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

SIXTEENTH LOK SABHA

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

**Action Taken by the Government on the Observations/ Recommendations of the Committee
contained in their Eleventh Report (Sixteenth Lok Sabha) on the subject
'Business Development and Marketing Strategy in the Department of Post'**

TWENTY-NINTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

August, 2016/Shravana, 1938 (Saka)

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contained in their Eleventh Report (Sixteenth Lok Sabha) on the subject
'Business Development and Marketing Strategy in the Department of Posts'**

**Presented to Lok Sabha on 11.08.2016
Laid in Rajya Sabha on 11.08.2016**



**LOK SABHA SECRETARIAT
NEW DELHI**

August, 2016/Shravana, 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
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18. Shri D.K. Suresh
19. Shri Ramdas C. Tadas
20. Smt. R. Vanaroja
- @ 21. **VACANT**

Rajya Sabha

22. Smt. Jaya Bachchan
- * 23. Shri Suresh Gopi
24. Shri Meghraj Jain
25. Shri Santiuse Kujur
- **26. Dr. Prabhakar Kore
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 R.S. Kambo | - | Additional Secretary |
| 2. Shri Y. M. Kandpal | - | Director |
| 3. Dr. Sagarika Dash | - | Deputy Secretary |
| 4. Shri Abhishek Sharma | - | Executive Assistant |

* Nominated to the Committee w.e.f. 20.05.2016 vide Bulletin Part-II dated 23.05.2016.

Shri Vijay Jawaharlal Darda, M.P. and Shri Salim Ansari, M.P. retired from Rajya Sabha w.e.f. 01.07.2016 and 04.07.2016 respectively.

@ Ms. Mehbooba Mufti, M.P. resigned from Lok Sabha w.e.f. 04.07.2016 vide Bulletin Part-II dated 05.07.2016.

** Nominated to the Committee w.e.f. 28.07.2016 vide Bulletin Part-II dated 28.07.2016.

INTRODUCTION

I, the Chairperson, Standing Committee on Information Technology (2015-16) having been authorized by the Committee, do present the Twenty-Ninth Report on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Eleventh Report (Sixteenth Lok Sabha) on 'Business Development and Marketing Strategy in the Department of Posts' of the Ministry of Communications and Information Technology (Department of Posts).

2. The Eleventh Report was presented to Lok Sabha/Laid on the Table of Rajya Sabha on 13th August, 2015. The Department of Posts furnished their Action Taken Notes contained on the Observations/Recommendations contained in the Eleventh Report on 12th November, 2015.

3. The Report was considered and adopted by the Committee at their sitting held on 8th August, 2016.

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

5. An analysis of Action Taken by the Government on the Observations/Recommendations contained in the Eleventh Report (Sixteenth Lok Sabha) of the Committee is given at *Appendix-II*.

New Delhi;
08 August, 2016
17 Shravana, 1938(Saka)

Anurag Singh Thakur,
Chairperson,
Standing Committee on
Information Technology

CHAPTER-I

REPORT

This Report of the Standing Committee on Information Technology deals with the action taken by the Government on the Observations/Recommendations of the Committee contained in their Eleventh Report (Sixteenth Lok Sabha) on 'Business Development and Marketing Strategy' in the Department of Posts relating to the Ministry of Communications and Information Technology (Department of Posts).

2. The Eleventh Report was presented to Lok Sabha/laid in Rajya Sabha on 13th August, 2015. It contained 17 Observations/Recommendations.

3. Action Taken Notes in respect of all the Observations/Recommendations contained in the Report have been received from the Department of Posts and are categorized as under:-

(i)	Observations/ Recommendations which have been accepted by the Government Rec. Sl. Nos.:- 1 ,2, 3, 4, 5, 6, 7, 8, 9, 10, 12,13, 14, 16 and 17	15
(ii)	Observations/ Recommendations which the Committee do not desire to pursue in view of the replies of the Government Rec. Sl. Nos.:- Nil	Nil
(iii)	Observations/ Recommendations in respect of which replies of the Government have not been accepted by the Committee and require reiteration Rec. Sl. Nos.:-15	01
(iv)	Observations /Recommendations in respect of which replies are of interim in nature Rec. Sl. Nos.:- 11	01

4. The Committee trust that utmost importance will be given to implementation of the Observations/Recommendations accepted by the Government. The Committee further desire that Action Taken Notes on the Observations/Recommendations contained in Chapter-I and final action taken replies to the Observations/Recommendations contained in Chapter-V of this Report should be furnished to them at an early date.

5. The Committee will now deal with action taken by the Government on some of their recommendations.

A. Rationalization of existing products/services and focus on emerging areas

(Recommendation Sl. No. 2)

6. The Committee, in their original Report, had recommended as under:-

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

Bill collection on behalf of third parties, etc. which, in the opinion of the Committee, have tremendous potential for growth and revenue generation for the Department. The Committee would like to be apprised of the efforts made in this regard and the outcome thereof. “

7. The Department of Posts in their action taken note have stated as under:-

“Department of Posts review its services and products from time to time keeping in view the changing market scenario, changing customer needs, industry benchmarks etc. and takes steps/action to modify the service features accordingly so as to improve the postal services and boost revenue growth.

ePOST is an unregistered hybrid mail service which provides electronic transmission of the messages which may include text messages, scanned images, pictures etc. and their delivery in hard copies at the destination through the postman/delivery staff. Presently, ePost booking facility is available in more than 13000 post offices and physically delivered through a network of more than 1.54 lakh post offices across India. ePost service is provided for both retail as well as corporate customers.

ePost Corporate service enables corporate customers including Government Departments, PSUs (Public Sector Undertakings), SMEs (Small and Medium Enterprises), etc. to draft, design and send messages as per their business requirements from their office premises by using the internet. The message is electronically transmitted as a soft copy and at the destination it is delivered to the addressee, in the form of a hard copy.

