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**STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2015-16)**

SIXTEENTH LOK SABHA

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

**DEMANDS FOR GRANTS
(2016-17)**

TWENTY-SIXTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

May, 2016/Vaisakha, 1938 (Saka)

TWENTY SIXTH REPORT

**STANDING COMMITTEE ON
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(2015-16)**

(SIXTEENTH LOK SABHA)

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

**DEMANDS FOR GRANTS
(2016-17)**

Presented to Lok Sabha on 03.05.2016

Laid in Rajya Sabha on 03.05.2016



**LOK SABHA SECRETARIAT
NEW DELHI**

May, 2016/Vaisakha, 1938 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY
(2015-16)

Shri Anurag Singh Thakur - Chairperson
Lok Sabha

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

Rajya Sabha

22. Shri Salim Ansari
23. Smt. Jaya Bachchan
24. Shri Vijay Jawaharlal Darda
25. Shri Meghraj Jain
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. **VACANT**

SECRETARIAT

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

* Shri Javed Akhtar, M.P. Rajya Sabha retired on 21.03.2016 from Rajya Sabha.

LIST OF ABBREVIATIONS

AMPC	-	Automated Mail Processing Centre
BD&MD	-	Business Development & Marketing Directorate
BE	-	Budget Estimates
BPO	-	Branch Post Office
CBS	-	Core Banking Solution
CMPF	-	Coal Mines Family Pension
CoD	-	Cash on Delivery
DA	-	Dearness Allowance
DGS&D	-	Directorate General of Supplies & Disposal
DoP	-	Department of Posts
DoT	-	Department of Telecommunications
DPR	-	Detailed Project Report
DSO	-	Departmental Sub Office
EDBO	-	Extra Departmental Branch Office
e-IPO	-	electronic Indian Postal Order
e-MO	-	electronic Money Order
Eol	-	Expression of Interest
EPFO	-	Employee's Provident Fund Organisation
FO	-	Franchise Outlet
GDS	-	Gramin Dak Sewak
GIS	-	Geographical Information System
GPS	-	Global Positioning System
HPO	-	Head Post Office
IAY	-	Indira Awaas Yojna
IMO	-	International Money Order
IMTS	-	International Money Transfer Service
IRDA	-	Insurance Regulatory Development Authority
KVP	-	Kisan Vikas Patra
LSM	-	Letter Sorting Machine
MGNREGA	-	Mahatma Gandhi National Rural Employment Guarantee Act
MIS	-	Monthly Installment Scheme
MNOP	-	Mail Network Optimization Project
MO	-	Mail Office/Money Order
MoF	-	Ministry of Finance
MoU	-	Memorandum of Understanding
MPCM	-	Multi Purpose Counter Machine
NSC	-	National Saving Certificate
PBI	-	Post Bank of India
PLI	-	Postal Life Insurance
PO	-	Post Office
POSB	-	Post Office Savings Bank
PPP	-	Public Private Partnership
PRS	-	Passenger Reservation System
PSSK	-	Panchayat Sanchar Sewa Kendra
RE	-	Revised Estimate
RFP	-	Request for Proposal
RPLI	-	Rural Postal Life Insurance
SB/CC	-	Savings Bank/Cash Certificate
SPO	-	Sub Post Office
TRCA	-	Time Related Continuity Allowances
UIDAI	-	Unique Identity Development Authority of India
WUFSI	-	Western Union Financial Services International
WUMT	-	Western Union Money Transfer

INTRODUCTION

I, the Chairperson, Standing Committee on Information Technology (2015-16), having been authorized by the Committee to submit the Report on their behalf, present this Twenty-sixth Report on Demands for Grants (2016-17) of the Ministry of Communications and Information Technology (Department of Posts).

2. The Standing Committee on Information Technology (2015-16) was constituted on 1st September, 2015. One of the functions of the Standing Committee, as laid down in Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, is to consider the Demands for Grants of the Ministry/Department concerned and to make a Report on the same to the House.

3. The Committee considered the Demands for Grants pertaining to the Ministry of Communications and Information Technology (Department of Posts) for the year 2016-17 which were laid on the Table of the House on 16th March, 2016. The Committee took evidence of the representatives of the Department of Posts on 8th April, 2016*.

4. The Report was considered and adopted by the Committee at their sitting held on 2nd May, 2016.

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

6. The Committee would also like to place on record their appreciation of the assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

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

New Delhi
02 May, 2016
12 Vaisakha, 1938 (Saka)

ANURAG SINGH THAKUR
Chairperson
Standing Committee on
Information Technology

*Minutes not appended to the cyclostyled copy of the Report.

REPORT

PART-I

I. INTRODUCTORY

India has the largest postal network in the world with over 1,54,939 Post Offices of which 1,39,222 (89.86%) are in the rural areas and 15,717 (10.14%) in the urban areas. Out of the 1,54,939 Post Offices, 1,29,379 are Gramin Dak Sewak Post Offices while 25,560 are Departmental Post Offices. The Department of Posts have 4,60,457 employees, which include 1,99,295 departmental employees and 2,61,162 Gramin Dak Sewaks. Post Offices in the country are categorized as Head, Sub and Branch Post Offices. Branch Post Offices are mostly located in rural areas and manned by Gramin Dak Sewaks. The Sub Post Offices are Departmental offices located in both rural and urban areas. The Head Post Offices are located in important towns and cities.

II. Implementation status of recommendations of the Committee contained in the Fifth Report on Demands for Grants (2015-16) of the Ministry of Communications and Information Technology (Department of Posts).

2. The Fifth Report of the Standing Committee on Information Technology on Demands for Grants (2015-16) of the Ministry of Communications and Information Technology (Department of Posts) was presented to Parliament on 24th April, 2015. The Department of Posts furnished Action Taken Notes on the Observations/Recommendations contained in the Fifth Report on Demands for Grants (2015-16) on 22nd July, 2015. The Twentieth Report on Action Taken by the Government on the Fifth Report was presented to Lok Sabha on 21st December, 2015. Out of the 14 recommendations contained in the said report, 09 recommendations were accepted by the Government. The Committee had commented on 03 recommendations and Replies to 04 recommendations were found to be of interim nature on which final replies were sought from the Department. The final Action Taken Statement on the recommendations contained in the Twentieth Report will be laid in Parliament in due course.

III. BUDGET ANALYSIS

(i) Overview of Demands for Grants for 2016-17

3. The Department of Posts have presented Demand No. 13 for Grants to the Parliament for the year 2016-17 on 16th March 2016, the details of which are as follows:-

		(Rs. in crore)		
		Revenue	Capital	Total
Voted	Plan	203.74	396.26	600
	Non-Plan	22918.26	10.00	22928.26
Total		23122	406.26	23528.26
Charged	Plan	--	--	--
	Non-Plan	0.60	--	0.60
Total		23122.60	406.26	23528.86

(ii) Brief Summary of the Demands for Grants 2016-17 in respect of Department of Posts (DoP) is as indicated below:

a) REVENUE SECTION

4. A comparative analysis of the Demands for Grants indicating the Actuals for the year 2013-14 and 2014-15, BE and RE for the year 2015-16 along with BE 2016-16, is given below:-

(Rs. in Crore)

Particulars	Actual 2013-14	Actual 2014-15	BE 2015-16	RE 2015-16	BE 2016-17	% Inc/Dec of Col 5 over Col 3	% Inc/Dec Of Col 6 over Col 5
1	2	3	4	5	6	7	8
Revenue Section	-	-	-	-	-	-	-
Gross Expenditure	16796.71	18556.56	19494.26	20184.61	23122.60	8.77	14.56
Deduct- Recoveries	593.19	661.98	655.34	644.84	676.28	-2.59	4.88
Net Expenditure	16203.52	17894.58	18838.92	19539.77	22446.32	9.19	14.88
Postal Receipts	10730.42	11635.98	12036.87	12614.01	13827.05	8.41	9.62
Deficit	5473.10	6258.60	6802.05	6925.76	8619.27	10.66	24.45

Capital Section	-	-	-	-	-	-	-
Gross Expenditure	268.97	172.96	336.65	348.05	406.26	101.23	16.72
Deduct-Recoveries	-	-	-	-	-	-	-
Net Expenditure	268.97	172.96	336.65	348.05	406.26	29.40	16.72

b) GROSS EXPENDITURE

5. Gross Expenditure of DoP during the last four years and the estimates for the year 2016-17 are given as under:-

(Rs. in Crore)

	2012-13	2013-14	2014-15	2015-16	2016-17
BE	14379.71	16876.17	18141.55	19494.26	23122.60
RE	15321.24	16464.05	18489.85	20184.61	-
Actuals	15481.15	16796.71	18556.56	-	-

6. From the above table, it can be observed that the actual gross expenditure of the Department is increasing over the years. The actual gross expenditure for the year 2012-13 was Rs.15481.15 crore which increased to Rs. 16796.71 crore in 2013-14. For the year 2014-15, the expenditure was Rs.18556.56 crore. For the year 2015-16, the BE was Rs. 19494.26 crore which was increased to Rs. 20184.61 crore at RE stage. For the year 2016-17, the Department have set the Budget Estimate of gross expenditure at Rs.23122.60 crore.

7. During the year 2014-15, revenue has shown an increase by 8.44% while gross expenditure grew by 10.48%. On being asked about the reasons for continuous increase in gross expenditure of the Department, the Department, in a written note, have submitted that there are primarily two major components of gross expenditure: Salaries and Pensions, which constitute more than 90% of the gross expenditure. The Committee have been informed that it is not possible to cut down the operational expenses of the Department due to the increasing costs on one hand and obligation to provide Universal Postal Services to the citizens at affordable costs throughout the country on the other.

8. The projections for expenditure on pensions for the next five years are as under:-

Year	Expenditure on pension	Total working expenses (NP)	% pension over total working expenses
2015-16 approx. upto Mar 16	5504.76	19405.56	28.37
2016-17	6330.47	22918.86	27.62
2017-18	7406.65	26356.69	28.10
2018-19	8813.92	30837.33	28.58
2019-20	10664.84	36696.42	29.06
2020-21	13117.76	44402.67	29.54

9. Asked about the measures taken to ensure a robust growth in revenues in conjunction with reduction in expenditure in order to bridge the deficit during 2016-17, the Department have informed that they made all out efforts, adopted strategic planning, undertook many new initiatives and did persistent monitoring to harness new areas of revenue and simultaneously increase the revenue base. The thrust areas for revenue mobilisation are Post Office Savings Bank, Parcels-e-commerce and e-remittance.

10. Following are some of the initiatives taken/ being taken to increase the revenue receipt in 2016-17:

- (i) Bharat Electronics Limited has entered into an agreement with Department of Posts for sending their consignments through Speed Post from more than 80 locations across the country under Single Point Account Management scheme.
- (ii) Railway tickets are sold through post offices under an agreement signed with the Ministry of Railways. Presently, this service is available in 316 post offices across India.
- (iii) Department of Posts have introduced a new initiative of '**Post Shoppe**' which is aimed to generate additional revenue by utilizing the vacant space in Post Offices. Revenue of more than Rs.55 lakh has been generated from 50 Post Shoppes opened across the country as on December, 2015.
- (iv) Government of India have introduced Sovereign Gold Bond scheme (SGB) in the Union Budget 2015-16. During tranche I and II, 4045 Sovereign Gold Bond applications for Rs. 6,18,86,080/- were collected through Post Offices across the country and the Certificates of holding (bonds) were issued by RBI for the same.
- (v) Department are also entering into tie-ups with third parties for use of its network for selling their product/services through post offices, e.g. sale of mobile phones, address verification, etc. Tie-ups have also been made with Railway Recruitment Boards, CBSE and various universities/institutions, etc. for collection of their examination fee through ePayment service.

- (vi) The Kisan Vikas Patras have been reintroduced in December 2014 and a new scheme called Sukanya Samridhhi Account (SSA) has been launched in January 2015. These schemes have contributed to further rise in postal revenue.
- (vii) The Department of Posts have been making continuous effort to generate more business from the market, including the booming e-Commerce segment by offering its products and services. The Department of Posts is offering its existing products & services like Speed Post, Express Parcel/Business Parcel to customers, including more than 900 e-Commerce companies. Some of the major e-Commerce players who are being provided delivery services are Amazon Sellers India Pvt Limited, Naaptol Online Shopping Pvt. Limited, Telebrands (India) Pvt.Ltd., Jasper InfoTech Private Limited (Snapdeal), Flipkart.com (WS Retail Sellers), Yepme.com (Growth ways), Myntra.com (Vector Ecommerce Pvt. Ltd), Shopping Zone India TV Pvt. Limited, Jabongg.com (Xerion) and Jiva Ayurvedic Pharmacy Ltd.
- (viii) Notices/Summons issued by Delhi High Court through Speed Post service with physical as well as electronic Proof of Delivery facility was started with effect from 03.02.2014. The service has been extended to Orissa High Court, Cuttack, with effect from 06.01.2015 and Punjab and Haryana High Court with effect from 01.02.2015.
- (ix) Tie-ups have been made with Steel Authority of India (Marketing wing) for sending their articles through Speed Post issued by its various offices located across the county under Single Point Account Management scheme.
- (x) Special drives have been undertaken for opening of Post Office Savings Accounts, opening of more Basic Saving Account (zero balance) for beneficiaries of MGNREGA, Old Age Pensions, Widow Pension and other Social Security schemes of Govt. of India/State Govt.

