance parameters and 'Track and Trace' facility should be extended to cover all articles booked through Speed Post. The Committee further recommend that the proposed initiative of the Department regarding confirmation of the delivery of Speed Post through SMS is implemented within the stipulated time frame. The Committee are of the view that this step will definitely play a key role in the overall improvement in the quality of service of the Speed Post.

### ***Speed Post - Need for Creating Awareness about Value Added Services***

2.7 The Committee note that Speed Post Service has got various attractive features such as availability of Insurance of articles, 24-hour booking in select offices, Speed Post International Service, Internet based Track and Trace system and Value Added features such as free pick-up facility for bulk customers, Book Now Pay Later (BNPL) facility for corporate customers, volume based discounts and Premium Delivery Centers. The Committee, however, feel that due to lack of awareness about these premium features amongst the clients, these services are not being utilized to their full potential. The Committee, therefore, recommend that the Department must take appropriate steps to promote awareness about the client-friendly features of Speed Post by giving due publicity to important features such as 'Track and Trace' facility, etc. amongst the targeted customers. As mentioned in the previous paragraph, the Committee desire that wide publicity to the planned facility of SMS

confirmation of Speed Post must be ensured which can play a decisive role in making the Speed Post the best choice amongst the users.

### ***IT Adoption and Modernization***

2.8 The Committee note that the Department have undertaken an end-to-end IT Modernization Project-India Post 2012 to equip the organization with requisite modern tools and technologies, aimed at transforming the Department into a “Technology Enabled, Self-Reliant Market Leader”. A crucial component of this Project is the Rural ICT solution aimed at meeting the objective of financial inclusion of the marginalized poor in remote rural areas and help rebuilding the rural postal infrastructure by creating institutional last mile connectivity for service delivery of post, IT based services, including Banking and Insurance, and Government Social Security Schemes like MGNREGS, etc. Moreover, this infrastructure will form the platform for electronic delivery of Postal, Financial, Insurance and Government Services to more than 80 crore rural population through 1,39,000 Post Offices. To achieve this, the Committee understand that the Department intend to provide handheld devices with solar power chargeable batteries to 1.35 lakh rural Postmasters. The data regarding transactions and delivery of articles will be uploaded straight from the device to the central server through data link. Looking at various features of the IT adoption and modernization Project, the Committee visualize that the Project will tremendously boost the implementation of related Projects and roll-out of services such as end-to-end Track and Trace facility for Speed Post, Express Parcel for e-Commerce, ATM, eBanking and net banking for Post Office Savings Bank (POSB) accounts, etc.



which are very crucial for the Department in improving their overall functioning as well as revenue generation. Considering that the implementation of the above schemes is expected to revolutionize and improve the performance and efficiency of the Department across Services and Schemes, the Committee recommend that the Department should take all necessary measures to ensure expeditious execution of IT related Projects which are at various stages of completion within the stipulated time frame.

### *eCommerce*

2.9 The Committee note that the Department have identified e-Commerce as an emerging business opportunity, especially since this industry is growing in India at a very fast pace. The Committee have been apprised that the growing online retail industry is throwing up new opportunities and the Directorate is striving to avail the same by introducing the service 'Speed Post-Cash on Delivery (SP-CoD)' which is specifically targeted to address the needs of eCommerce companies as well as setting up of dedicated parcel hubs to handle the increasing parcels and eCommerce traffic. Further, in order to provide complete supply chain management, the Department are formulating a service namely, 'Business Reply Speed Post Articles', besides horizontal integration in supply chain through development of warehousing capacity. For this purpose, the Committee note that under the Twelfth Five year Plan Scheme on marketing, it is proposed to utilize the services of a professional consultant in which in-depth studies of e-Commerce market and share of India Post are likely to be part of the 'Terms of Reference' of the consultant. The Committee further note that the Department are facing certain operational and technological

challenges in offering quality services at economical rates to their customers.

The Committee are aware that the Department is depending on external agencies such as Railways/ Airlines/ State transport buses, etc. for transportation of mail/ parcels, etc. This dependency, naturally, creates challenges in operations and maintenance of service delivery standards. Moreover, the Department are presently dependent on in-house developed software modules which are working in silos and there is no integration amongst them. In order to overcome these challenges, the Department are rolling out the major IT Project wherein all the software modules will be integrated and they are planning to impart training to all staff in change management.

The Committee trust that all these steps will enable the Department to be a priority choice amongst the e-Commerce companies for delivery of goods ordered online. Noting that eCommerce offers tremendous scope for business, the Committee recommend that the Department should expeditiously implement their Speed Post Cash on Delivery Service, set up dedicated parcel hubs and enter into proposed tie-ups with major e-Retailers/e-Vendors on priority basis in order to take an early lead over their competitors for garnering significant market share in the emerging e-Commerce segment.