The Department has recently introduced an online recharge facility of e-Post prepaid account w.e.f. 11.08.2015 enabling the pre-paid users to activate/recharge their e-Post prepaid account online by using credit/debit card. With this facility the users are not required to visit the post office for activation/recharging of their e-Post pre-paid account. Positive revenue growth of ePost in last 3 years is as follows:

Name of Product	Revenue (₹ in crores)		
	2012- 13	2013- 14	2014-15
e-Post	2.67	3.47	4.13

Greeting Post stands discontinued at the central level. However, the Circles have been empowered to deal with the issue on a case to case

basis. Media Post and Direct Post do not contribute substantial revenue. However, as they utilize the services of the existing network of the Department, the cost incurred on these products is not substantial. Services like ePost have a potential for growth and the Department continues with these services to cater to specific segments of customers.”

8. The Committee while observing that some of the premium products like Speed Post, Business Post and Express Parcel Post have performed exceptionally well in terms of revenue generation, as against premium products like Media Post, Greeting Post and ePost which faced a decline in revenue generation, had suggested that the Department should undertake a comprehensive review of these products and services to decide on the continuation/discontinuation or integration of these services so as to increase their revenue earning potential. The Department, in their Action Taken Notes, have stated that they review their services and products from time to time keeping in view the changing market scenario, changing customer needs, industry benchmarks etc. and take steps/action to modify the service features accordingly so as to improve the postal services and boost revenue growth. The Department have also informed that with the recent online recharge facility of ePost pre-paid account the users are not required to visit Post Office for activation/recharge of their ePost pre-paid account. There is some positive revenue growth of ePost from Rs.3.47 crore in 2013-14 to Rs.4.13 crore in 2014-15. The Greeting Post have been discontinued at the Central level. Media Post and Direct Post do not contribute substantially to the revenue. However, ePost have potential for growth. Taking note of the above submission, the Committee hope that the Department would continue to review the existing/continuing products/services with focus on emerging areas such as ePost to ensure that the products/services offered by the Department are in sync with changing times and fulfill the needs/expectations of the customers while also generating the much needed revenue for the Department of Posts. The Committee also hope that a holistic view should be taken by the Department about

discontinuation/integration of products like Media Post and Direct Post so that they do not remain a burden on the Department in their endeavour to increase the revenue.

B. Review of Revenue Performance of Services and maintenance of Data on Government Business transacted through Post offices

(Recommendation Sl. No. 4 and 12)

9. The Committee, in their original Report, had recommended as under:-

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

(Recommendation Sl. No. 4)

“The Committee note with concern that the Department of Posts do not maintain any separate information on Government Business and hence could not provide separate figures in respect of traffic and revenue of different products and services for private vis-a-vis Government Business. The Committee are of the view that maintenance of such information in segregated form will help the Department in not only assessing their business potential more realistically but also in formulating their own business strategies more effectively in improving their overall performance. The Committee, therefore, recommend that the Department should evolve a mechanism to maintain separate data pertaining to the Government Business and private business which will also enable the Department in assessing the reach and performance of Government schemes transacted through the Postal network.”

(Recommendation Sl. No. 12)

10. The Department of Posts in their action taken note have stated as under:-

“Specific cost benefit analysis of products and services is not being made as the current costing methodology is based on previous years’ total expenditure that is apportioned to all products/services.

The Department is now implementing Activity Based costing under the IT Modernisation Project where product/service wise costing would be available and cost benefit analysis can be carried out more accurately.”

(Reply to Recommendation Sl. No. 4)

“As observed by the Committee, currently the Department of Posts does not maintain segregated data pertaining to Government and private business in respect of products and service under the Universal Service Obligations (USO) and premium products. The Department does not offer differential rate structure and ensures that the products and services are available at the same rates to the Government and private customers.

However, there are certain services and products which are exclusively provided to Government agencies such as Passenger Railway Reservation Scheme, Post Office Savings Scheme, MGNREGA, Kisan Vikas Patras and other agency products for which the data is maintained. The Department is implementing the IT Modernization Project which would enable Activity Based costing.”

(Reply to Recommendation Sl. No. 12)

11. Considering the fact that maintenance of data regarding the cost of various Value Added Services offered by the Department is an essential pre-requisite to ascertain their financial viability before undertaking any revision of rates for those Services, the Committee in their original Report had recommended that the Directorate should ensure maintenance of requisite data in respect of all the Value Added Products and Services offered by it and utilize the same in planning Product/Service tariff structure while carrying out periodic revision of rates thereof. The Department in their Action Taken Note, have stated that Specific cost benefit analysis of products and services is not being made as the current costing methodology is based on previous years' total expenditure that is apportioned to all products/services. However, they are now implementing Activity Based costing under the IT Modernization Project where product/service wise costing would be available and cost benefit analysis can be carried out more accurately. With regard to the recommendation of the Committee for maintaining data for Government Business and Private Business, the Department have informed that they do not maintain segregated data pertaining to Government and Private Business in respect of products and services under the Universal Service Obligations (USO) and premium products. They do not offer differential rate structure and ensure that services are available to Government and Private customers at the same rate. In respect of some services which are exclusively provided to Government agencies, such as Passenger Railway Reservation Scheme, Post Office Savings Scheme, MGNREGA, etc. data is being maintained. The Committee feel that maintenance of segregated data in respect of Government and Private Business would help the Department in assessing how much business they are getting from each sector and the corresponding revenue earned. Taking note of the submission of the Department that IT Modernization Project being implemented by them would enable Activity Based costing and address the concern of the Committee, the Committee desire that the Department should

apprise them of the progress of IT Modernization Project and how far it has been helpful in assessment and cost benefit analysis of products and services.