11. The Committee have been informed that through the above measures, the Department aim to sustain a robust growth in revenues along with reduction in expenditure so as to bridge the deficit during 2016-17.

c) REVENUE RECEIPTS

12. Revenue Receipts of DoP during the past four years and projections for the year 2016-17 are as under:-

	(Rs. in Crore)				
	2012-13	2013-14	2014-15	2015-16	2016-17
BE	7793.31	9101.81	10281.90	12036.87	13827.05
RE	8762.75	9787.52	11327.92	12614.01	-
Actuals	9366.50	10730.42	11635.98	11385 (upto February, 2016)	-

13. The target of revenue receipts at BE for the year 2016-17 is Rs.13827.05 crore, which is an increase of Rs 1790.18 crore over the BE of the previous year. When the Committee enquired about the categories in which there has been an increase in Revenue Receipts leading to significant upward revision in Budget Estimates for the year 2016-17, the Department have provided the following details:-

(Rs. in crore)

Areas/categories	2014-15 (Up to Feb,2015)	2015-16 (Up to Feb,2016)	BE 2016-17	% increase/decrease over 2014-15 (Up to Feb)
Speed Post	1278.36	1423.87	1680.00	11.38
Business Post	880.09	750.18	1000.36	(-)14.76
Retail Post	69.84	73.14	96.60	4.73
Business Parcel	22.28	78.70	92.01	253.23
Direct Post	1.91	2.01	3.14	5.24
Sale of Postage &Service Stamps	488.94	388.00	559.53	(-)20.64
Commission on Money Orders & IPOs	578.21	431.65	710.63	(-)25.35
Others*	1062.03	1240.20	1637.73	16.78
Revenue from P.O. (Including Commission from NERGA)	4381.66	4387.75	5780	0.14
SBCC	6227.85	6997.18	8047.05	12.35
Total Revenue	10609.51	11384.93	13827.05	7.31

* Others include various other products offered by the Department.

d) RECOVERIES

14. The Recoveries of DoP during the past four years and projections for 2016-17 are given as under:-

	2012-13	2013-14	2014-15	2015-16	2016-17
BE	665.05	680.58	665.19	655.34	676.28
RE	623.03	657.12	644.19	644.84	-
Actuals	688.77	593.19	661.98	30.64 (upto Feb, 2016)	-

15. On being asked about the reasons for the decrease in the target set at RE, the Committee have been informed that the recoveries have been reduced by Rs.10.50 crore at RE stage since certain decrease has been noticed in commission received on account of payment of Pension/Family Pension to EPF/CMPF/Railways and DOT/BSNL pensioners as these organizations/authorities have started making pension/family pension payments through banks instead of Post Offices. In addition, commission of Western Union Money Transfer (WUMT) has been shifted from recovery to postal receipt.

16. To a query about the measures proposed to be taken by the Department to improve recoveries in 2016-17, the Department, in a written note, have stated that PLI is the chief source of recovery for DOP. Necessary steps are on hand to enhance the recoveries from PLI by promoting PLI/RPLI business through measures like multimedia advertisement, PLI/RPLI melas, personal interaction of sales team with potential clients, etc. Further, to improve realization from other organizations, viz. Railways, DOT, EPFO, etc., the matter is being actively pursued.

17. The Department have informed the Committee that the actual recoveries upto February, 2016 for the year 2015-16 is Rs.30.64 crore. But, estimated recoveries in respect of PLI/RPLI upto February, 2016 is Rs.536.35 crore which will be accounted for at the end of the financial year.

e) **REVENUE DEFICIT**

18. The Revenue Deficit of the Department during the past four years and projections for the year 2016-17 are as under:-

	(Rs. in crore)				
	2012-13	2013-14	2014-15	2015-16	2016-17
BE	5921.35	7093.78	7194.46	6802.05	8619.27
RE	5935.46	6019.41	6517.74	6925.76	-
Actuals	5425.88	5473.10	6258.60	-	-

19. The deficit of the Department for rendering various services through its vast pan-India network is estimated at Rs. 6925.76 Crore in 2015-16(RE) and Rs.8619.27 Crore in BE 2016-17. Financial position of the Department for the year 2014-15 onward is as under:-

	(Rs. in crore)					
	BE	RE	Actual	BE	RE	BE
	2014-15	2014-15	2014-15	2015-16	2015-16	2016-17
1	2	3	4	6	7	8
Revenue Section						
Gross Expenditure	18141.55	18489.85	18556.56	19494.26	20184.6 1	23122.60
Less-Recoveries	665.19	644.19	661.98	655.34	644.84	676.28
Net Expenditure	17476.36	17845.66	17894.58	18838.92	19539.7 7	22246.32
Revenue Receipts	10281.90	11327.92	11635.98	12036.87	12614.0 1	13827.05
Deficit	7194.46	6517.74	6258.60	6802.05	6925.76	8619.27
Capital Section						
5201-Capital Outlay	518.30	162.15	172.96	336.65	348.05	406.26
Total Budgetary Support	7712.76	6679.89	6431.56	7138.70	7273.81	9025.53

Ref: P.No. 3 of Brief Summery

20. On the reason for a significant increase of 26.72% in revenue deficit for the year 2016-17, the Department have *inter-alia* stated that the impact of the recommendations of the 7th Pay Commission has also been included in the projection for the year 2016-17. Therefore, all these factors together have contributed to the increase in revenue deficit.

21. The projected revenue deficit for 2016-17 indicates an unprecedented jump of 26.72% over the previous year, *i.e.* 2015-16. When the Committee desired to know the steps proposed by the Department to contain the Revenue Deficit in the year 2016-17, it is stated in a written note that the Department have striven consistently to streamline their process and services to make them more customer friendly and increase the revenue receipts and also to monitor and control revenue expenditure. A number of initiatives are underway to bring in more customers, particularly in the e-commerce segment so that more revenue is generated. New avenues are also being explored to generate additional revenue.

22. Elaborating further on revenue deficit, the Secretary, DoP, in evidence, stated:

“.....we, on our part, have been trying to enhance the revenue augmentation. We have been registering a steady increase year on year. This year also, I think, we will fulfil our revenue commitment of Rs.12614 crore which we had shown in the budget and we will definitely achieve that revenue target. Till February, we have achieved Rs.12387 crore. So, the growth is positive but as noted the expenditure is also growing because delivery of services encompasses a huge sub-system of trans-shipment, transmission, processing and door step delivery, all of which entails cost and the establishment costs themselves like rentals, telephone bills, electricity bills, water bills and everything has been going up year on year. Stationery costs, material costs, cost of bags, etc. have been going up. So, it has been a terrific challenge for us. Notwithstanding, we have managed to contain the expenditure to only about 9 per cent. That is our operating cost of the total budget.”

23. To a query of the Committee regarding the focus of the Department for revenue generation for the next five years, the Department, in a post-evidence note, have submitted as under:-

"The Department will focus on revenue generation for the next five years by scaling up the enrolment under Jan Suraksha Scheme (introduced by the Department in 2015-16) and more investment in Small Savings scheme.

The emerging e-Commerce market is perceived as a big business opportunity by the Department to increase its revenue receipts. By closely studying and examining the market dynamics, the services are being tuned with the requirements of the 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 delivery so that the Department can increase its share in the delivery of goods ordered online. As a

step forward Department has introduced two parcel services with Cash on Delivery (COD) facility w.e.f. 02.12.2013. This facility has been extended to Speed Post also to cater the needs of the eCommerce customers looking for a premium delivery. In order to provide complete supply chain management solution by providing them return management solution, the Department is formulating a service namely 'Business Reply Speed Post Articles'. Further, horizontal integration in the supply chain is also planned through development of warehousing capacity to assist small e-retailers which is a part of 12th Five Year Plan scheme on Parcel and Logistics. All these steps will help the Department to be the first choice of eCommerce companies for online business.

Moreover, 57 Parcel Booking Centres have been established/augmented in key cities under the 12th Five Year plan scheme upto 2015-16. These centres are equipped with advance handling equipment which would not only provide safe and secure handling of consignments but will also speed up booking and handling processes, thus reducing the expenditure on handling of the consignments.

The parcel products namely Express Parcel and Business Parcel in addition to Speed Post, Logistic Post and Business Post would help in increasing revenue generation in the coming years.

IV. REVIEW OF THE PLAN SCHEMES

24. Scheme-wise details of allocation and utilization for the Twelfth Plan during the last two years are as under:-

Name of the Scheme	BE 2014-15	RE 2014-15	Actuals	BE 2015-16	RE 2015-16	Actual upto February, 2016	BE 2016-17
Mail Operations (clubbed with Postal Operations w.e.f. 2016-17)	78.83	48.50	56.41	52.03	46.05	26.78	
Financial Services (Savings Bank & Remittances) (renamed as Financial Services)	5.07	2.33	1.80	3.35	12.35	0.7400	161.70
Postal Life Insurance (clubbed with Financial Services 2016-17)	10.15	9.00	8.46	6.7	6.7	6.030	
Rural Business & Access to postal network (clubbed with Postal Operations w.e.f. 2016-17)	36.41	27.01	26.41	24.03	25.01	18.790	
Postal Operations	52.91	40.51	44.80	34.92	34.92	27.470	366.97
Premium Services (clubbed with Postal Operations w.e.f. 2016-17)	17.50	13.00	13.80	11.55	11.85	9.110	
IT Induction & Modernisation (clubbed with Postal Operations w.e.f. 2016-17)	506.39	86.80	88.85	276.4	331.1	197.110	
Human Resource Management	31.30	22.74	22.33	20.66	20.86	17.50	39.62
Estates Management	55.40	43.42	37.72	34.98	27.17	17.62	31.71
Philately Operations (clubbed with Postal Operations w.e.f. 2016-17)	6.04	6.69	6.12	3.99	3.99	2.70	
Grand Total	800.00	300.00	306.71	468.61	520.00	323.85	600.00

25. The Committee desired to know whether the actual utilization for the year 2015-16 and the Budget Estimates for the year 2016-17 are consistent with the approved Plan expenditure. To this, the Department stated that the actual utilization of funds in the year 2015-16 and Budget Estimates 2016-17 are within the approved Plan outlays of all the Plan schemes under the 12th Five Year Plan. However, the Plan provision made by the Ministry of Finance for the financial year 2016-17 is lower than the demand made by the Department for the financial year 2016-17. There were significant unavoidable delays in award of contracts under various RFPs under the IT Modernization Project. By 2014-15, all the RFPs under the IT Modernization Project had been finalized and the rollout started. Utilization of funds improved, but progress of expenditure was still slow as payments to vendors under various RFPs were linked to project deliverables and milestones and were not yet due. This led to a significant cut by the Ministry of Finance in the Plan outlay at the RE stage in 2014-15. However, the pace of implementation of this project has accelerated in 2015-16. It is anticipated that the pace of expenditure will be satisfactory during the remaining period of the 12th plan.

26. Asked about the reasons, the Department, in a written note, submitted as under:-

"a) Payments for goods and services are effective on receipt of deliverables, acceptance of which also takes time and expenditure incurred is reflected only in the later part of the financial year.

b) For construction activities, before incurring expenditure, codal formalities are to be completed. This process generally takes up the first two quarters of the financial year. Thereafter, implementation commences and expenditure is incurred and booked during the last quarter of the financial year, after completion of construction.

c) Expenditure in 2015-16 up to 31.03.2016 is expected to be about Rs. 502 Crore (about 96% of the RE provision of Rs.520 Crore) as per the Final Grants projections for 2015-16, since the pace of expenditure picked up in the last quarter under all schemes, with payments under various contracts becoming due.

d) An amount of about Rs.18 Crore has been surrendered, primarily against the outlays for the North Eastern Region under the IT Modernization Project (that had to be allocated as per norms of 10% of the total outlay). The postal network in the North Eastern Region, which is provided as per the norms and requirements, is four percent of total network of the Department in the country. Therefore, the capacity of the IT Modernization project to absorb funds in the North-Eastern Region is limited. There is also a net surrender of Rs.0.856 Crore from the activity for setting up the India Post Payments Bank under the Financial Services scheme, after re-appropriation to other schemes, since the India Post Payments Bank activities have been approved by Government for commencement only in 2016-17."

27. The Department have informed the Committee that during the year 2016-17, six schemes, viz. Mail operations, Postal Life Insurance, Rural Business and Access to Postal Network, Premium Services, IT Induction and Modernization and Philately operations will be clubbed with 'Postal Operations' Scheme, thereby reducing the number of XII Five-Year Plan Schemes to four, viz. Postal Operations, Financial Services, Human Resource Management and Estate Management.

28. To a query about the reasons for merger of six Plan Schemes into 'Postal Operations' during the last year of the XII Plan period, the Department have stated that directions for rationalization of Central Sector Schemes were issued by the Ministry of Finance to avoid proliferation of these schemes and with a view to having outcome-based umbrella schemes

for better management, administrative convenience, improved monitoring and achieving synergy in implementation. After discussion with the Ministry of Finance, six Plan schemes of the Department of Posts were subsumed into the umbrella scheme 'Postal Operations' with effect from the financial year 2016-17.

29. When the Committee enquired specifically about the likely impact of the merger of the Schemes on their performance, the Department, in a written note, have submitted as under:-

"With the rationalization of the Plan schemes into 4 schemes - Postal Operations, Financial Services, Human Resource Management and Estates Management - w.e.f. 2016-17, it is anticipated that there will be more rationalized administrative convenience, greater synergy in the implementation process and better management and monitoring of schemes."