### ***Government Business – MGNREGS***

2.10 The Committee note that the Department of Posts have been wholeheartedly engaged in fulfilling the social commitments of the Government such as Financial Inclusion and disbursement of Social Security Schemes through Post Offices across the country, including disbursement of

wages under MGNREGS, which was introduced in the year 2006. The Committee note that the Department of Posts had handled 4.90 crore MGNREGS accounts during 2010-11, 5.38 crore during 2011-12 and 5.74 crore during 2012-13. With more than 1,39,000 Post Offices in Rural Areas, the Committee find that India Post provides critical support in the implementation of MGNREGS. In this regard, the Committee note that the Department are carrying out the task on behalf of the Ministry of Rural Development (MoRD) and are entitled for a remuneration for maintenance of MGNREGS accounts and other administrative expenses. The Committee, however, find that the Department have not received any payment from the MoRD for the last six years. In this regard, the Committee, in their 33<sup>rd</sup> Report (15<sup>th</sup> LS) on Demands for Grants (2012-13), had viewed that disbursement of wages to labourers under MGNREGS is an important activity and hence the rate of remuneration account with the MoRD should be settled at an early date. Subsequently, in their Action taken Report on the subject, the Committee had found that the Department of Posts had shared the details of administrative expenses incurred year-wise with the MoRD. However, the Committee are perturbed to note that dues were not released by MoRD. While recognizing that the Department are playing a major role in the implementation of MGNREGS, the Committee reiterate their recommendation for an early settlement of the matter between the Department of Posts and the MoRD by taking up the issue at the highest level in the Government so that the entire dues, as admissible, are paid to the Department of Posts without any further delay.

### ***Passenger Reservation System (PRS)***

2.11 The Committee note that during the year 2012-13, the Department sold 22-34 lakh railway tickets through 237 Post Offices earning a revenue of Rs. 3.33 crore. The Committee feel that there is considerable scope for improvement in revenue through services like Passenger Reservation System (PRS) and steps need to be taken to increase the number of PRS centers and create awareness among the public about availability of PRS at Post Offices. The Department have informed that after completion of the proposed cost revision of PRS Services at Post Offices, the matter of revision in service charges is likely to be taken up with the Ministry of Railways. The Committee recommend that the Department should focus on increasing the number of PRS Centers to cater to the customer needs in different Postal Circles and also adequately publicize the existing PRS Centres. The Committee further recommend that the Department should expeditiously finalize the internal cost revision for Services and take up the issue of revision of Service Charges of PRS Services with the Ministry of Railways. The Committee will like to be informed of the progress made in this regard.

### ***Data on Government Business transacted through Post Offices***

2.12 The Committee note with concern that the Department of Posts do not maintain any separate information on Government Business and hence could not provide separate figures in respect of traffic and revenue of different products and services for private vis-a-vis Government Business. The Committee are of the view that maintenance of such information in segregated

form will help the Department in not only assessing their business potential more realistically but also in formulating their own business strategies more effectively in improving their overall performance. The Committee, therefore, recommend that the Department should evolve a mechanism to maintain separate data pertaining to the Government Business and private business which will also enable the Department in assessing the reach and performance of Government schemes transacted through the Postal network.

### ***Human Resource Management***

2.13 The Committee find that as on 06.12.2014, out of 35 sanctioned posts in the BD&M, 6 posts were lying vacant, leading to various operational issues. The Committee are unhappy to note that though the Directorate is handling the important task of business expansion and launch of new Schemes/Products and is instrumental in generating about 60 per cent of the postal operational revenue of the Department, there is at present no proposal to fill up the existing vacancies, leave aside any augmentation of its staff strength. The Committee, therefore, recommend that all the vacant posts in the Directorate must be filled up at the earliest to facilitate unhindered functioning of the Directorate.

2.14 The Committee also note that the Officers/staff of the Directorate do not have requisite qualifications for Marketing and Business Development. As regards specialized training, the Department have stated that Officers with more experience and orientation in Marketing, Business Development and operations are being deputed in the Directorate to cater to its functional needs.

The Committee feel that in the contemporary business environment marked by stiff competition from the private sector, recruiting the right people for the right position is absolutely necessary and it is all the more essential to train these officers with requisite skill set, particularly when the Directorate is responsible for conceptualization and planning of business development activities for execution through various Postal Circles of the Department. The Committee, therefore, recommend to the Department to have a planned scheme of job specific training with emphasis on business promotion for the staff of the Business Directorate.