C. **Speed Post – Need for Improvement in Market share, Need for Improving Quality of Service of Speed Post & Need for Creating Awareness about Value Added Services**

(Recommendation Sl. No. 5, 6 & 7)

12. The Committee, in their original Report, had recommended as under:-

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

(Recommendation Sl. No. 5)

The Committee find that even though Speed Post is the most significant revenue generating Service of the Department, the quality of service of

Speed Post has not been up to the desired level. Non-delivery of articles and inordinate delays in delivery of articles booked through Speed Post are some of the routine complaints of clients when it comes to judging the quality of service of Speed Post. Though the Department have maintained that they have drawn up Key Performance Indicators (KPIs) for every Speed Post article to ensure time-bound delivery and KPI's have been fixed for various cities, still it is a matter of serious concern that there are complaints regarding delays in delivery. The Committee recall that the Department submitted before the Committee that in the quarter ending March, 2013, they had received as many as 25,876 complaints in respect of delay of delivery of articles and 22,672 complaints regarding non-receipt of acknowledgement. Keeping in view the fact that Speed Post is the most successful premium Product/Service offered by the Department, the Committee feel that it is imperative to monitor its service quality and ensure that minimum quality benchmarks are maintained in regard to timely delivery of Speed Post articles. While the Department are hopeful that the roll-out of their two important schemes, i.e. the Mail Network Optimization Project (MNOP) and IT adoption and modernization scheme will significantly improve the quality of service of Speed Post, the Committee feel that quality improvement is a continuous process and should be accorded the highest priority, especially since the Department is facing stiff competition from Private Courier Services. The Committee, therefore, recommend that the monitoring mechanism for various stages of Speed Post delivery should be further strengthened by raising the standards of all performance parameters and 'Track and Trace' facility should be extended to cover all articles booked through Speed Post. The Committee further recommend that the proposed initiative of the Department regarding confirmation of the delivery of Speed Post through SMS is implemented within the stipulated time frame. The Committee are of the view that this step will definitely play a key role in the overall improvement in the quality of service of the Speed Post.

(Recommendation Sl. No. 6)

The Committee note that Speed Post Service has got various attractive features such as availability of Insurance of articles, 24-hour booking in select offices, Speed Post International Service, Internet based Track and Trace system and Value Added features such as free pick-up facility for bulk customers, Book Now Pay Later (BNPL) facility for corporate customers, volume based discounts and Premium Delivery Centers. The Committee, however, feel that due to lack of awareness about these premium features amongst the clients, these services are not being

utilized to their full potential. The Committee, therefore, recommend that the Department must take appropriate steps to promote awareness about the client-friendly features of Speed Post by giving due publicity to important features such as 'Track and Trace' facility, etc. amongst the targeted customers. As mentioned in the previous paragraph, the Committee desire that wide publicity to the planned facility of SMS confirmation of Speed Post must be ensured which can play a decisive role in making the Speed Post the best choice amongst the users."

(Recommendation Sl. No. 7)

13. The Department of Posts in their action taken note have stated as under:-

"Speed Post is the flagship product of the Department of Posts and a major stream of revenue. Several initiatives are being taken not only to retain existing customers but also to add new customers in order to increase Speed Post revenue and market share. Some of them are -

(i) Delivery of High Court notices/summons through Speed Post with physical as well as electronic Proof of Delivery (PoD) facility was introduced in the Delhi High Court with effect from 03.02.2014. The service was further extended to the Odisha High Court, Punjab and Haryana High Court and the subordinate courts in Punjab and Haryana. Department is working to extend the delivery of notice/summons through Speed Post with other High Courts.

(ii) Bharat Electronics Limited (BEL) Ghaziabad is a Government of India PSU under the Ministry of Defence involved in the manufacture and supply of various electronic products for the Indian Air Force. A proposal of a tie up for sending their consignments through Speed Post from more than 80 locations across the country under the Single Point Account Management scheme is under process.

(iii) The Speed Post contract with the Indian Air Force existing since 1999 is currently under negotiation and renewal.

As per a report published on a study by the Comptroller & Auditor General of India (C&AG), Speed Post is faster and more reliable than private couriers. C&AG in its study found that Speed Post delivers 99% articles within 1-9 days as compared to private couriers' delivery of 92% which takes upto 10 days.

Due to continued efforts, growth in Speed Post revenue for two years is as follows:

Year	Revenue (₹ in Crores)	Percentage Increase in revenue over the previous year
2013-14	1372.21	8.78%
2014-15	1495.21	8.96%
2015-16*	764.64	16.25%

[*Growth of Speed Post revenue as on September, 2015 compared with performance as on September, 2014 (₹ 657.74)].

Speed Post service has also emerged as a key product in terms of the eCommerce market. To cater to the huge emerging market Speed Post Cash on Delivery (SPCoD) service has been launched, which has generated a positive response and increased revenue for the Department.

(Reply to Recommendation Sl. No. 5)

Track & Trace facility has been extended for all Speed Post articles, including eCommerce articles. To monitor and improve the quality of service of Speed Post articles, specially eCommerce articles, the Department has developed certain Key Performance Indicators (KPI) which are as follows:

1. Destination wise data on time taken from booking to delivery of bulk Speed Post articles.
2. Hub-wise delivery status of eCommerce consignments from major customers.

Efforts are on to provide the facility of confirmation of delivery of Speed Post articles through Short Messaging Service (SMS).

(Reply to Recommendation Sl. No. 6)

Premium Products especially services such as Speed Post, Express/Business Parcel etc. face an intense competition in the market. India Post recognises that one of the means of increasing revenue and market share is by making the public aware of the services offered under the Premium Products. One of the ways to create awareness and consequent market share is by way of advertisements in the print, audio visual and social media platforms.

A number of steps have been taken for marketing and promotion of Speed Post services highlighting features such as Track & Trace facility, volume

based discount, free pick-up, credit facility etc. Advertisements on Speed Post are given in the print and electronic media to spread awareness about its features and service. Receipts given for Speed Post articles also contains the tracking number & displays the track & trace functionality. Further, promotion and publicity of products/services of the Department are also done through Social Media platform i.e. Face book/ Twitter of the Department of Posts.