30. On the need to relook at the existing planning process, it was stated that the Department have been proactively reviewing the implementation of various Plan schemes/projects and has progressively strengthened the monitoring process. However, despite appropriate planning and stringent monitoring, there have been procedural delays due to circumstances which were beyond the control of the Department. The Department have duly noted the concerns raised by Committee and will ensure that these concerns are addressed while planning and implementing new schemes/projects, so as to minimize procedural delays. As regards rationalization of Plan schemes, this has not been done due to any lacunae in the planning and implementation process with regard to individual schemes that have been merged. This has been done only to ensure greater synergy and administrative convenience in implementation of the existing schemes and to avoid possible overlapping between schemes in the future. The rationalization was done on the advice of the Ministry of Finance. There is no adverse impact of rationalization on the ongoing individual projects/activities now subsumed under the umbrella schemes.

(i) MAIL OPERATIONS, INCLUDING INTERNATIONAL MAILS AND GLOBAL BUSINESS

31. The objective of this scheme is to streamline mail operations, keeping in view the emerging needs of various customer segments, with special emphasis on the business mail segment, visibility of mail movement or track and trace and speedy transmission of mails.

The proposed outlay for the Scheme in the Twelfth Five Year Plan was Rs.821.20 crore and the approved outlay for the same is Rs.568.20 crore. The details of allocation for Mail Operations are as follows:

(Rs. in crore)							
Sl. No	Year	Proposed Allocation	BE	RE	Actual Exp.	% of achievement compared with BE	
1	2012-13	63.75	77.60	51.20	43.56	56.13	
2	2013-14	166.34	92.15	32.68	43.66	47.37	
3	2014-15	184.04	78.83	48.50	56.41	71.55	
4	2015-16	71.97	52.03	46.05	18.59 (upto Dec., 2015)	35.72	
5	2016-17	Scheme subsumed in Postal Operations w.e.f. 2016-17					

32. When asked about the reasons for the low utilization of funds during 2015-16, the Department have stated that the funds allocated for the Parcel Network Optimization Project (PNOP) consultancy could not be utilized due to non-finalization of the consultant. It was also stated that the funds which were allocated to the circles under the Mail Network Optimization Project (MNOP) and Upgradation of Speed Post Centres were allocated to the Postal Circles only after receipt from the Ministry of Finance in July. The major components of expenditure under the referred schemes include procurement of hardware, operational equipment and site preparation. For site preparation, Postal Circles have to issue Administrative Approval & Expenditure Sanction to Civil and Electrical wing and for procurement of hardware and equipment, Circles have to place orders on DGS&D and the fulfillment of orders takes time. Hence, the funds could not be utilized by December 2015.

33. Scheme-wise details of expenditure made under Plan schemes in Mail Operation are as under:

(Values in Rs. crore)								
Sl. No.	Plan Scheme/ Activity	BE 14-15	RE 14-15	Actual 14-15	BE 15-16	RE 15-16	Actual 15-16 (till Feb.)	BE 16-17
1	Mail Network Optimization	52.71	38.31	43.34	19.93	16.80	12.11	30.00

	Project							
2	Setting up of AMPCs	0.05	2.03	2.13	3.21	1.25	0.81	100.00
3	National Address Database Management Project	2.69	1.50	1.43	2.01	1.51	0.36	2.11
4	Development of Road Transport Network	2.00	0	1.32	12.00	8.00	6.60	21.00
5	Upgradation of Speed Post Centres	5.00	8.30	8.08	12.26	12.00	6.88	17.10
6	Upgradation of MMS vehicles & Containerized Transportation of mail	2.00	0		2.00	The Scheme is dropped		
7	Providing vehicles for bulk & SP mail delivery & collection	1.00	0.03	0	1.50	1.50	0.00	Completed
8	Providing GPS to MMS	1.00	0	0	1.00	1.00	0.00	1.00

34. The details of physical targets and achievements made under the scheme are as under:-

Sl. No.	Plan Scheme/ Activity	Physical Targets (2014-15)	Achievement (2014-15)	Physical Targets (2015-16)	Achievement (2015-16)	Physical Targets (2016-17)
1	Mail Network Optimization Project	45 Mail Offices	Upgraded 202 Mail Offices (Parcel Hubs, Express Parcel Hubs and Computerized Registration Centres)	54	Upgraded 76 Mail Offices	68 mail offices

2	Setting up of AMPCs	3	0	3 Site	0	4 (Supply & installation of machines)
3	National Address Database Management Project	22 Cities in 22 Circles	20 Cities in 22 Circles	22 Cities in 22 Circles	20 Cities	27 Cities in 22 Circles
4	Development of Road Transport Network	1 Metro City	0	6 Routes	34 Routes	15 Routes
5	Upgradation of Speed Post Centres	15 Speed Post NSHs/ ICH	Upgradation done in 49 NSHs/ICHs	55 Speed Post NSHs/ ICH/BNPL	74 NSHs/ICH /BNPL	43 Speed Post NSHs/ ICH/BNPL
6	Upgradation of MMS vehicles & Containerized Transportation of mail	50	-	Scheme dropped	-	Scheme dropped
7	Providing vehicles for bulk & SP mail delivery & collection	15	11	24	24	Completed
8	Providing GPS to MMS	900	-	990	990	300

35. The Department have informed that the merger of the Mail Operations Scheme into the Postal Operations Scheme from 2016-17 is expected to have a positive impact on the ongoing Plan Activities of the Mail Business Division. The Mail Business Division is handling 7 Plan Activities (as indicated at Point 27) which will be subsumed within the Postal Operations Scheme along with similar operation related plan activities of other divisions of the Directorate. With this rationalization of the Plan schemes w.e.f 2016-17, it is anticipated

that there will be more administrative convenience, greater synergy in the implementation process and better management and monitoring of schemes.

a) Mail Network Optimization and Setting up of AMPCs

36. The Mail Network Optimization Project (MNOP) was undertaken by the Department to optimize and consolidate the erstwhile mail network and improve the quality of service of mail products. MNOP includes components such as consolidation and optimization of mail network, process re-designing and standardization of mail operations, improvement of mail delivery processes, and effective performance management through Key Performance Indicators (KPIs).

37. On being asked about the tangible and measureable improvements in quality of mail operations, the Department, in a written note, have *inter-alia* stated that due to implementation of this Scheme, articles having complete tracking information on the website have increased from 63 lakh (December 2009) to 2.74 crore (January 2016) and also have reduced percentage of mail being mis-routed due to improved monitoring of Speed Post articles with the help of KPIs.

38. On the achievements made during 2015-16, the Department have stated in a written note that booking and delivery information for more than 93% Speed Post and 80% articles have been made available online, 5 new national sorting hubs have been set up in the North East region to effectively monitor the performance of Speed Post mail in each of the North East State, more than 83% Speed Post articles booked at the Post offices are delivered within 3 days of booking of the articles, as compared to 78% during the previous year, and new e-Commerce article based KPIs have been developed for the monitoring of the booking, delivery and transmission time of Speed Post e-Commerce articles which has contributed to the growth in the booking of e-Commerce articles by the Department.

b) Setting up Automated Mail Processing Centers (AMPCs)

39. During the examination of the Demands for Grants (2015-16), the Department had informed that they are in the process of setting up Automated Mail Processing Centers (AMPCs) at Mumbai, Chennai, Bengaluru and Hyderabad.

40. When the Committee enquired about the total number of articles handled by AMPCs functioning at New Delhi, Kolkata and Mumbai and the amount of mail handled by them as a percentage of the total mail handled by the Department, it was stated in a written reply that the AMPC at Delhi is handling 5.6 lakh articles per day (1.6 lakh Speed Post articles and 4 lakh unregistered mail), whereas the AMPC at Kolkata is handling 2.61 lakh articles per day (57000 Speed Post and 2.04 lakh unregistered mail). However, the AMPC at Mumbai had stopped functioning since April 2015 as the sorting machines have over lived their life span. The percentage of Speed Post articles at AMPCs Delhi and Kolkata vis-a-vis total Speed Post mail handled by the Department is approximately 20%. The percentage of unregistered mail at AMPCs Delhi and Kolkata vis-a-vis total unregistered mail handled by the Department is approximately 3.5%.

41. The current status of replacing old AMPCs at Mumbai and Chennai and setting up of new AMPCs at Bengaluru and Hyderabad is as under:-

Mumbai: Mumbai International Airport (MIAL) has offered suitable land for setting of AMPC and Department has accepted the same. The process of signing the agreement is in the final stage and will be executed shortly. RFP for hiring a consultant for setting up of AMPC is under process. The RFP for setting up of AMPC shall be issued after having the consultant on board.

Chennai: Department has decided to set up AMPC at Departmental land at MMS Complex Chennai. Sufficient land is available at MMS Complex for smooth functioning of AMPC. RFP for hiring a consultant for setting up of AMPC is under process. The RFP for setting up of AMPC shall be issued after having the consultant on board.

Bengaluru: Suitable land for setting up of AMPC at Bengaluru has been purchased from Karnataka Industrial Area Development Board (KIADB) near Bengaluru Airport. RFP for hiring a consultant for setting up of AMPC is under process. The RFP for setting up of AMPC shall be issued after having the consultant on board.

Hyderabad :Suitable land for setting up of AMPC at Hyderabad has been purchased from the Government of Andhra Pradesh near Hyderabad Airport. RFP for hiring a consultant for setting up of AMPC is under process. The RFP for setting up of AMPC shall be issued after having the consultant on board."

42. When the Committee enquired about the reasons for lack of any progress in replacing old AMPCS at Mumbai and Chennai and setting up of new AMPCS at Bengaluru and Hyderabad, the Department, in a written note, have submitted as under:-

"The proposal for setting up of one Letter Sorting Machine (LSM) and one Mixed Mail Sorter (MMS) each at Mumbai, Chennai, Bangalore and Hyderabad was approved for the 12th Plan period. But due to non-finalization of the consultant for the project, the scheme could not take off within the envisaged time frame. In the last few years, the mail profile all over the country has undergone a vast change. In spite of best efforts made by the concerned division of the department, viz. Mail Business Division, due to non-finalization of the consultant, the scheme could not take off in time."

(ii) FINANCIAL SERVICES (SAVINGS BANK AND REMITTANCES)

43. The objective of this Scheme is to fully realize the potential of the vast customer base and credibility of India Post in the area of banking and promote the habit of thrift and savings among citizens of the country. The Scheme is being continued in the 12th Plan under the nomenclature of 'Financial Services (savings bank & remittances)' with a widened scope and object. The proposed outlay for the scheme during the Twelfth Five Year Plan is Rs. 1045 crore out of which the approved outlay is Rs. 784 crore. The details of allocation are as follows:

(Rs. in crore)						
Sl. No	Year	Proposed Allocation	BE	RE	Actual Exp.	% of Exp. when compared with BE
1	2012-13	26.60	24.50	3.56	0.00	0.00
2	2013-14	578.50	55.87	6.65	5.39	9.64
3	2014-15	652.90	5.07	2.33	1.80	35.50
4	2015-16	151.56	3.35	12.35	0.74 (upto Feb.2016)	-
5	2016-17	320.00	161.70	-	-	-

44. The BE for the year 2015-16 was Rs.3.35 crore which was enhanced to Rs.12.35 crore at the RE stage. However, the actual expenditure has been Rs 0.61 crore upto December, 2015, *i.e.*, just 18.21 percent of BE. Asked about the reasons for the gross under-utilization of funds during 2015-16, the Department, in a written note, have submitted as under:-

"RBI granted 'in principle' approval for setting up of India Post Payments Bank on 7/9/2015 with a timeline of 18 months to complete all formalities and apply for license to RBI. Department submitted its proposal for obtaining the approval of PIB within 15 days of the 'in principle' approval. In anticipation of approval of the Cabinet by December, 2015 and in view of the very tight timelines, funds were requested at RE stage to the extent of Rs. 8 crore for execution of the project, as no funds were allocated for the project at BE 2015-16. The Public Investment Board in their meeting held on 19/1/2016 recommended that the implementation of project and flow of funds is to commence from 2016-17 onwards. Hence the funds of Rs. 8 crore allocated at RE 2015-16 for the Plan activity Setting up of India Post Payments Bank were surrendered at FG stage."

45. For the year 2016-17, the Department had sought an allocation of Rs.320.00 crore. However, it has been reduced to Rs.161.70 crore at the BE stage. "Setting up of India Post Payments Bank is one of the schemes that would be affected due to cut in the BE allocation for 2016-17. Rs.300 crore was proposed at BE 2016-17 for the project against which Rs.150 crore has been allocated. As per the recommendations made by Public Investment Board (PIB) in its meeting held on 19/1/2016, the IPPB will be set up as a Public Limited Company with 100% GOI equity under the Department of Posts at a total project cost of Rs.800 crore (Rs.400 crore equity and Rs.400 crore grant) for furthering financial inclusion and direct benefit transfers in the country. The year-wise outgo of funds will be as follows:

	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	Total
Equity	300	100				400
Grant		100	100	100	100	400
Total						800

46. The balance funds of Rs.150 crore would be sought at the first batch of Supplementary Demand for Grants for FY 2016-17.