### ***Competition from Private Courier Services***

2.15 The Committee note that unregulated private courier services have mushroomed all across the country giving direct competition to the Department of Posts and are operating without any guidelines or quality of service benchmarks. The Department are facing serious competition from private couriers/parcel service operators offering services at a very low cost. It has been brought to the notice of the Committee that the local courier industry offers very meagre wages to their workers and therefore operate their services at a very low cost. Further, they do not offer medical treatment, Leave Travel Concession, Leave encashment, pension, etc. to the employees, which tend to further reduce their operational cost. Moreover, most of the couriers are providing services in Metros, State Capitals and Tier II & III cities only, while the Department of Posts are obligated to provide services throughout the country, including in the most difficult and remote areas.

The Committee are concerned to note the prevailing malpractices and exploitation of personnel in the local courier industry in the absence of any regulatory or monitoring mechanism and any kind of legal responsibility. The Committee, therefore, desire that the Government must consider establishing a postal regulator on the lines of the Telecom Regulator, Insurance Regulator, Financial Regulator, etc. to govern the Postal Services to ensure fair play, healthy competition and accountability of operators, both in private and Government sectors providing courier service and similar services. The Committee further desire that the practices followed in other countries in this regard may also be studied in implementing this suggestion. The Committee may be apprised of the action taken in this regard.

***Lack of dedicated transport and non-mechanized last mile delivery***

2.16 The Committee find that the lack of dedicated transport for transmission of mail and parcel and non-mechanized last mile delivery are some of the major constraints faced by the Directorate. It is disquieting to note that India Post, which operates the largest postal network in the world, is constrained for want of dedicated transport for transmission of mail and parcel. Non-mechanized last mile delivery is another area of concern that needs to be addressed on a priority basis. In this regard, the Committee feel that it is high time that the Department of Posts focused on mobilizing requisite resources to ensure availability of dedicated transport for transmission of their articles. The Committee view that the reliance of the Department on non-mechanized last mile delivery acts as a serious hindrance in enabling faster delivery of articles

and also the reliability of their services. The Committee also record that the maintenance allowance of Rs. 60/- being given to the postmen for maintenance of bicycles is grossly inadequate, which may be considered for immediate revision.

### ***Promotion and Publicity***

2.17 The Committee note that Premium Products/Services offered by the Department of Posts such as Speed Post, Express Parcel Post and Business Post which face competition in the market are advertised from time-to-time. The Committee feel that the other products such as Retail Post, Media Post, ePost, ePayment, Bill Mail Service, etc. also need visibility in order to gain acceptance amongst the target customers. Recognizing the need for creating awareness about various Products and Services on offer, the Department have formulated a planned scheme, *viz.* 'Marketing Function of the Department' with five sub-components for promotion, publicity and marketing activities for different Products/Services. While appreciating the initiative of the Department to give due recognition to the Marketing Function in improving the revenue and market share in the contemporary business environment, the Committee recommend to the Department to implement the scheme in an effective manner to promote their Products and Services more aggressively so that the Department will have an edge in competing with private players who are offering similar products. The Department should also strengthen the existing Feedback Mechanism/Grievance Redressal Mechanism to get better feedback/input about the performance of their Products/Services in the market



which, in turn, will enable them to market their Products/Services in a more client-friendly manner.

New Delhi;  
11 August, 2015  
20 Shravana, 1937 (Saka)

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

**STANDING COMMITTEE ON INFORMATION TECHNOLOGY  
(2013-14)**

**MINUTES OF THE THIRD SITTING OF THE COMMITTEE**

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The Committee sat on Wednesday, the 6<sup>th</sup> November, 2013 from 1100 hours to 1230 hours in Committee Room 'C', Ground Floor, Parliament House Annexe, New Delhi.

**PRESENT**

**Shri Rao Inderjit Singh – Chairman**

**MEMBERS**

***Lok Sabha***

2. Shri Rajendra Agrawal
3. Shri Nikhil Kumar Choudhary
4. Shri A.Ganeshamurthi
5. Smt. Darshana Jardosh
6. Shri Baidya Nath Prasad Mahato
7. Shri Abdul Rahman
8. Shri Radhe Mohan Singh (Gazipur)
9. Smt. Seema Upadhyay

***Rajya Sabha***

10. Shri Joy Abraham
11. Shri Salim Ansari
12. Shri Basawaraj Patil
13. Dr. C.P Thakur

***SECRETARIAT***

1. Shri Brahm Dutt - Joint Secretary
2. Shri N.C. Gupta - Director
3. Shri A.K. Garg - Additional Director
4. Dr. Sagarika Dash - Deputy Secretary

2. At the outset, the Chairman welcomed the Members to the sitting of the Committee convened for having a briefing by the representatives of Department of Posts in connection with the examination of the subject 'Business Development and Marketing Strategy in the Department of Posts' and .....XXXX.....XXXX.....

[The witnesses were then called in]

3. The Chairman welcomed the representatives of the Department of Posts to the sitting of the Committee and drew their attention to Direction 55(1) of the Directions by the Speaker, Lok Sabha regarding confidentiality of the proceedings and Direction 58 regarding evidence liable to be treated as public.