Steps outlined above have resulted in increase in Speed Post revenue. The successive revenue figures of Speed Post for the last two years are illustrated below.

Year	Revenue (₹ in Crores)	Percentage Increase in revenue over the previous year
2013-14	1372.21	8.78%
2014-15	1495.21	8.96%
2015-16*	764.64	16.25%

[*Growth of Speed Post revenue as on September, 2015 compared with performance as on September, 2014 (₹ 657.74)].”

(Reply to Recommendation Sl. No. 7)

14. Taking note of the fact that the market share of Speed Post ranged between 17.4 per cent and 20.2 per cent only during the year 2012-13, the Committee had recommended the Department to strenuously strive to further increase the market share of their most successful premium product by gainfully utilizing the available resources. The Committee had desired that the Department must take appropriate steps to promote awareness about the client-friendly features of Speed Post by giving due publicity to important features such as ‘Track and Trace’ facility, etc. amongst the targeted customers. The Department in their Action Taken Note have stated that several initiatives are being taken not only to retain existing customers but also to add new customers in order to increase Speed Post revenue and market share. To cater to the huge emerging eCommerce market, Speed Post Cash on Delivery (SPCoD) service has been launched. Track & Trace facility has been extended for all Speed Post articles, including eCommerce articles. To monitor and improve the quality of service of Speed Post articles, especially eCommerce articles, the Department have developed

various Key Performance Indicators (KPI). A number of steps have also been taken for marketing and promotion of Speed Post services highlighting features such as Track & Trace facility, volume based discount, free pick-up, credit facility etc. Advertisements on Speed Post are given in the print and electronic media to spread awareness about its features and services. The Department have submitted that these initiatives would go a long way in improving the market share of Speed Post, improving the quality of service of Speed Post and creating awareness about the various Value Added Services offered to the customers. The Committee desire the Department to implement the initiatives in the right earnest so that the market share of Speed Post continues to improve. The Committee hope that with implementation of IT modernisation project more and more number of rural Post Offices are being brought under the Speed Post Network which so far remained outside the network. The Committee may be apprised of the number of rural Post Offices which have progressively been moved into the Speed Post network.

D. Competition from Private Courier Services

(Recommendation Sl. No. 15)

15. The Committee, in their original Report, had recommended as under:-

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

obligated to provide services throughout the country, including in the most difficult and remote areas.

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

16. The Department of Posts in their action taken note have stated as under:-

"Postal Regulators are in existence in many countries like South Africa, China, Malaysia, Latin American countries etc. Department of Posts has initiated the IT Modernization Project which is presently under implementation and is expected to impact various processes and also lead to addition/deletion and revision of several existing products and services, which may merit amendment of extant Rules, Regulations and Acts etc. Along with it, the Department shall firm up its proposal for amending the Indian Post Office Act 1898, covering both the postal as well as courier sectors."

17. Keeping in view the stiff competition which the Department of Posts are facing from the unregulated private courier services operating without any guidelines or quality of service benchmarks, the Committee had desired that the Government must consider establishing a postal regulator on the lines of Telecom Regulator, Insurance Regulator, Financial Regulator etc. to govern the postal services. This would ensure fair play, healthy competition and accountability in courier services. The Committee had also suggested that before implementing the above suggestion, the Department should study the best practices followed in other countries with regard to existence of

a regulator. On this important issue, the Department, in their action taken notes, have stated that they are implementing IT modernization project which is expected to impact processes and amendment of extant rules, regulations, etc. The Department have further submitted that they would firm up the proposal for amendment of India Post Office Act, 1898 covering both postal and courier sectors. However, the action taken note is completely silent on the issue of a regulator for the postal service. From the action taken note, it appears that the amendment of Indian Post Office Act, 1898 for which action is yet to be initiated by the Department, would take care of the issue of regulator for postal services. However, the Committee are of the view that IT modernization is an ongoing activity and amendment and subsequent changes in processes and extant rules will take some time. In order to regulate the private courier services which goes unregulated as on date there is an urgent need for putting in place a regulator/monitoring mechanism for postal services, especially to regulate the private courier services and private parcel services. As submitted by the Department themselves, postal regulators are already in existence in many countries. The issue merits urgent attention of the Department, particularly in the light of the potential courier services and parcel services have for revenue generation. Therefore, the Committee, while expressing their displeasure that the issue has not been taken up with due seriousness, reiterate their earlier recommendation and desire the Department to implement the above suggestion of the Committee expeditiously. The Department should firm up their proposal and apprise the Committee of the progress made in this regard.

Chapter-II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

(Recommendation Sl. No.1)

The Committee note that with more than one and a half lakh Post Offices and 4,59,948 employees spread across the length and breadth of the country, India has the largest Postal Network in the world. To maintain and support this massive network, it is but natural that the Department have to incur huge expenditure. For the year 2012-13, the net expenditure of the Department was Rs.15,481.15 crore which rose to Rs.16,796.71 crore in the year 2013-14. During the same period, the corresponding revenue of the Department went up from Rs. 9366.50 crore to Rs.10730.42 crore. In this context, the Committee note that the Department are striving to increase internal generation of revenues to contain the deficit. Over the years, the Department have introduced a number of business products and services like Retail Post, ePost, ePayment, ePost Office, Speed Post, Express Parcel Post, Logistics Post, Business Post, etc. to advance their business interests and to generate more revenue. Further, with the entry of private couriers, the Department no longer remain the sole service delivery organization and necessarily have to operate in a highly competitive environment. In order to provide a greater impetus to their business activity, the Department set up a Business Development Directorate in the year 1996 with a view to designing, developing and monitoring Value Added Services to cater to the market needs and formulate business development and marketing strategies to generate further revenue. This Directorate was reorganized into the Business Development and Marketing Directorate (BD&M) in the year 2004-05, to provide a sharper focus on marketing. In 2007, the Business Development and Marketing Directorate was given the added responsibility of marketing and publicity of all the services and products of India Post, including Financial Services, Money Remittances, Mail Business Development and Value Added Services. The Committee note that presently, Business Development (BD) revenue constitutes about 60% of the postal revenue of the Department. The revenue from Value Added Services of the Directorate has grown from Rs. 74 crore in 1996-97 to Rs. 2724 crore in 2013-14. The average revenue growth has been about 13 per cent per annum during the period 2009-2014. The major growth contributors for the BD revenue have been products like Speed Post, Business Post and Express Parcel and Business Parcel which have shown an average growth of 84%, 137% and 127%, respectively. However, despite the growth in revenue from BD products, issues such as increasing competition from private players, identification of new business opportunities and promotion and publicity of new Value Added Services continue to remain some of the major challenges before the Department. Keeping in view the huge deficit of the Department which stood