47. The Committee also desired to know the status of utilization of Plan funds under Financial Services, to which the Department have provided the details as under:-

(Rs. in crore)

Sl. No.	Particulars of Scheme/ Activity	BE (2014-15)	RE (2014-15)	Actual (2014-15)	BE (2015-16)	RE (2015-16)	Actual (2015-16)	BE (2016-17)
1	2	3	4	5	6	7	8	9
1	Setting up of India Post Payments Bank	0.01	0.55	0.1862	-	8.00	-	150.00

48. The Department have informed that funds allocated at RE stage could not be utilized since the PIB approved funding for the project from FY 16-17 and the approval of the Cabinet is yet to be granted.

49. The scheme Financial Services (Savings Bank and Remittances) Scheme and the postal Life Insurance Scheme have been merged into umbrella Financial Services Scheme w.e.f. 2016-17. When asked about the likely impact on the implementation of the scheme, the Department, in a written note, have submitted as under:-

"Ministry of Finance had taken a series of meetings in pursuance of para 3.6.1 (a) of the Budget circular 2016-17 in close coordination with Plan Finance II division of the Expenditure Department to rationalize all Programmes/Schemes. Directions for rationalization of Central Sector Schemes were issued by MOF to avoid proliferation of these schemes and with a view to have outcome-based umbrella schemes, to have better management, administrative convenience, improved monitoring and achieving synergy in implementation. Accordingly, since Banking and Insurance are both financial services, "Financial Services (Savings Bank and Remittances)" scheme and the "Postal Life Insurance" scheme were merged into the umbrella "Financial Services Scheme" w.e.f 2016-17."

a) Centralized Banking for Post Office Savings Bank (POSB)

50. The Department have a plan for providing Core Banking Solution (CBS) in all the Departmental Post Offices in a phased manner. Till 19 March 2016, 807 Head Post Offices and 19687 Sub Post Offices (total 20494) have been provided CBS facilities. All offices are likely to be covered by the end of April-May 2016.

51. With regard to the current status of roll-out of Internet, SMS and Mobile banking services to POSB customers, the Department have stated that the Internet, SMS and mobile banking services to POSB customers is under testing and will be rolled out soon.

52. The Committee have also been informed that M/s Infosys Ltd., the Financial Services System Integrator (FSI), is implementing CBS and installing 1000 ATMs. ATMs have been installed at 318 locations across the country and working in a closed system (only for POSB customers). The other bank customers can also make use of DoP ATMs after getting RBI approval for inter-operability and vice-versa.

53. With regard to the latest achievements made, the Department have stated that 749 ATMs have been installed in Post Office premises and they have applied for inter-operability of India Post ATM network with the ATM network of the existing commercial banks from RBI. The average cost incurred by the Department of Posts in setting up an ATM is Rs. 13,69,496/-.

b) Post Bank of India

54. The Department have informed that 'in principle' approval has been granted by the Reserve Bank of India for setting up the India Post Payments Bank *vide* its letter dated 7th September, 2015 with a validity of 18 months from the date of issue. The proposal has also been approved at PIB meeting held on 19th January, 2016. Now, approval of the CCEA for setting up India Post Payments Bank (IPPB) under the Department of Posts has to be obtained. After approval from CCEA, the entire process of obtaining the initial set of

approvals from RBI/RoC would commence, followed by selection of top management, recruitment of staff, etc., before IPPB can apply for formal license from RBI within the prescribed deadline of 18 months, *i.e.* by 6th March, 2017.

55. On the measures taken to complete the requisite formalities before applying for formal license from RBI within the prescribed deadline of 18 months, *i.e.* by 6th March, 2017, the Department, in a written note, have stated that the Public Investment Board (PIB) has approved the proposal for setting up of India Post Payments Bank in its meeting held on 19/1/2016. A draft Cabinet Note has been forwarded to PMO on 18/3/2016. It is anticipated that the Cabinet approval is likely to be obtained in early April 2016. All efforts are being made by the Department to complete all formalities and approach RBI for grant of license within the prescribed deadline.

56. The Department have informed that IPPB will set up up to 650 branches co-located with Head/ sub-post offices at District level. The existing network of Head, sub and branch post offices under each district will be linked to the corresponding IPPB branch and used as access points (front offices) of the IPPB.

57. On being asked about the position of the Department of Posts *vis-à-vis* other Payment bank licensees in providing 'Differentiated Banking' services to its customers, the Department, in a written note, have submitted as under:-

"Payments Banks are differentiated banks, in so much as, unlike the traditional universal banks, they are not allowed to undertake credit directly. Also they are mandated to work towards financial inclusion with special focus in rural areas and among the underbanked segments. The major products available through the Payments Banks are basic banking services, various types of payments, remittances and sale of third party products such as insurance, mutual funds, pensions, credit, etc., through third party tie-ups with banks and other financial service providers. DoP has the largest reach across India with 89% of post offices in rural areas. The post office staff have long experience in handling products mandated for Payments Banks and have earned the trust of the customers in doing so. Since IPPB will be using DoP's phenomenal reach and the local, loyal and experienced human resources of the post office in delivering its services to

the target clientele, it is likely to be best placed vis-a-vis its competitors in achieving real financial inclusion."

58. Regarding the major challenges likely to be faced by the Department of Posts, the Department have submitted as under:-

"IPPB expects extensive competition from other payments banks, universal banks and small finance banks, as well as from prepaid instrument (PPI) operators and companies engaged in domestic and international remittance business. Given that the physical customer interface would be provided by the post office, major challenges that IPPB will face would be in adopting latest technology, ensuring consistent service quality over the entire network of 1.55 lakh post offices and given the narrow margins in the payments and remittance business as well as the number of competitors in the business, it will face the challenge of earning enough revenue to be self-sustaining and contribute to revenue generation for DoP."

59. As per the information furnished by the Department, setting up of the Post Bank of India will lead to estimated additional revenue of Rs. 2365 crore over the first five years of operations. On being asked about the sources of revenue for the proposed Payments Bank, the Department, in a written note, have submitted as under:-

"The IPPB's major sources of revenue would be current and savings deposits, payments, including DBT payments, utility bill payments, person to person remittances both domestic and cross-border, collection of Government/ municipal dues/ fees/taxes, etc. Through tie-ups with banks, insurance companies, mutual funds houses, international money transfer operators, pension products providers and other permitted third party financial service providers, the IPPB will address the lack of access to basic financial services for citizens in rural and under-served areas, thus adding a viable revenue stream of fee income while providing a cost effective channel to other financial institutions to reach out to customers in hitherto un-remunerative areas."

60. With regard to the projected manpower requirement and the plans made by the Department to meet this manpower, the Department have stated that creation of new posts (Permanent or temporary) at DoP is not required for setting up the India Post Payments Bank. It is estimated that the IPPB will recruit about 7000 personnel with requisite banking and payments technology competencies, from the market, as per guidelines of RBI,

in the next 5 years according to the requirements of its branch roll out plan. The IPPB will also set up a Board as per RBI guidelines to ensure effective management of its business with due representation of all key stakeholders at the decision making level. The Secretary, DoP, will be the Part time, Non-Executive Chairperson of the Bank in order to ensure effective co-ordination with the DoP.

61. The Committee have also been informed that in order to effectively drive financial inclusion through the post office personnel at the cutting edge, especially in the rural areas, DoP- IPPB will have to undertake a lot of training of the counter staff, delivery personnel and cater to capacity building of the staff at 1.29 lakh village post offices (BOs) who currently have no exposure to ICT. DoP's extensive training establishment at national, regional and district level will be leveraged over the next few years to systematically train and retrain personnel in phases. In rural areas, it has been envisaged that a cluster of 10 or so BOs under a Tehsil/Taluka HQ will be grouped together for training/review meetings. Each of these meetings will cover about 20-25 Gramin Dak Sevaks (GDS) and 1-2 DoP staff. At least two training sessions at the pre-launch stage will be organized by IPPB for each cluster of BOs and more as necessary will be organized by DoP. Once services are commenced, regular quarterly meetings will be organized by IPPB in which monitoring of progress, trouble-shooting, best practices, common mistakes, customer feedback, new ideas, etc., would be discussed, top performers among the GDS felicitated as well as new products and services introduced. These meetings will be crucial to maintain the responsiveness and cohesiveness of the network. Thus, over a five-year period, about 2,86,000 sessions are envisaged to be held by IPPB officers for handholding of GDS staff.

62. The Department have informed the Committee that as per the information available with the Department of Posts, the concept of payments bank as a differentiated bank is unique to India. This is a national experiment introduced by the regulator to further the cause of financial inclusion by allowing a wider range of players to offer low risk payments banking services with a focus on unbanked and under-banked areas.

63. On being asked about the ability of the Payment Banks to generate sufficient revenue in the absence of lending operations in order to be self-sufficient, the Department have submitted as under:-

"This being the first experiment of its kind in the world, there are several concerns with respect to the revenue potential and viability of the payments banks. For most of the payment bank promoters, the major source of revenue will continue from their existing core business. While greater clarity will be gained over time through the implementation process, it is anticipated that revenue would be generated through current and savings deposits, payments, including DBT payments, utility bill payments, person to person remittances, both domestic and cross-border, collection of Government/ municipal dues/ fees/taxes, etc. Through tie-ups with banks, insurance companies, mutual funds houses, international money transfer operators, pension products providers and other permitted third party financial service providers, the IPPB will address the lack of access to basic financial services for citizens in rural and under-served areas, thus adding a viable revenue stream of fee income while providing a cost effective channel to other financial institutions to reach out to customers in hitherto un-remunerative areas.

Whether the present scope of activities will generate sufficient revenue to sustain a national network of the size of the DoP – IPPB combine will be known more clearly in the days to come though it is believed that with sufficient volumes, IPPB will be able to offer low cost DBT services in a self sustaining way. In case the viability cannot be ensured, the Department of Posts will come up with additional options for viability, while meeting the needs of universal financial inclusion."

c) Digital India Programme

64. As per some Media Reports, under the Digital India Programme, a total of 150,000 Post Offices are proposed to be converted into multi service centres. DoP would be the nodal Department to implement this scheme.

65. In this context, the Committee desired to know the role the India Post Payments Bank can play in offering payments/financial services as part of the Multi Service Centre established under the Digital India Programme. To this, the Department, in a written note, have stated that the India Post Payments Bank will drive the benefits of financial inclusion by bringing a host of payments/financial products to suit the needs of different strata of

society with special focus on the marginalized sections and citizens in rural areas. In doing so, it will provide:

- Direct Benefits transfer (DBT) of social security payments of various Ministries.
- Utility bill payments for electricity, water, telephone, gas, etc.
- Facilitate payments of various Central and State Govt & Municipal dues and fees of various Universities/ educational institutions.
- Person to person remittances, both domestic and cross-border- special focus will be on providing, economical, safe and convenient money transfer facilities to migrant labourers, NRIs remitting money to relatives, institutions, etc.
- Demand Deposits (Current account and Savings Account)- with special focus on MSMEs, small entrepreneurs, Village Panchayats & SHGs.
- Distribution of third party financial products such as Insurance (health & general), mutual funds and Pension products.
- Access to formal credit products by acting as Banking Correspondent of banks & MFIs.

(iii)RURAL BUSINESS AND ACCESS TO POSTAL NETWORK

66. The objective of this Scheme is to increase access to the postal network, keeping in view the Universal Service Obligation, and to bring postal facilities within the reach of every citizen of the country. This Plan scheme is continued from the 11th Plan into the 12th Plan with slight modification in scope and object with some new activities being initiated with nomenclature as 'Rural Business & Access to Postal Network'. The details of financial targets for the scheme during the Annual Plans are as follows:-

(Rs. in crore)						
Sl. No	Year	Proposed Allocation	BE	RE	Actual Expenditure	% of expenditure w.r.t. BE
1	2012-13	13.50	14.26	7.67	7.35	51.54
2	2013-14	52.00	17.57	12.84	13.25	75.41
3	2014-15	20.82	36.41	27.01	26.41	72.53
4	2015-16	10.47	24.03	25.01	18.79 (upto Feb,2016)	--
5	2016-17	Clubbed with Postal Operations w.e.f. 2016-17				

67. The Department have stated that the merger of the Rural Business and Access to Postal Network Scheme into the Postal Operations Scheme (w.e.f 2016-17) will improve the efficiency from the functional perspective. It will enhance synergy between Rural Business and Postal operations, the two identical silos of the Department leaving no scope of scheme overlapping. It would also help the administration for better planning and implementation of various activities of similar nature under a single canopy.

a) Franchise Outlets and Panchayat Sanchar Sewa Kendras

68. The achievements and volume of business transacted by the Franchise Outlets during last three financial years (2012-13 to 2014-15) are as under:

Year	No. of Franchise Outlets (as on 31 st March)	Stamps/ Stationery sold (in lakh)	Registered Post Articles (in number)	Speed Post Articles (in number)	Money Orders (in number)	Other Retails (in numbers)
2012-13	1749	2678.29	8,73,370	41,01,161	35,723	1,21,576
2013-14	1790	3762.169	51,02,626	3,70,997	23,450	54,839
2014-15	2066	3847.511	29,82,438	51,44,488	15,301	1,54,918

69. The achievements and volume of business transacted by the Panchayat Sanchar Sewa Kendras during the last three financial years (2012-13 to 2014-15) are as under:

Year	No. of PSSKs (as on 31 st March)	Stamps/ Stationery sold (in lakhs)	Registered Post Articles (in number)	Certificates of posting issued (in number)
2012-13	3232	900.51	8,44,719	1,215
2013-14	2795	824.939	8,11,356	0
2014-15	2658	734.185	10,14,860	0

70. To a query regarding the proposals of the Department for the two commission based schemes in the Twelfth Plan, the Department have submitted as under:-

(a) Franchise Scheme: The Franchise Scheme is being implemented as one of the activities/ sub-schemes under the Plan Scheme – “Rural Business & Access to

Postal Network” during the 12th Plan with the objective to increase access to the postal facilities in urban & semi-urban areas where there is need and justification for opening of post offices but Department is not in a position to open new Post Offices due to some reasons. There is proposal for opening of 1,050 new Franchise Outlets during the 12th Plan. During the year 2016-17, against the target of 200 FOs, the Department have achieved 148 upto Feb, 2016.