4. After introduction by the witnesses, the Secretary, Department of Posts, briefed the Committee about the initiatives undertaken by the Department in business development and marketing strategy. Thereafter, the representative of the Department, with the permission of the Chairman, gave a presentation on Business Development and Marketing Strategy in Department of Posts covering the following aspects:

- (i) Overview of Business Development and Marketing Directorate
- (ii) Organizational structure of the Directorate
- (iii) Various products and services handled by the Directorate
- (iv) Revenue performance of the Directorate
- (v) Marketing strategy of the Department

5. The Committee, then sought clarifications on issues related to reliability of speed post, complaint/grievance redressal mechanism in Department of Posts, rollout of IT initiatives in the Department and performance of the Department *vis-à-vis* the private players. Issues such as rural *vis-a-vis* urban traffic of mails handled by the Department, need to popularize speed-post and emphasis on garnering more business from Railways through PRS and disbursement of wages through MGNREGA also came up during the discussion and were responded to by the representatives of Department of Posts.

[The witnesses, then, withdrew]

6. ....XXXX.....XXXX.....XXXX.....XXXX.....

7. ....XXXX.....XXXX.....XXXX.....XXXX.....

**The Committee, then, adjourned.**

**STANDING COMMITTEE ON INFORMATION TECHNOLOGY  
(2013-14)**

**MINUTES OF THE SIXTH SITTING OF THE COMMITTEE**

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The Committee sat on Tuesday, the 21<sup>st</sup> January, 2014 from 1100 hours to 1230 hours in Committee Room 'G-074', Ground Floor, Parliament Library Building, New Delhi.

**PRESENT**

**Shri Abdul Rahman– In the Chair**

**MEMBERS**

***Lok Sabha***

14. Shri Rajendra Agrawal
15. Shri Nikhil Kumar Choudhary
16. Shri Khagen Das
17. Shri A.Ganeshamurthi
18. Shri Rajen Gohain
19. Shri Baidya Nath Prasad Mahato
20. Dr. (Prof.) Thokchom Meinya
21. Shri Tapas Paul
22. Dr. (Prof.) Prasanna Kumar Patasani
23. Shri Radhe Mohan Singh (Gazipur)

***Rajya Sabha***

24. Shri Joy Abraham
25. Shri Mohammed Adeeb
26. Shri Salim Ansari
27. Shri B.K. Hariprasad
28. Shri Basawaraj Patil

**SECRETARIAT**

- |    |                   |   |                     |
|----|-------------------|---|---------------------|
| 5. | Shri Brahm Dutt   | - | Joint Secretary     |
| 6. | Shri N.C. Gupta   | - | Director            |
| 7. | Shri A.K. Garg    | - | Additional Director |
| 8. | Dr. Sagarika Dash | - | Deputy Secretary    |

2. In the absence of the Chairman, the Committee chose Shri Abdul Rahman, a member of the Committee to act as the Chairman for the sitting in accordance with Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. At the outset, the Chairman welcomed the Members to the sitting of the Committee convened for taking evidence of the representatives of Department of Posts in connection with examination of the subject 'Business Development and Marketing Strategy in the Department of Posts'.

[The witnesses were then called in]

4. The Chairman welcomed the representatives of the Department of Posts to the sitting of the Committee and drew their attention to Direction 55(1) of the Directions by the Speaker, Lok Sabha regarding confidentiality of the proceedings and Direction 58 regarding evidence liable to be treated as public.

5. After introduction by the witnesses, the Secretary, Department of Posts, briefed the Committee on the subject. Thereafter, the representative of the Department, with the permission of the Chairman, gave a presentation on Business Development and Marketing Strategy in Department of Posts covering following aspects of the subject:

- (vi) Speed Post and its performance
- (vii) Other products and services handled by the Directorate such as business post, retail post, logistics, etc.
- (viii) Rationalization and optimization of Mail Network Optimization Project (MNOP)
- (ix) New Business Opportunities and focus areas
- (x) Promotion & Publicity of Products/Services

6. Members then raised queries relating to reliability of speed post, making the track and trace service for speed post more efficient, steps taken to increase the revenue of the Department, empowering the Branch Post Offices and complaint/grievance redressal mechanism in the Department of Posts, etc.

7. The Committee also discussed about the need for aggressive marketing by the Department of Posts, increasing the share of the Department in implementation of Government schemes such as MGNREGA, Old age pension,

payment to girl child, etc., accelerating the rollout of IT initiatives in the Department and improving the overall performance of the Department *vis-à-vis* the private players.

8. The representatives of the Department assured the Committee to furnish written replies on the issues on which information was not readily available. The Chairman thanked the representatives for appearing before the Committee and furnishing valuable information in connection with examination of the subject.

[The witnesses, then, withdrew]

**The Committee, then, adjourned.**