at a staggering figure of Rs.5473.10 crore in 2013-14, the Committee recognize that the BD&M has to play a vital role to supplement the efforts of the Department of Posts to bridge the revenue deficit. In the succeeding paragraphs, the Committee seek to evaluate the achievements made by BD&M and the efficacy of the measures undertaken by the Directorate over the years to fulfill its mandate.

Reply of the Government

Business Development and Marketing Directorate offers a number of products/services such as Speed Post, Express Parcel, Business Parcel, Business Post, Logistics Post etc for generation of additional revenue to the Department. Working on exploring new business areas by way of customizing its existing services/introduction of new services and technology integration is also being done in a systematic manner to reduce the cost of operation and thereby decrease the revenue deficit.

Marketing activities are being carried out to bring awareness among the members of the public about the products and services like Speed Post, Business Post, Express/ Business Parcels and other products and services. India Post recognizes that one of the means of increasing revenue and market share is by making the customers aware of the services and products offered under the premium products/services.

A number of steps have been taken for marketing and promotion of Speed Post service highlighting the features such as track & trace facility, volume based discount, free pick-up, credit facility etc. Advertisements on Speed Post service are given in the print, electronic and social media to spread awareness about the Speed Post service and its features. In addition to this the track & trace facility has also been given on the home page of the India Post website (<http://www.indiapost.gov.in>) and all information about the service is also available on the website. The receipt given for Speed Post articles also contains the tracking number & displays the track & trace functionality.

Business Development & Marketing Directorate has formulated a Plan Scheme “Marketing Function of the Department” with the objective of enhancing the visibility and brand value of existing as well as new products and services of the Department. The scheme is to support the vision of the Department that India Post’s products and services should be the customer’s first choice.

Further, product features and offerings are regularly reviewed so as to offer a better quality of service in an efficient manner preferably at a lower cost to curtail the deficit and increase the revenue. Following new business opportunities have also been initiated to generate revenue for the Department:-

- a) Department is offering its services to major e-commerce companies for delivering their articles such as M/s Amazon.com, Flipkart, Snapdeal.com, Naptol etc.

- b) Cash on Delivery (CoD) facility as a value addition has been made available on Speed Post, Express & Business Parcel which allows electronic transmission of remittance data for payment.
- c) The Department has a focused approach on Corporate entities like Banks, Corporations, Financial Institutions, Universities in order to increase the revenue and volumes of Speed Post, Business Post and other products and services.

(Ministry of Communications & IT/ Department of Posts F. No. 65-50/2015-BD&MD dated 12.11.2015)

Rationalization of existing products/services and focus on emerging areas

(Recommendation Sl. No. 2)

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

Reply of the Government

Department of Posts reviews its services and products from time to time keeping in view the changing market scenario, changing customer needs, industry benchmarks etc and takes steps/action to modify the service features accordingly so as to improve the postal services and boost revenue growth.

ePOST is an unregistered hybrid mail service which provides electronic transmission of the messages which may include text messages, scanned images, pictures etc and their delivery in hard copies at the destination through the postman/delivery staff. Presently, ePost booking facility is available in more than 13000 post offices and physically delivered through a network of more than 1.54 lakh post offices across India. ePost service is provided for both retail as well as corporate customers.

ePost Corporate service enables corporate customers including government departments, PSUs (Public Sector Undertakings), SMEs (Small and Medium Enterprises), etc to draft, design and send messages as per their business requirements from their office premises by using the internet. The message is electronically transmitted as a soft copy and at the destination it is delivered to the addressee, in the form of a hard copy.

The Department has recently introduced an online recharge facility of e-Post prepaid account w.e.f. 11.08.2015 enabling the pre-paid users to activate/recharge their e-Post prepaid account online by using credit/debit card. With this facility the users are not required to visit the post office for activation/recharging of their e-Post pre-paid account. Positive revenue growth of ePost in last 3 years is as follows:

Name of Product	Revenue (Rs.in crores)		
	2012- 13	2013- 14	2014-15
e-Post	2.67	3.47	4.13

Greeting Post stands discontinued at the central level. However, the Circles have been empowered to deal with the issue on a case to case basis. Media Post and Direct Post do not contribute substantial revenue. However, as they utilize the services of the existing network of the Department, the cost incurred on these products is not substantial. Services like ePost have a potential for growth and the Department continues with these services to cater to specific segments of customers.

(Ministry of Communications & IT/ Department of Posts F. No. 65-50/2015-BD&MD dated 12.11.2015)

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

Budgetary Support & Fund Utilization

(Recommendation Sl. No. 3)

The Committee note that during the 11th Five Year Plan, against the proposed outlay of Rs. 297.78 crore for the Directorate, the actual allocation was only Rs. 68.97

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

Reply of the Government

An amount of Rs.468.61 Crores has been provided in 2015-16 against Department of Posts' requirement/requisition of Rs.2631.30 Crores. So far as the Scheme "Premium Services" (related to Business Development and Marketing Division of the Department) is concerned, Rs.11.55 Crores has been allotted against the requisition of Rs.44 Crores. The recommendation of the Committee "to impress upon Ministry of Finance for sufficient funds" would be put forth to the Ministry of Finance during 2016-17.