(b) Panchayat Sanchar Sewa Yojana Scheme: As an ambitious plan to provide economical services to rural populace, Panchayat Sanchar Sewa Yojana (PSSY) Scheme was launched in September, 1995 with the objective to provide basic postal facilities like sale of postage stamps/ stationery, booking of registered articles, etc., to Gram Panchayat Headquarters which are without Post Offices. This scheme is being implemented by the Gram Panchayats through agents appointed by them (Gram Panchayats) with the written consent of the concerned Superintendent / Senior Superintendent of Post Offices. These Sanchar Sewa Kendras are opened in Gram Panchayat Headquarters where opening of post office is justified but it cannot be opened for some reason. This is also subject to receipt of applications from the Heads of the Gram Panchayats.

This scheme has not been effective with most of the PSSKs are showing nil or negligible transactions because of (i) fall in demand for postage stamps/ stationery due to availability of faster alternate modes of communication; (ii) lack of interest on part of Panchayat Sanchar Sewa Yojana (PSSY) Agents; (iii) non-supervision on part of Gram Panchayats over the functioning of Panchayat Sanchar Sewa Kendra Agents despite their commitment to do so. In view of the facts stated above, implementation of this scheme has not been included under Plan Scheme during 12th Plan. However, opening of Panchayat Sanchar Sewa Kendra under this scheme is an on-going activity subject to receipt of applications from the Heads of the Gram Panchayats."

(iv) PREMIUM SERVICES

71. The Department of Posts have to respond to increasing competition from a large number of players. The Business Development Directorate is focusing on marketing, logistics and retail services to address the challenges with improved service delivery, transparency and customer sensitivity and a wide range of generic and customized premium products and services. Activities of marketing function and establishment of parcel & logistics centres are continued from the 11th Plan into the 12th Plan.

72. The details of financial achievements made during the last two years are as under:-

(Figures in crore)

Sl. No.	Particulars of Scheme/Activity	BE (2014-15)	RE (2014-15)	Actual (2014-15) FG	BE (2015-16)	RE (2015-16)	Actual (2015-16) FG
1	2	3	4	5	6	7	8
1	Marketing Function of the Department	8	6	6.33	2.55	2.85	5.50
2	Establishment and up-gradation of parcel & Logistics Centres/hubs/ware houses	9.5	7	7	9	9.00	10.50

73. With regard to physical performance, the Department have provided the information as under:-

Sl. No.	Particulars of Scheme/Activity	Physical Target (2014-15)	Achievements (2014-15)	Physical Target (2015-16)	Achievements (2015-16)
1	2	3	4	5	6
	Marketing Function of the Department	Advertisement through print, electronic media, web portals and through event sponsorship. Direct marketing through printing of mailers, brochures and other publicity materials. Customer awareness campaigns through customer meets, road show, and participation in trade fairs, exhibitions and celebration of National Postal	The marketing activities such as release of advertisement in Print media, Radio, TV, etc. have been done on regular basis. Besides that promotional/publicity material have been released on regular basis.	Advertisement through print, electronic media, web portals and through event sponsorship. Direct marketing through printing of mailers, brochures and other publicity materials. Customer awareness campaigns through customer meets, road show, and	The marketing activities such as release of advertisement in Print media, Radio, TV, etc. have been done on regular basis. Besides that promotional/publicity material have been released on regular basis.

		week, etc.		participation in trade fairs, exhibitions and celebration of National Postal week, etc.	
	Establishment and up-gradation of parcel & Logistics Centres/hubs/warehouses	Establishment of 27 Parcel Booking Centres	27 Parcel Booking Centres	Establishment of 9 Parcel Booking Centres	9 Parcel Booking Centres

a) Performance of Speed Post and Logistics Post

74. A Market Research and Customer Satisfaction Survey on Speed Post service was conducted by M/s IMRB International on behalf of the BD&M Directorate. The report shows that in terms of volume handled, the share of India Post's Speed Post in the overall courier market was about 32% in the FY 2012-13. The delivery of Speed Post is available across the country. For further growth of Speed Post in the country, especially in rural areas, the Heads of Circles have been empowered to expand Speed Post booking service in the area under their jurisdiction keeping in view connectivity, customer's requirement and market potential. Further, Cash on Delivery (COD) facility has been introduced in Speed Post as well as Express and Business Parcel so that rural customers can also get benefits of the e-Commerce market. Speed Post has been ranked as the best express mail delivery service across the country in comparison to all private couriers as per the CAG report laid in the Parliament in May 2015.

75. The Committee have been informed that the Speed Post-Cash on Delivery (SP-CoD) service has been introduced by the Department of Posts to cater to specific needs of the e-Commerce companies. When asked about the response to this scheme, the Department, in a written note, have submitted as under:-

"Considering the fact that Cash on Delivery (COD) option in India is very high, Department of Posts has introduced facility as a value addition to Business Parcel, Express Parcel and Speed Post services to provide fast and economical remittance

option to the customers towards cost of their goods. Department of Posts has collected and remitted more than Rs. 1250 crores till February-2015 since its introduction in December-2013 to the e/tele commerce customers. In 2014-15, 3.44 lakhs Speed Post CoD articles were booked where as in 2015-16, till February, 2016, more than 10 lakhs SP-CoD articles have been booked."

76. Revenue generated through Speed Post during the last 3 years is as follows:

Year	Revenue (Rs. in crore)	Percentage increase in revenue
2013-14	1372.21	8.78 %
2014-15	1495.21	8.96 %
2015-16 (upto February- 2016)	1423.86	11.38%*

* Percentage growth over corresponding period of previous financial year

77. Revenue generated under Logistics Post in last 3 years is given below:

Year	Revenue generated in (Rs. crore)
2013-14	15.25
2014-15	24.43
2015-16(upto February-2016)	13.21

78. On being asked about the major customers availing the facility of Logistics Post and measures for expansion of Logistics Post, the Department, in a written note, have submitted as under:-

"Registrar General of India, Pawan Hans Helicopters Limited, State Government Text Books Corporations, etc. are the major customers availing Logistics Post services of the Department.

In order to expand the coverage of Logistics Post services and generate more revenue, Department has signed a 'Memorandum of Understanding' with Air India to provide air transmission facility to Logistics Post consignments. This facility is available between 15 stations. In order to ensure proper road transportation facilities for transmission and delivery of Logistics Post, transporters have been empanelled. Further, Circles have been empowered to make local arrangements also, if required."

b) e-Commerce

79. When the Committee desired to know the plans of the Department to capture market share in product delivery in the fast growing e-Commerce segment, the Department, in a written note, have submitted as under:-

"Department of Posts have adopted focused approach to fulfill needs of e-Commerce sector, to increase its revenue receipts. As a part of strategy to provide logistic and payment solutions to such customers, Department of Posts has rationalised its service offerings and introduced Cash on Delivery (COD) facility. The Parcel booking and handling facilities are being upgraded to cater to the increasing e-Commerce market. As per demand of the e-Commerce companies, Department is providing technological support which includes seamless data integration through Application Programme Interface (API) to the e-Commerce companies. Since e-Commerce companies are looking for faster delivery options like same day/ next day deliveries, Department has also started pilot in select cities through select post offices to provide same day/ next day delivery so that existing customers are retained and new business is diverted to Department of Posts. Department has also initiated action to mechanize its deliveries to improve the delivery performance. Nodal/Mechanized delivery has been introduced in 11 major cities, same/next day delivery along with delivery on Public Holiday/Sunday and beyond business hours introduced in 7 cities. Road transport network consisting of 34 major routes has been established for fast, secure and reliable transmission of parcels, etc. More than 950 Mail Vans have been fitted with GPS devices for online monitoring of mail movement. Further, Department has introduced National Account Facility under Speed Post to facilitate the customers."

80. On the status of entering into tie-ups with e-Commerce players for delivery of their products, the Department have stated that they have been making continuous effort to generate more business from the market, including the booming e-Commerce segment by offering its products and services. The DoP are offering its existing products & services like Speed Post, Express Parcel/Business Parcel to customers, including more than 900 e-Commerce companies. The following are some of the major e-Commerce players who are being provided delivery services:

- i. M/s Amazon Sellers India Pvt Limited
- ii. M/s Naaptol Online Shopping Pvt. Limited
- iii. M/s Telebrands (India) Pvt.Ltd.

- iv. M/s Jasper InfoTech Private Limited (Snapdeal)
- v. M/s Flipkart.com (WS Retail Sellers)
- vi. M/s Yepme.com (Growth ways)
- vii. M/s Myntra.com (Vector Ecommerce Pvt. Ltd)
- viii. M/s Shopping Zone India TV Pvt. Limited
- ix. M/s Jabongg.com (Xerion)
- x. M/s Jiva Ayurvedic Pharmacy Ltd

81. Total revenue generated by Express and Business Parcel during 2014-15 was Rs.112.47 crore, witnessing a growth of 45% over the revenue in 2013-14. Revenue generated from these two services in the current financial year, till February 2016, is Rs. 131 crore, showing a growth of 65% over the corresponding period of the previous year.

(v) IT INDUCTION AND MODERNIZATION

82. The Eleventh Plan envisaged extensive technology upgradation and modernization. IT Induction schemes were taken up in two phases in the 11th Plan. These are being continued in the 12th Plan with a comprehensive IT roadmap to develop network architecture, integrated software, effective data management, including establishment of National Data Centre(s) and Disaster Recovery Centre. The 12th Plan would be a period of implementation of new and improved processes, a new regime of Enterprise Resource Planning, integration and interlinking of applications, greater access, enhanced productivity, improved functionality and efficient and cost effective services. The present status of the IT Modernization Project is as under:-

Sl No.	Name of the segment	Present position as on 29-03-2016
1	Change Management (CM)	Training activities are in progress.
2	Data Centre Facility (DCF)	Data Centre is operational from 3 rd April 2013 at Navi Mumbai.
	Disaster Recovery Centre (DRC)	DRC has been powered on at Mysore on 15 th May, 2015.
3	Financial Services Integrator (FSI)	So far, 20494 POs for CBS and 25406 Post offices for CIS (PLI) have been migrated. ATM Services- installed at 749 locations. Circle Processing Centers (CPC) have been commissioned in all the 22 Circles.

4	Network Integrator (NI)	So far, 28296 locations have been networked under Single Wide Area Network and connected to Data Centre.
5	Core System Integrator (CSI)	Pilot rollout started in Mysore Division of Karnataka Circle. Applications software is under testing. Roll out will be extended to other post offices after stabilization.
6	Rural Hardware (RH)	Supply of devices has started in 6 pilot Circles.
7	Rural System Integrator (RSI)	User Acceptance test of the software has been completed. The application shall be deployed in RH devices and roll out will be initiated.
8	Mail Operation Hardware (MoH)	Action is taken to procure and supply through DGS & D rate contract. Orders already placed for procurement of Desktop computers, UPS and Weighing Scales. Orders for Gen-sets are under issue.

83. The Department informed that all the 25297 Post Offices are computerized as on date. As on 29-03-2016, the number of departmental post offices, RMS offices and other administrative offices networked under the Single Wide Area Network is 28,296.

84. When the Committee desired to know the timelines for implementation of various components of the IT Induction and Modernization Scheme for the entire Twelfth Five Year Plan, the Department have provided the tentative timelines as under:-

Segment	Completion of implementation.
Rural ICT- Application	March, 2017
Core System Integrator	March, 2017
Financial Solution	April ,2016 (in technically feasible sites)
Data Centre & DR	Already completed
Network Connectivity	March, 2016 (Subject to technical feasibility/alternate solutions)
Rural H/W & Connectivity	March, 2017
Mail Operation Hardware	December,2016
Change Management	March,2017

85. The details of allocation relating to IT Induction and Modernization Scheme for the past four years and 2016-17 are as follows:

(Rs. in crore)							
Sl No	Year	Proposed Allocation	BE	RE	Actual Exp.	% of Achievement When compared with BE	
1	2012-13	1437.28	516.00	109.36	26.13	5.06	
2	2013-14	842.01	532.21	295.74	254.78	47.87	
3	2014-15	1910.18	506.39	86.80	88.85	17.54	
4	2015-16	2000.89	276.40	331.10	197.11 (upto February, 2016)	--	
5	2016-17	The scheme has been subsumed in the Scheme Postal Operations w.e.f. 2016-17					

86. It is an important scheme of the Department of Posts that got the maximum outlay of Rs. 3046.75 crore amongst all the schemes for the Twelfth Five Year Plan. Asked about the underlying reasons for the low utilization of the Plan outlays, the Department have submitted that the key reason for low fund utilization under the IT Modernization Project in the years 2012-13 to 2014-15 was the complexity of the project and the delay at the end of various authorities/ agencies involved in the approval and implementation of projects.

- a) During the year 2012-13, which was the first year of the 12th Five Year Plan, approved outlays were received only in October, 2012, which left very little time to seek the necessary approvals from the competent authority. As various activities did not materialize as anticipated and the funds could not be utilized, the outlay was reduced at the RE stage.
- b) In the year 2013-14, RFPs under the IT Modernization Project had to undergo complex codal processes and did not materialize as envisaged. Therefore, funds were reduced at the RE stage. For the activity "Rural Hardware", two bids issued earlier were annulled due to failure on the part of the selected bidder to furnish a Performance Bank Guarantee on 16.05.2013 and second time on 23.11.2013 due to lack of competitive bids. For the activity "Development & Deployment of Rural ICT solution", the contract was signed on 28.02.2013. However, roll out was kept on hold to align with finalization of the "Rural Hardware" RFP, which also resulted in non-utilization of funds under the scheme as anticipated.
- c) In 2014-15, targets could not be achieved primarily because the activity "Mail Office hardware" could not be implemented, as the RFP issued was

discharged due to unwillingness of the bidder to enter into contract. Further, implementation of the Rural ICT component could not commence due to delays in finalization of contracts, which necessitated reduction of funds at RE stage.

87. The slippage has led to clustering of the delayed IT Project deliverables and compression of timelines. However, through effective monitoring of implementation, the project is being brought on track, so that there is no further delay and the deliverables are submitted by the vendors within the approved timelines and payments that are due are made without any delay during the remaining period of the 12th Five Year Plan. As a result of the project implementation now being well underway, there have been significant achievements under the IT Modernization Project in 2015-16."

88. Regarding the steps taken to ensure completion of the IT Induction and Modernization Project as per the timeline, the Department, in a post-evidence note, have submitted as under:-

"Department of Posts has constituted various committees at different levels to review implementations of different parameters and monitor progress on regular basis. These Committees have been tasked to ensure that the project timelines are observed and deliverables have been delivered within the stipulated time. The committees are as follows:

- Steering Committee: This inter-ministerial apex committee headed by Secretary (Posts) reviews implementation of the IT project and provides necessary directions to drive the project as per timelines.
- Project Coordination Committee (PCC): It has been approved by Cabinet Committee on Economic Affairs (CCEA). This committee is headed by Secretary (Posts) and various senior officers of the Department are its members. This committee reviews the implementation of the Project.
- Project Implementation Committee (PIC): There is a separate PIC for all 8 Projects assisted by Sub Committees to implement the Project at central level.
- Circle Monitoring Committees/Regional Monitoring Committees: At each postal circle and postal region there is a monitoring committee to monitor the implementation of the Project at field level.
- A dedicated division- Project Management Unit (PMU), headed by an SAG officer and assisted by three JAG officers and their respective teams has been constituted for day to day implementation and monitoring of the Project.

- In addition to this, the Secretary (Posts) and Member (Tech), Department of Posts and other senior officers personally monitor the key issues relating to the implementation of the Project."

(vi) ESTATES MANAGEMENT

89. The objective of this scheme is to fulfill the Universal Service Obligation by providing a congenial environment for customer transaction and also provide a good working atmosphere to the employees. As a part of fulfilling the objective of service conditions, staff quarters are also being constructed in far flung areas for residential purpose of employees posted in these areas. This is an ongoing scheme. Since, DoP have computerized all the Departmental Post Offices in the country, it has become all the more necessary to provide these offices with Departmental buildings as a basic pre-requisite for computerization, hence the scheme is being continued in the 12th Plan. Apart from that, an effective materials management system through up-gradation of technology for manufacture of stamps and seals in place of hand-made seals and stamps. This will not only increase their life but also provide impressions on postal articles at par with international standards. It is also proposed to fabricate pillar letter boxes which are of higher capacity and sturdy.

90. The details of BE, Re and Actual expenditure under the Plan scheme "Estate Management" for the year 2014-15 onwards and BE for the year 2016-17 are as under:

(Rs. in crore)

S. No	Particulars of Scheme/ Activity	B E (2014-15)	RE 2014-15)	Actual 2014-15)	B E (2015-16)	RE (2015-16)	Actual (2015-16)(till Feb., 2016)	BE (2016-17)
1	2	3	4	5	6	7	8	9
1	Post Offices	13.00	9.48	32.43	20.46	14.87	13.9	52.2
2	Boundary Walls	4.50	2.50		2.00	2.40		6.13
3	ATM Rooms	25.65	21.00		0	0		0.30
4	Solar Power Packs	0.60	0.10		1.38	1.38		4.59
5	Rain Water Harvesting	0.50	0.40		1.00	1.00		2.46

6	Gender Concerns	1.50	1.50		1.00	1.00		0.5
7	Admn. Offices	3.00	1.00	0.65	3.00	0.30	0.3	4
8	Staff Quarters	1.60	2.10	1.36	2.51	2.46	1.36	2.16
9	Purchase of Land	3.00	4.74	2.46	2.50	2.63	1.13	6.3
10	Heritage Buildings	1.00	0.50	0.82	1.02	1.11	0.57	1.83
	TOTAL	54.40	43.42	37.72	34.87	27.15	17.26	80.47

91. The details of physical achievements during the same period are also provided as under:-

Sl. No.	Particulars of Scheme/ Activity	Physical targets (Final Grant) (2014-15)	Achievements (2014-15)	Physical targets (Budget Estimate) (2015-16)	Achievements (2015-16) Upto Feb. 2016	Physical targets (2016-17)
1	Construction of Post Offices	Completion of 10 buildings	Completed 7 buildings	Completion of 12 buildings	Completed 5 buildings	Completion of 15 buildings
2	Construction of Admin. Offices	Completion of 2 buildings	Completed 1 buildings	Completion of 1 buildings	Completed 1 buildings	Completion of 1 buildings
3	Construction of Staff Quarters	Completion of 1 project.	Completed 1 project	Completion of 3 projects	Completed 3 projects	Completion of 2 projects
4	Construction of boundary walls	Completion of 57 boundary walls.	Completed 26 boundary walls.	Completion of 20 boundary walls	Completed 3 boundary walls.	Completion of 7 boundary walls
5	Construction of ATM Rooms	Completion of 855 ATM Rooms	Completed 735 ATM Rooms	Completion of 120 ATM rooms	Completed 90 ATM Rooms	

6	Installation of Solar Power Packs	Installation of 20 SPPs	Completed installation of 16 SPPs	Completion of 46 SPPs	Completed installation of 25 SPPs	Completion of 25 SPPs
7	Construction of Rain Water Harvesting Structures	Completion of 25 structures	Completed 25 structures	Completion of 50 structures	Completed 20 structures	Completion of 16 structures
8	Gender Concerns	Completion of 29 ladies toilets/rest rooms	Completed 112 ladies toilets/rest rooms	Completion of 40 ladies toilets/rest rooms	Completed 35 ladies toilets/rest rooms	Completion of 15 ladies toilets/rest rooms
9	Purchase of Land	Purchased 2 plots	Purchased 1 plot.	Purchase of 2 plots.	Purchased 2 plot.	Purchase of 1 plots.
10	Preservation Heritage Buildings.	Preservation of 4 Heritage Buildings.	Preserved 21 Heritage Buildings.	Preservation of 12 Heritage Buildings.	Preserved 15 Heritage Buildings.	Preservation of 10 Heritage Buildings.

92. On being asked to indicate the categories and types of land available, the Department, in a written note, have stated that they own 1763 vacant plots of land. Out of this, 285 plots are situated at prime locations. The details of vacant lands available with the Department, as on 31.01.2016, as furnished are as follows:-

Sl.No.	Name of Circle	Number of vacant plots available
1	Andhra Pradesh	220
2	Assam	36
3	Bihar	92
4	Chhattisgarh	5
5	Delhi	19
6	Gujarat	110
7	Haryana	12
8	Himachal Pradesh	21
9	Jharkhand	59
10	Jammu & Kashmir	6
11	Karnataka	351
12	Kerala	144
13	Madhya Pradesh	38
14	Maharashtra	81
15	North East	19

16	Orissa	40
17	Punjab	18
18	Rajasthan	162
19	Tamil Nadu	149
20	Uttar Pradesh	76
21	Uttarakhand	19
22	West Bengal	86
TOTAL		1763"

93. The Department have further informed that the average size of the vacant plots is 1390.55 sq. mts and the average size of the plot is viable for construction of Post Office building/Staff Quarters.

94. To a specific query of the Committee for commercial utilization of land under Public Private Partnership and difficulties being faced, the Department, in a written note, have submitted as under:-

"There is a proposal to undertake commercial utilization of land under Public Private Partnership. The difficulty faced in the matter is that most of the vacant plots of land situated on prime location were originally allotted for construction of post office buildings and staff quarters at Government rates and subsidized rates by State Government, Trust and Local Bodies for Postal Operation and these vacant plots cannot be used for any other purpose as per allotment terms and conditions or else allotment will get cancelled.

Accordingly, the allotment letters issued by the State Government/ Municipality/Local development authority were got cross-checked & examined through Circle heads in relation to vacant plots situated on the prime locations.

The information received from the Circles and the data so collected have established that the vacant plots of land as already mentioned can be utilized only for construction of Post Offices/Administrative Offices/ Staff Quarters. Moreover, State Government is not inclined to change the type of use of these lands situated on prime locations due to their own interest in Public Private Partnership (PPP) brand initiatives."

95. Regarding the major impediments in construction of Post Office buildings/Staff quarters at the vacant plots owned by the Department, it has been submitted that these relate to in some cases with matters concerning ready availability of land title in the absence of which municipal approval gets delayed while in some the plots are located in inaccessible

areas which delay the whole process of construction. Otherwise, the completion of pre-construction formalities, especially obtaining municipal approvals, is a time consuming process. Other pre-construction and construction formalities also take time because of shortage of required personnel such as architects, engineers, etc."

96. The status of encroachments on vacant land owned by the Department of Posts is as follows:

S.No	Name of Circle	No. of vacant plots under encroachment
1	Andhra Pradesh	16
2	Assam	9
3	Bihar	28
4	Chhattisgarh	0
5	Delhi	0
6	Gujarat	10
7	Haryana	0
8	Himachal Pradesh	0
9	Jharkhand	11
10	Jammu & Kashmir	2
11	Karnataka	31
12	Kerala	9
13	Madhya Pradesh	6
14	Maharashtra	17
15	North East	7
16	Orissa	4
17	Punjab	1
18	Rajasthan	26
19	Tamil Nadu	1
20	Uttar Pradesh	14
21	Uttarakhand	1
22	West Bengal	16
TOTAL		209

97. To a query on specific measures taken to reclaim the land from encroachers, the Department have submitted that necessary instructions have already been issued to all the Heads of Postal Circles that eviction of unauthorized personnel from the encroached land of the Department may be done after seeking assistance of the law enforcing agencies for all the plots of Department of Posts, which have been encroached upon. For speedy disposal of

the entire sub judice/disputed cases, regular follow up is being done and the cases are being closely monitored.

98. Regarding the specific measures taken to prevent fresh encroachment on vacant land, the Committee have been informed that instructions stand issued to all Heads of Circles to direct postman/delivery staff under whose jurisdiction the vacant land falls for regular ward and watch during his visit to the beat for letter delivery to guard against future encroachments. To protect the vacant plots from encroachment, boundary walls and barbed wire fencing on important/sensitive plots are being constructed, subject to availability of Plan funds. Further, building projects on vacant lands have been started to make use of the property. Even temporary pre-fab structures have been erected in some plots to prevent imminent encroachments.

PART-II

Observations/Recommendations

BUDGET ANALYSIS

1. The Committee note that the gross expenditure of the Department has been gradually increasing over the years. During the year 2013-14, the Department had incurred Rs.16796.71 crore as gross expenditure which increased to Rs.18556.56 crore during 2014-15. During 2015-16, the gross expenditure of the Department set at BE was Rs.19494.26 crore which was increased to Rs.20184.61 crore at RE. For the year 2016-17, an amount of Rs.23122.60 crore has been set at BE which is Rs.3628.34 crore more than the BE of the previous year. The Committee have been informed that the gross expenditure of the Department was mainly due to Salaries and Pensions which constitute more than 90 percent of the gross expenditure. The Department have contended that it is not possible to cut down the operational expenses due to the increasing costs on one hand and obligation to provide Universal Postal services to the citizens at affordable costs throughout the country on the other. The Committee also note that the expenditure on pension will also gradually increase over the years. The only way to offset the growing gross expenditure of the Department is by increasing its revenue receipts. During the year 2013-14, the revenue receipts of the Department was Rs.10730.47 crore which increased to Rs.11635.98 crore during 2014-15. The estimated revenue of the Department in RE 2015-16 is Rs.12614.01 crore against the Budget Estimate of Rs.12036.87 crore. The estimated revenue in BE 2016-17 is Rs.13827.05 crore which is Rs.1790.18 crore more than the BE of the previous year. The end result can be gauged from the fact that revenue deficit of the Department has increased from Rs.5473.10 crore during 2013-14 to Rs.6258.60 crore during 2014-15. The revenue deficit at RE during 2015-16 stands at Rs. 6925.76 crore whereas revenue deficit at BE for the year 2016-17 is Rs.8619.27 crore. The Committee also note that the revenue receipts of the Department on account of its Postal Operations as well as remunerations in Saving Banks services is gradually witnessing an increasing trend. To increase revenue receipts, the Committee note that the Department are making investment in Small Savings Schemes, emerging e-commerce market, and

parcel products, namely, Express Parcel and Business Parcel, in addition to Speed Post, Logistics Post and Business Post. While appreciating that the Department have been able to consistently maintain the increase in growth of revenue over the years, the Committee recommend that more business opportunities must be created by the Department to further increase their revenue so as to decrease revenue deficit. Considering that revenue deficit can only be reduced by increasing revenue receipts, the Committee desire that the Department should explore opportunities in the market for growing business and increase efficiency through IT induction and mail optimization.