(Ministry of Communications & IT/ Department of Posts F. No. 65-50/2015-BD&MD dated 12.11.2015)

Review of Revenue Performance of Services

(Recommendation Sl. No. 4)

A review of the revenue performance of individual Products/Services marketed by the Directorate indicates that out of eighteen services, only three services, viz. Competition Postcard, Letter and Insurance generated revenue in excess of the cost incurred by the Department. To reverse this trend, wherein most of the services are incurring huge losses, the Committee have been given to understand that a proposal for revision of rates of the Services was under consideration of the Department. The Department are increasing their activities and transactions in Post Offices to reduce the cost per transaction for various Services. The Committee do recognize that progressive IT induction will also result in reduction of operational cost of postal transactions. It is,

however, disquieting to find that the Department is not maintaining information on comparative cost and revenue for various Value Added Services (VAS) and products marketed by the Directorate. Taking into consideration the explanation by the Department that development of any new Services or Value Additions on existing Services takes into account the likely cost, potential revenue and the market conditions, the Committee are of the considered view that maintenance of data regarding the cost of various Value Added Services offered by the Department is an essential pre-requisite to ascertain their financial viability before undertaking any revision of rates for those Services. The Committee, therefore, recommend that the Directorate should ensure maintenance of requisite data in respect of all the Value Added Products and Services offered by it and utilize the same in planning Product/Service tariff structure while carrying out periodic revision of rates thereof. The Committee will like to be apprised of the cost-benefit analysis of the loss making Products/Services and measures taken to minimize the operation cost.

Reply of the Government

Specific cost benefit analysis of products and services is not being made as the current costing methodology is based on previous years' total expenditure that is apportioned to all products/services.

The Department is now implementing Activity Based costing under the IT Modernisation Project where product/service wise costing would be available and cost benefit analysis can be carried out more accurately.

(Ministry of Communications & IT/ Department of Posts F. No. 65-50/2015-BD&MD dated 12.11.2015)

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

Speed Post – Need for Improvement in Market share

(Recommendation Sl. No. 5)

The Committee recognize that Speed Post has emerged as the most successful Product/Service introduced by the Directorate, contributing more than half of the revenue from BD products. As per the data furnished by the Department, Speed Post has shown significant growth, both in terms of revenue and traffic over the years. The Speed Post revenue has increased from Rs. 515.27 crore in 2008-09 to Rs. 1261.47 crore in 2012-13 and the Speed Post traffic has increased from 21.14 crore articles in 2008-09

to 44.94 crore articles in 2012-13. In terms of percentage, the revenue of Speed Post has grown at an average growth rate of 23 per cent per annum during the period 2008-09 to 2012-13. Despite the appreciable performance of Speed Post in being amongst the foremost revenue generating Services for the Department, the Committee feel that issues like low market share and improvement in quality of service continue to be a cause of concern for the Department. The market share of Speed Post ranged between 17.4 per cent and 20.2 per cent only during the year 2012-13. Considering the fact that India Post has presence in approx. 1,55,000 locations throughout India, the Committee strongly believe that Speed Post has tremendous scope for further improvement in its overall market share. The Committee, therefore, will like the Department to strenuously strive to further increase the market share of their most successful premium product by gainfully utilizing the available resources. The Committee also feel that after implementation of its IT Modernization Project, the Department will be in a better position to include the large number of rural Post Offices in their Speed Post Network which presently are outside the network. The Committee will like to be informed about further achievements made by Speed Post in terms of market share and augmentation of revenue.

Reply of the Government

Speed Post is the flagship product of the Department of Posts and a major stream of revenue. Several initiatives are being taken not only to retain existing customers but also to add new customers in order to increase Speed Post revenue and market share. Some of them are -

- (i) Delivery of High Court notices/summons through Speed Post with physical as well as electronic Proof of Delivery (PoD) facility was introduced in the Delhi High Court with effect from 03.02.2014. The service was further extended to the Odisha High Court, Punjab and Haryana High Court and the subordinate courts in Punjab and Haryana. Department is working to extend the delivery of notice/summons through Speed Post with other High Courts.
- (ii) Bharat Electronics Limited (BEL) Ghaziabad is a Government of India PSU under the Ministry of Defence involved in the manufacture and supply of various electronic products for the Indian Air Force. A proposal of a tie up for sending their consignments through Speed Post from more than 80 locations across the country under the Single Point Account Management scheme is under process.
- (iii) The Speed Post contract with the Indian Air Force existing since 1999 is currently under negotiation and renewal.

As per a report published on a study by the Comptroller & Auditor General of India (C&AG), Speed Post is faster and more reliable than private couriers. C&AG in its

study found that Speed Post delivers 99% articles within 1-9 days as compared to private couriers' delivery of 92% which takes upto 10 days.

Due to continued efforts, growth in Speed Post revenue for two years is as follows:

Year	Revenue (` in Crores)	Percentage Increase in revenue over the previous year
2013-14	1372.21	8.78%
2014-15	1495.21	8.96%
2015-16*	764.64	16.25%

[*Growth of Speed Post revenue as on September, 2015 compared with performance as on September, 2014 (` 657.74)].

Speed Post service has also emerged as a key product in terms of the eCommerce market. To cater to the huge emerging market Speed Post Cash on Delivery (SPCoD) service has been launched, which has generated a positive response and increased revenue for the Department.