REVIEW OF THE PLAN SCHEMES

2. The Committee note that during the year 2015-16, an amount of Rs.468.61 crore has been allocated at BE which was increased to Rs.520 crore at RE for financing the Plan Schemes. The Committee have been informed that expenditure upto 31st March, 2016 is expected to be about Rs.502 crore which is about 90 percent of the RE. This is a substantial improvement in utilization of Plan funds since only Rs.366.71 crore had been spent during 2014-15. For the year 2016-17, an amount of Rs.600 crore has been allocated at BE for the implementation of various schemes under Plan. The Department have stated that the actual utilization of funds in the year 2015-16 and Budget Estimates 2016-17 are within the approved Plan outlays of all the Plan schemes under the 12th Five Year Plan. However, the Plan provision made by the Ministry of Finance for the financial year 2016-17 is lower than the demand made by the Department. The Committee have been informed that the pace of implementation of the IT Modernization Project has accelerated in 2015-16. It is anticipated that the pace of expenditure will be satisfactory during the remaining period of the 12th Plan. The Department have informed the Committee that during the year 2016-17, after discussion with the Ministry of Finance, six schemes, viz. Mail operations, Postal Life Insurance, Rural Business and Access to Postal Network, Premium Services, IT Induction and Modernization and Philately operations will be clubbed with the 'Postal Operations' Scheme, thereby reducing the number of XII Five Year Plan Schemes to four, viz. Postal Operations, Financial Services, Human Resource Management and Estate Management. With the rationalization of the Plan schemes into 4

schemes , it is anticipated that there will be more rationalized administrative convenience, greater synergy in the implementation process and better management and monitoring of schemes. The Committee feel that it is a step in the right direction and the Department will reap the benefit of such rationalization in the long run.

MAIL OPERATIONS, INCLUDING INTERNATIONAL MAILS AND GLOBAL BUSINESS

3. The Committee note that the objective of this scheme is to streamline mail operations for speedy transmission of mails. Some of the important Plan schemes include Mail Network Optimization Project, Setting up of AMPCs, National Address Database Management Project, Development of Road Transport Network, Upgradation of Speed Post Centres, etc. During the year 2015-16, an amount of Rs.52.03 crore was allocated at BE which was reduced to Rs.46.05 crore at RE and the actual utilization upto February, 2016 was only 26.78 crore. This was because of non-utilization of funds allocated for the Parcel Network Optimization Project (PNOP) consultancy due to non-finalization of the consultant, allocation of funds to circles under the Mail Network Optimization Project (MNOP) and Upgradation of Speed Post Centres only after receipt from the Ministry of Finance in July. The major components of expenditure under the referred schemes include procurement of hardware, operational equipment and site preparation, which takes time and, therefore, the funds could not be utilized by December 2015. The Committee also note that the Scheme has been merged into the Postal Operations Scheme from 2016-17. It is expected to have a positive impact on the ongoing Plan activities of the Mail Business Division. It is also anticipated that there will be more administrative convenience, greater synergy in the implementation process and better management and monitoring of schemes.

Under the Mail Network Optimization Project (MNOP) undertaken by the Department to improve the quality of service of mail products, articles having complete tracking information on the website have increased from 63 lakh (December 2009) to 2.74 crore (January 2016) and also have reduced percentage of mail being mis-routed due to improved monitoring of Speed Post articles with the help of KPIs. During 2015-16, booking and delivery information for more than 93% Speed Post and 80% articles have

been made available online, 5 new national sorting hubs have been set up in the North East region to effectively monitor the performance of Speed Post mail in each of the North East States, more than 83 percent Speed Post articles booked at the Post offices are delivered within 3 days of booking of the articles, as compared to 78 percent during the previous year, and new e-Commerce article based KPIs have been developed for the monitoring of the booking, delivery and transmission time of Speed Post e-Commerce articles which has contributed to the growth in the booking of e-Commerce articles by the Department. While appreciating the achievements made under MNOP, the Committee stress that the Department should optimize utilization of available funds meant for various schemes under Mail operations. The Committee trust that with the merger of the scheme with Postal operations, there ought to be better utilization of funds resulting in greater achievements under the scheme.

SETTING UP AUTOMATED MAIL PROCESSING CENTERS (AMPCS)

4. The Committee note that the Department are in the process of setting up Automated Mail Processing Centers (AMPCs) at Mumbai, Chennai, Bengaluru and Hyderabad. The AMPC at Delhi is handling 5.6 lakh articles per day (1.6 lakh Speed Post articles and 4 lakh unregistered mail), whereas the AMPC at Kolkata is handling 2.61 lakh articles per day (57000 Speed Post and 2.04 lakh unregistered mail). However, the AMPC at Mumbai had stopped functioning since April 2015 as the sorting machines have over lived their life span. The percentage of Speed Post articles at AMPCs Delhi and Kolkata vis-a-vis total Speed Post mail handled by the Department is approximately 20 percent. The percentage of unregistered mail at AMPCs Delhi and Kolkata vis-a-vis total unregistered mail handled by the Department is approximately 3.5 percent. The Committee understand that the Mumbai International Airport (MIAL) has offered suitable land for setting of AMPC and the Department have accepted the same. The process of signing the agreement is in the final stage and will be executed shortly. The Department have also decided to set up AMPC at Departmental land at MMS Complex Chennai. Suitable land for setting up of AMPC at Bengaluru has been purchased from the Karnataka Industrial Area Development

Board (KIADB) near Bengaluru Airport. Similarly, suitable land for setting up of AMPC at Hyderabad has been purchased from the Government of Andhra Pradesh near Hyderabad Airport. In spite of the progress made in acquiring land for setting up of AMPCs in Mumbai, Chennai, Bengaluru and Hyderabad, the Committee note that the scheme could not take off within the envisaged time frame due to non-finalization of the consultant. The Committee recommend that the Request for Proposal (RFP) for hiring consultant which is under process should be finalized and issued at the earliest. Since the mail profile all over the country has undergone a significant change in the last few years, the Committee are of the view that setting up of AMPCs at these cities will be immensely helpful in streamlining the mail delivery mechanism.

FINANCIAL SERVICES (SAVINGS BANK AND REMITTANCES)

5. The Committee note that the scheme is being implemented by the Department with the objective to fully realize the potential of the vast customer base and credibility of India Post in the area of banking and promote the habit of thrift and savings among citizens of the country. The Committee are concerned to find gross under-utilization of Plan funds during 2015-16 under the scheme. An amount of Rs.3.35 crore was allocated at BE which was increased to Rs.12.35 crore at the RE stage, while the utilization was only Rs.7.43 lakh up to February, 2016. However, the Public Investment Board (PIB) in their meeting held on 19th January, 2016 recommended that the implementation of project and flow of funds is to commence from 2016-17 onwards. Hence, Rs.8 crore allocated at RE 2015-16 for the Plan activity Setting up of India Post Payments Bank were surrendered at Final Grant (FG) stage. For the year 2016-17, the Department had sought an allocation of Rs. 320.00 crore. However, it has been reduced to Rs. 161.70 crore at the BE stage. The Committee have been informed that "Setting up of India Post Payments Bank" is one of the schemes that would be affected due to the cut in the BE allocation for 2016-17. Rs. 300 crore was proposed at BE 2016-17 for the project against which Rs. 150 crore has been allocated. The balance fund of Rs.150 crore would be sought at the first batch of Supplementary Demand for Grants for FY 2016-17. The scheme Financial Services (Savings

Bank and Remittances) Scheme and the Postal Life Insurance Scheme have been merged into the umbrella Financial Services Scheme w.e.f. 2016-17 with a view to having better management, administrative convenience, improved monitoring and achieving synergy in implementation. The Committee observe that these steps taken by the Department for bringing improvement in the system are noteworthy and be oriented towards better utilization of funds.

CENTRALIZED BANKING FOR POST OFFICE SAVINGS BANK (POSB)

6. The Committee have been apprised that the Department have a plan for providing Core Banking Solution (CBS) in all the Departmental Post Offices in a phased manner. Till 19 March 2016, 807 Head Post Offices and 19687 Sub Post Offices (total 20494) have been provided with CBS facilities. All offices are likely to be covered by the end of April-May 2016. The Committee have also been informed that M/s Infosys Ltd., the Financial Services System Integrator (FSI), is implementing CBS and installing 1000 ATMs. The Department have stated that 749 ATMs have been installed in Post Office premises and they have applied for inter-operability of India Post ATM network with the ATM network of the existing commercial banks from RBI. While hoping that all the Departmental Post Offices will be provided with CBS by the end of April-May 2016, the Committee recommend that targeted number of ATMs of the DoP should be installed in a time-bound manner. To ensure that the ATMs installed are put to optimum utilization, the Committee also desire that the Department should take up the matter of early clearance for inter-operability of India Post ATMs network with RBI.

POST BANK OF INDIA

7. The Committee find that that Reserve Bank of India had granted 'in principle' approval for setting up of the India Post Payments Bank(IPPB) on 7th September 2015 with a timeline of 18 months to complete all formalities and apply for license to RBI, i.e. by 6th March 2017. The proposal has also been approved at the Public Investment Board (PIB) in their meeting held on 19th January, 2016. Now, approval of the CCEA for setting up the India Post Payments Bank under the Department of Posts has to be obtained. After

approval from CCEA, the entire process of obtaining the initial set of approvals from RBI/RoC would commence, followed by selection of top management, recruitment of staff, etc., before IPPB can apply for formal license from RBI within the prescribed deadline. A draft Cabinet Note has been forwarded to PMO on 18th March 2016. It is anticipated that the Cabinet approval is likely to be obtained in early April 2016. All efforts are being made by the Department to complete all formalities and approach the RBI for grant of license within the prescribed deadline. The Committee note that IPPB will set up up to 650 branches co-located with Head/ sub-post offices at the District level. The existing network of Head, sub and branch post offices under each District will be linked to the corresponding IPPB branch and used as access points (front offices) of the IPPB. The Committee have been informed that Payments Banks are differentiated banks, in so much as, unlike the traditional universal banks, they are not allowed to undertake credit directly; also they are mandated to work towards financial inclusion with special focus in rural areas and among the under-banked segments. The concept of payments bank as a differentiated bank is unique to India. The Department have stated that in view of the local, loyal and experienced human resources of the post office in delivering its services to the target clientele, it is likely to be best placed vis-a-vis its competitors in achieving real financial inclusion. Apart from facing challenges from other payments banks, universal banks and small finance banks, as well as from prepaid instrument (PPI) operators and companies engaged in domestic and international remittance business, major challenges that the IPPB will face will be in adopting latest technology, ensuring consistent service quality over the entire network of 1.55 lakh post offices and earning enough revenue to be self-sustaining and contribute to revenue generation for DoP. The Committee note that the IPPB will address the lack of access to basic financial services for citizens in rural and under-served areas, thus reaching out to customers in hitherto un-remunerative areas. While acknowledging that this is a landmark measure, the Committee note that the Department are not sure whether the present scope of activities will generate sufficient revenue to sustain a national network of the size of the DoP – IPPB combine. Observing that this poses an enormous challenge in terms of achieving technological induction, selection of top management, recruitment of staff, etc., the Committee feel that strenuous

efforts will have to be made by the Department before operationalising the IPPB. The Committee may be apprised of further progress made in this direction.

DIGITAL INDIA PROGRAMME

8. The Committee are given to understand that under the Digital India Programme, a total of 150,000 Post Offices are proposed to be converted into multi service centres. The Committee note that the India Post Payments Bank will drive the benefits of financial inclusion by bringing a host of payments/financial products to suit the needs of different strata of society with special focus on the marginalized sections and citizens in rural areas. Some of these benefits are direct benefits transfer (DBT) of social security payments of various Ministries; utility bill payments for electricity, water, telephone, gas, etc.; facilitating payments of various Central and State Government and Municipal dues and fees of Universities/educational institutions; person to person remittances, both domestic and cross-border- special focus will be on providing, economical, safe and convenient money transfer facilities to migrant labourers, NRIs remitting money to relatives, institutions, etc.; demand Deposits (Current account and Savings Account)- with special focus on MSMEs, small entrepreneurs, Village Panchayats & SHGs; distribution of third party financial products such as Insurance (health & general), mutual funds and Pension products; and access to formal credit products by acting as Banking Correspondent of banks & MFIs. Considering that Digital India is a flagship programme of the Government of India, it is the considered view of the Committee that the Department should leave no stone unturned to ensure the success of the programme. The Committee would also like to emphasize that the provision of the above services to the masses, especially in the rural areas, will considerably help in achieving financial inclusion in the country.