(Ministry of Communications & IT/ Department of Posts F. No. 65-50/2015-BD&MD dated 12.11.2015)

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

Need for Improving Quality of Service of Speed Post

(Recommendation Sl. No. 6)

The Committee find that even though Speed Post is the most significant revenue generating Service of the Department, the quality of service of Speed Post has not been up to the desired level. Non-delivery of articles and inordinate delays in delivery of articles booked through Speed Post are some of the routine complaints of clients when it comes to judging the quality of service of Speed Post. Though the Department have maintained that they have drawn up Key Performance Indicators (KPIs) for every Speed Post article to ensure time-bound delivery and KPI's have been fixed for various cities, still it is a matter of serious concern that there are complaints regarding delays in delivery. The Committee recall that the Department submitted before the Committee that in the quarter ending March, 2013, they had received as many as 25,876 complaints in respect of delay of delivery of articles and 22,672 complaints regarding non-receipt of

acknowledgement. Keeping in view the fact that Speed Post is the most successful premium Product/Service offered by the Department, the Committee feel that it is imperative to monitor its service quality and ensure that minimum quality benchmarks are maintained in regard to timely delivery of Speed Post articles. While the Department are hopeful that the roll-out of their two important schemes, i.e. the Mail Network Optimization Project (MNOP) and IT adoption and modernization scheme will significantly improve the quality of service of Speed Post, the Committee feel that quality improvement is a continuous process and should be accorded the highest priority, especially since the Department is facing stiff competition from Private Courier Services. The Committee, therefore, recommend that the monitoring mechanism for various stages of Speed Post delivery should be further strengthened by raising the standards of all performance parameters and 'Track and Trace' facility should be extended to cover all articles booked through Speed Post. The Committee further recommend that the proposed initiative of the Department regarding confirmation of the delivery of Speed Post through SMS is implemented within the stipulated time frame. The Committee are of the view that this step will definitely play a key role in the overall improvement in the quality of service of the Speed Post.

Reply of the Government

Track & Trace facility has been extended for all Speed Post articles, including eCommerce articles. To monitor and improve the quality of service of Speed Post articles, specially eCommerce articles, the Department has developed certain Key Performance Indicators (KPI) which are as follows:

1. Destination wise data on time taken from booking to delivery of bulk Speed Post articles.
2. Hub-wise delivery status of eCommerce consignments from major customers.

Efforts are on to provide the facility of confirmation of delivery of Speed Post articles through Short Messaging Service (SMS).

(Ministry of Communications & IT/ Department of Posts F. No. 65-50/2015-BD&MD dated 12.11.2015)

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

Speed Post - Need for Creating Awareness about Value Added Services

(Recommendation Sl. No. 7)

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

Reply of the Government

Premium Products especially services such as Speed Post, Express/Business Parcel etc. face an intense competition in the market. India Post recognises that one of the means of increasing revenue and market share is by making the public aware of the services offered under the Premium Products. One of the ways to create awareness and consequent market share is by way of advertisements in the print, audio visual and social media platforms.

A number of steps have been taken for marketing and promotion of Speed Post services highlighting features such as Track & Trace facility, volume based discount, free pick-up, credit facility etc. Advertisements on Speed Post are given in the print and electronic media to spread awareness about its features and service. Receipts given for Speed Post articles also contains the tracking number & displays the track & trace functionality. Further, promotion and publicity of products/services of the Department are also done through Social Media platform i.e. Face book/ Twitter of the Department of Posts.

Steps outlined above have resulted in increase in Speed Post revenue. The successive revenue figures of Speed Post for the last two years are illustrated below.

Year	Revenue (Rs.in Crores)	Percentage Increase in revenue over the previous year
2013-14	1372.21	8.78%
2014-15	1495.21	8.96%
2015-16*	764.64	16.25%

[*Growth of Speed Post revenue as on September, 2015 compared with performance as on September, 2014 (` 657.74)].

(Ministry of Communications & IT/ Department of Posts F. No. 65-50/2015-BD&MD dated 12.11.2015)

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

IT Adoption and Modernization

(Recommendation Sl. No 8)

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

Considering that the implementation of the above schemes is expected to revolutionize and improve the performance and efficiency of the Department across Services and Schemes, the Committee recommend that the Department should take all necessary measures to ensure expeditious execution of IT related Projects which are at various stages of completion within the stipulated time frame.

Reply of the Government

The IT Modernization Project is under implementation through eight different silos. The Project Coordination Committee and various Project Implementation Committees set up at the Directorate level and Circle Monitoring Committees at the Circle level and Regional Implementation Committees at the Regional level are monitoring the day to day progress of the Project to ensure that the implementation is completed within the given timelines.

Present status of the IT modernization projects is as illustrated below:-

- i. Data Centre is operational since April 2013 at Navi Mumbai and the Data Recovery Centre (DRC) has been powered on at Mysuru on 15th May 2015.
- ii. Under the Financial Services Integrator silo, 7313 Offices have migrated to Core Banking Solution (CBS) and 18084 Offices to Core Insurance Solution (CIS). Automated Teller Machine (ATM) facility has been provided at 125 locations. Circle Processing Centers (CPCs) have also been commissioned in all the 22 Circles in the country.
- iii. Under Net Work Integrator silo (NI), 27713 locations have been networked on a single Wide Area Network (WAN).

(Ministry of Communications & IT/ Department of Posts F. No. 65-50/2015-BD&MD dated 12.11.2015)

eCommerce

(Recommendation Sl. No. 9)

The Committee note that the Department have identified e-Commerce as an emerging business opportunity, especially since this industry is growing in India at a very fast pace. The Committee have been apprised that the growing online retail industry is throwing up new opportunities and the Directorate is striving to avail the same by

introducing the service 'Speed Post-Cash on Delivery (SP-CoD)' which is specifically targeted to address the needs of eCommerce companies as well as setting up of dedicated parcel hubs to handle the increasing parcels and eCommerce traffic. Further, in order to provide complete supply chain management, the Department are formulating a service namely, 'Business Reply Speed Post Articles', besides horizontal integration in supply chain through development of warehousing capacity. For this purpose, the Committee note that under the Twelfth Five year Plan Scheme on marketing, it is proposed to utilize the services of a professional consultant in which in-depth studies of e-Commerce market and share of India Post are likely to be part of the 'Terms of Reference' of the consultant. The Committee further note that the Department are facing certain operational and technological challenges in offering quality services at economical rates to their customers. The Committee are aware that the Department is depending on external agencies such as Railways/ Airlines/ State transport buses, etc. for transportation of mail/ parcels, etc. This dependency, naturally, creates challenges in operations and maintenance of service delivery standards. Moreover, the Department are presently dependent on in-house developed software modules which are working in silos and there is no integration amongst them. In order to overcome these challenges, the Department are rolling out the major IT Project wherein all the software modules will be integrated and they are planning to impart training to all staff in change management.