RURAL BUSINESS AND ACCESS TO POSTAL NETWORK

9. The Committee note that the scheme is being implemented by the Department with the objective to increase access to the postal network, keeping in view the Universal Service Obligation, and to bring postal facilities within the reach of every citizen of the country. During the year 2015-16, an amount of Rs.24.03 crore was allocated at BE which was increased to Rs.25.01 crore at RE and the actual utilization upto February, 2016 was Rs.18.79 crore. The Committee note that Franchise Scheme is being implemented as one of the activities/sub-schemes under the Scheme with the objective to increase access to the postal facilities in urban and semi-urban areas where there is need and justification for opening of Post Offices but the Department is not in a position to open new Post Offices due to various reasons. The performance of Franchise Outlets (FOs) during the year 2015-16 has indicated that there has been an increase in their performance under items like Stamps/Stationery sold, Speed Post Articles, and Other Retails. However, its performance has declined under items like Registered Post Articles and Money Orders. The Committee also note that there is a proposal for opening 1,050 new Franchise Outlets during the 12th Plan. The number of FOs has gradually increased from 1749 in 2012-13 to 1790 in 2013-14; there were 2066 FOs operating during 2014-15. Another ambitious plan launched in September, 1995 with the objective to provide basic postal facilities to Gram Panchayat Headquarters without Post Offices is the Panchayat Sanchar Sewa Yojana (PSSY). This scheme is being implemented by the Gram Panchayats through agents appointed by them where opening of post office is justified but it cannot be opened for some reason. During the year 2014-15, there were 2658 PSSKs in the country as against 2795 PSSKs in 2013-14. These 2658 PSSKs have sold stamps/stationery worth Rs.734.185 lakh and booked 10,14,860 Registered Post articles during 2014-15. The Committee have been informed that this Scheme has not been effective, with most of the PSSKs showing nil or negligible transactions. The Committee are of the view that proper implementation of FOs and PSSKs can help the DoP in effectively meeting the requirement for opening more Post Offices in urban and rural areas. The Committee feel that the schemes need to be made more attractive. The Committee hope that the merger of the Scheme into the

Postal Operations Scheme (w.e.f 2016-17) will improve efficiency, leading to better planning and implementation of the scheme.

PREMIUM SERVICES

10. The Committee note that due to increasing competition from a large number of players, the Department have to focus on improving service delivery, transparency and customer sensitivity and introducing a wide range of generic and customized premium products and services. During the year 2015-16, an amount of Rs.11.55 crore was allocated at BE which was marginally increased to Rs. 11.85 crore at RE and the actual utilization upto February, 2016 was Rs.9.11 crore. The Scheme has now been clubbed together with Postal Operations from 2016-17. The Committee also note that for the growth of Speed Post in the country, especially in the rural areas, the Heads of Circles have been empowered to expand Speed Post booking service in the area under their jurisdiction, keeping in view connectivity, customer's requirement and market potential. Further, Cash on Delivery (COD) facility has been introduced in Speed Post as well as Express and Business Parcel so that rural customers can also get the benefits of the e-Commerce market. As per the CAG report laid in the Parliament in May 2015, Speed Post has been ranked as the best express mail delivery service across the country in comparison to all private couriers. The Department have collected and remitted more than Rs. 1250 crore till February-2015 since its introduction in December 2013 to the e/tele commerce customers. In 2014-15, 3.44 lakh Speed Post CoD articles were booked where as in 2015-16, till February, 2016, more than 10 lakh SP-CoD articles have been booked. During 2014-15, through Speed Post, the Department had earned revenue of Rs.1372.21 crore which was 8.78 percent more than 2013-14. The revenue earned under the same item during 2015-16 upto February, 2016 was Rs.1423.86 crore which is 11.38 percent more than the amount earned during the corresponding period of the previous year. While appreciating the commendable performance of the Speed Post, the Committee recommend that continuous efforts must be made by the Department to remain as the best express mail delivery service across the country.

11. One item under Premium Service which has not been able to witness growth like Speed Post during the last three years is the Logistics Post service of the Department. The status of revenue generated under Logistics Post indicated that an amount of Rs.15.25 crore was earned during the year 2013-14 which increased to Rs.24.43 crore in 2014-15 and during 2015-16 upto February 2016, an amount of Rs.13.21 crore has been earned by the Department. The Committee note that the Registrar General of India, Pawan Hans Helicopters Limited, State Government Text Books Corporations, etc. are the major customers availing Logistics Post services of the Department. In order to expand the coverage of Logistics Post services and generate more revenue, the Department have signed a 'Memorandum of Understanding' with Air India to provide air transmission facility to Logistics Post consignments. This facility is available between 15 stations. Transporters have been empanelled and Circles have been empowered to make local arrangements also, if required. The Committee are of the view that there exists tremendous opportunity for growth of Logistics in the country and hence efforts must be made to make this brand more visible and accessible to the citizens. The Committee, therefore, recommend to the Department to strive ceaselessly to tap the market potential of Logistics post in the country.

12. The Committee are given to understand that one area which holds tremendous opportunity for revenue generation for the Department is the fast growing e-Commerce segment. To fulfill the needs of the e-Commerce sector and to increase its revenue receipts, the Department have taken several measures such as introduction of Cash on Delivery (COD) facility, upgradation of Parcel booking and handling facilities, providing technological support which includes seamless data integration through Application Programme Interface (API) to the e-Commerce companies, introduction of Nodal/Mechanized delivery in 11 major cities, same/next day delivery along with delivery on Public Holiday/Sunday and beyond business hours in 7 cities, establishment of 34 major routes for fast, secure and reliable transmission of parcels, fitting of more than 950 Mail Vans with GPS devices for online monitoring of mail movement, etc. Several major e-Commerce players in the country are being provided delivery services by the

Department. The Committee note that there has been considerable increase in revenue generated by Express and Business Parcel. During 2014-15, an amount of Rs. 112.47 crore was earned by the Department, witnessing a growth of 45 percent over the revenue in 2013-14. Revenue generated from these two services in the current financial year, till February 2016, is Rs. 131 crore showing a growth of 65 percent over the corresponding period of the previous year. While observing that numerous steps are being taken by the Department to capture the e-Commerce market, the Committee emphasize that the real challenge is to overcome competition from private courier services which are also actively operating in the market. The Department need to find innovative and alternative measures to meet this challenge in order to gain larger market share in this segment.

IT INDUCTION AND MODERNIZATION

13. The Committee note that IT Induction and Modernization is an important scheme of the Department that got the maximum outlay of Rs. 3046.75 crore amongst all the schemes for the Twelfth Five Year Plan. The Department have submitted that there was low utilization of fund in the years 2012-13 to 2014-15 due to the complexity of the project and the delay at the end of various authorities/agencies involved in the approval and implementation of projects. The Committee have been informed that through effective monitoring of implementation, the project is being brought on track and there have been significant achievements under the IT Modernization Project in 2015-16. During the year 2015-16, an amount of Rs. 276.40 crore was allocated at BE which was increased to Rs.331.10 crore at RE and the actual utilization upto February, 2016 was Rs.197.11 crore. The Committee note that out of the 8 segments under the scheme, Data Centre & DR has already been completed. With regard to the remaining 7 segments, the Department have stated that Network Connectivity will be completed by March, 2016, subject to technical feasibility/alternate solutions; Financial Solution will be completed by April, 2016 in technically feasible sites; Mail Operation Hardware will be completed by December 2016; and the remaining 4 segments, viz. Rural ICT-Application, Core System Integrator, Rural H/W & Connectivity, and Change Management will be completed by

March 2017. The Committee note that the scheme has been subsumed in the Scheme Postal Operations w.e.f. 2016-17. With regard to the status of computerization of Post Offices, the Department have stated that all the 25297 Post Offices are computerized as on date. As on 29-03-2016, the number of departmental post offices, RMS offices and other administrative offices networked under the Single Wide Area Network is 28,296. The Committee have been apprised that to ensure completion of the Scheme as per the timeline, various committees at different levels such as Steering Committee, Project Coordination Committee, Project Implementation Committee, Circle Monitoring Committees/Regional Monitoring Committees, etc. have been constituted to review implementation of different parameters and monitor progress on a regular basis and to ensure that the project timelines are observed and outcomes achieved within the stipulated time. In addition to this, the Secretary (Posts) and Member (Tech.), Department of Posts, and other senior officers personally monitor the key issues relating to the implementation of the Project. The Committee are of the view that IT induction will bring a positive impact, including transparency, accountability, and efficiency in the functioning of the Department. Since the remaining 7 segments of the Scheme are to be completed by March 2017, the Committee recommend that necessary measures should be taken to ensure timely completion of the project.

ESTATES MANAGEMENT

14. The Committee note that the Scheme is being implemented to fulfill the Universal Service Obligation by providing a congenial environment for customer transaction and also provide a good working atmosphere to the employees. Since DoP have computerized all the Departmental Post Offices in the country, it has become all the more necessary to provide these Offices with Departmental buildings as a basic pre-requisite for computerization; hence the scheme is being continued in the 12th Plan. The Committee note that during the year 2015-16, an amount of Rs.34.87 crore has been allocated at BE which was reduced to Rs.27.15 crore at RE and the actual utilization upto February, 2016 was only 17.26 crore. Out of the 10 sub-schemes under it, the Committee observe poor physical achievements under 5 sub-schemes, viz. construction of Post Offices, construction

of boundary walls, construction of ATM Rooms, installation of Solar Power Packs, and construction of Rain Water Harvesting Structures. The Committee also note that 1763 vacant plots of land are presently available with the Department, with Karnataka having 351 vacant plots, followed by Andhra Pradesh with 220, Rajasthan with 162, and Tamil Nadu with 149. The Committee have been informed that 285 plots are situated at prime locations. The Department have further informed that the average size of the vacant plots is 1390.55 sq. mts and the average size of the plot is viable for construction of Post Office building/Staff Quarters. The Committee note that the proposal to undertake commercial utilization of land under Public Private Partnership could not be implemented since most of the vacant plots of land situated on prime locations were originally allotted for construction of Post Office buildings and Staff Quarters at Government rates and subsidized rates by State Governments, Trust and Local Bodies for Postal Operations; that being so, these vacant plots cannot be used for any other purpose as per allotment terms and conditions or else allotment will get cancelled. The Committee further note that impediments are being faced in the construction of Post Office buildings/Staff Quarters at the vacant plots owned by the Department since land title is not readily available, in the absence of which municipal approval gets delayed, while some the plots are located in inaccessible areas. 209 vacant plots are also stated to be under encroachment. In this regard, necessary instructions have already been issued to all the Heads of Postal Circles that eviction of unauthorized personnel from the encroached land of the Department may be done after seeking assistance of the law enforcing agencies for all the plots of the Department of Posts. Boundary walls and barbed wire fencing on important/sensitive plots are being constructed, subject to availability of Plan funds. The Committee express dissatisfaction over the performance of the Department as far as activities under real estate management is concerned. It needs to be realized that DoP now are gradually assuming centrestage after being part of delivery platform for 'Digital India' Programme and being chosen to operate Payments Bank, apart from witnessing transformation with IT induction and modernization. Therefore, it is essential that congenial environment and better working atmosphere is provided for which construction of Post Office buildings/Staff Quarters are to be accorded priority. The Committee recommend that the

Department should address the impediments cited in this regard and come up with a plan for construction of buildings/Staff Quarters. The Committee expect better performance on this front and would like to be apprised of steps taken in this regard.

New Delhi
02 May, 2016
12 Vaisakha, 1938 (Saka)

ANURAG SINGH THAKUR
Chairperson
Standing Committee on
Information Technology

**STANDING COMMITTEE ON INFORMATION TECHNOLOGY
(2015-16)**

MINUTES OF THE NINTH SITTING OF THE COMMITTEE

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The Committee sat on Monday, the 2nd May, 2016 from 1500 hours to 1530 hours in Committee Room 'B', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Anurag Singh Thakur– Chairperson

MEMBERS

Lok Sabha

2. Dr. Sunil Baliram Gaikwad
3. Shri Keshav Prasad Maurya
4. Dr. (Smt.) Bhartiben Dhirubhai Shiyal
5. Shri D.K. Suresh
6. Shri Ramdas C. Tadas

Rajya Sabha

7. Shri Salim Ansari
8. Smt. Jaya Bachchan
9. Shri Meghraj Jain
10. Shri Santiuse Kujur
11. Shri Derek O'Brien
12. Dr. K.V.P. Ramachandra Rao

Secretariat

- | | |
|--------------------------|------------------------|
| 1. Shri K. Vijaykrishnan | - Additional Secretary |
| 2. Shri J.M. Baisakh | - Director |
| 3. Dr. Sagarika Dash | - Deputy Secretary |
| 4. Shri Shangrieso Zimik | - Under Secretary |

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee convened to consider and adopt Draft Reports on 'Demands for Grants (2016-17)' relating to the Ministries/Departments under their jurisdiction. Thereafter, the Chairperson gave a broad overview of the important observations/Recommendations contained in the Reports.

3. The Committee, then, took up the following draft Reports for consideration and adoption.

(i) xxx...xxx...xxx...xxx;

(ii) xxx...xxx...xxx...xxx;

(iii) xxx...xxx...xxx...xxx; and

(iv) Twenty-sixth Report on Demands for Grants (2016-17) Ministry of Communications and Information Technology (Department of Posts).

4. The Committee, thereafter, adopted the above Reports without any modification.

5. The Committee, then, authorized the Chairperson to finalize the draft Reports arising out of factual verification, if any, and present the Reports to the House during the current session of Parliament.

The Committee, then, adjourned

xxx Matters not related to the Report.