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

Reply of the Government

With the opportunities arising out of eCommerce boom, Department of Posts had introduced Cash-on-Delivery (CoD) facility as a value addition on Business Parcel, Express Parcel and Speed Post services considering the fact that the CoD option in India is very popular and the eRetailers are looking for a fast and reliable remittance solution towards the cost of the delivered goods.

Since the introduction of CoD facility, Department of Posts has collected and remitted more than ` 800 crores as CoD amount. Department has a focused approach to provide better delivery solutions to eRetail Companies to get more volumes. As a result, Department of Posts has shown a growth of 37% in Express Parcel/ Business Parcel

business during 2014-15 compared to 2013-14. Revenue growth in respect of Express Parcel / Business Parcel in the first half year of the present fiscal is 105%.

To ensure efficient handling of the eCommerce business, Department of Posts has established 48 Parcel Processing Centres in the year 2013-14 and 2014-15. This includes 2 mechanised parcel processing centres at Mumbai and Delhi. The capacity of these Centres is being augmented and it is proposed to establish 12 Integrated eCommerce / Parcel Processing Centres during the remaining period of the 12th Five Year Plan. Further, customization of products and services to meet the varied nature of requirements of eCommerce companies is a continuous process so as to become a market leader in this segment.

(Ministry of Communications & IT/ Department of Posts F. No. 65-50/2015-BD&MD dated 12.11.2015)

Government Business – MGNREGS

(Recommendation Sl. No. 10)

The Committee note that the Department of Posts have been wholeheartedly engaged in fulfilling the social commitments of the Government such as Financial Inclusion and disbursement of Social Security Schemes through Post Offices across the country, including disbursement of wages under MGNREGS, which was introduced in the year 2006. The Committee note that the Department of Posts had handled 4.90 crore MGNREGS accounts during 2010-11, 5.38 crore during 2011-12 and 5.74 crore during 2012-13. With more than 1,39,000 Post Offices in Rural Areas, the Committee find that India Post provides critical support in the implementation of MGNREGS. In this regard, the Committee note that the Department are carrying out the task on behalf of the Ministry of Rural Development (MoRD) and are entitled for a remuneration for maintenance of MGNREGS accounts and other administrative expenses. The Committee, however, find that the Department have not received any payment from the MoRD for the last six years. In this regard, the Committee, in their 33rd Report (15th LS) on Demands for Grants (2012-13), had viewed that disbursement of wages to labourers under MGNREGS is an important activity and hence the rate of remuneration account with the MoRD should be settled at an early date. Subsequently, in their Action taken Report on the subject, the Committee had found that the Department of Posts had shared the details of administrative expenses incurred year-wise with the MoRD. However, the Committee are perturbed to note that dues were not released by MoRD. While recognizing that the Department are playing a major role in the implementation of MGNREGS, the Committee reiterate their recommendation for an early settlement of

the matter between the Department of Posts and the MoRD by taking up the issue at the highest level in the Government so that the entire dues, as admissible, are paid to the Department of Posts without any further delay.

Reply of the Government

The matter regarding recovery of outstanding dues/ claims from Ministry of Rural Development towards maintenance of MGNREGS accounts and other expenses was pursued vigorously by the Department of Posts. Details of settlement of outstanding dues / claims during the previous years by the Ministry of Rural Development are furnished below:

Financial Year	Number of active MGNREGA accounts	Service charges @ 80 per account (Rs. in crores)	Amount released
2009-10	1,93,61,016	154.89	(i) Rs. 181.00 Crore on 21.03.2013. (ii) Rs. 3.99 Crore on 29.03.2013.
2010-11	2,40,48,884	192.39	
2011-12	2,73,98,877	219.19	
2012-13	3,22,67,051	258.14	(III) Rs. 200.00 Crore on 08.11.2013 (IV) Rs. 162.72 Crore on 22.04.2014. (v) Rs. 237.28 Crore on 16.01.2015.
	Total	Rs. 824.61	Rs. 784.99 Crore
	Balance to be paid to DoP	Rs. 39.62 Crore	

The Ministry of Rural Development has settled the outstanding dues/ claims worth Rs.784.99 crores. The balance of Rs.39.62 Crores would be released during the current financial year as assured by the concerned Ministry.

(Ministry of Communications & IT/ Department of Posts F. No. 65-50/2015-BD&MD dated 12.11.2015)

Data on Government Business transacted through Post Offices

(Recommendation Sl. No. 12)

The Committee note with concern that the Department of Posts do not maintain any separate information on Government Business and hence could not provide separate figures in respect of traffic and revenue of different products and services for private vis-a-vis Government Business. The Committee are of the view that maintenance of such information in segregated form will help the Department in not only assessing their business potential more realistically but also in formulating their own business strategies more effectively in improving their overall performance. The Committee, therefore, recommend that the Department should evolve a mechanism to maintain separate data pertaining to the Government Business and private business which will also enable the Department in assessing the reach and performance of Government schemes transacted through the Postal network.

Reply of the Government

As observed by the Committee, currently the Department of Posts does not maintain segregated data pertaining to Government and private business in respect of products and service under the Universal Service Obligations (USO) and premium products. The Department does not offer differential rate structure and ensures that the products and services are available at the same rates to the Government and private customers.

However, there are certain services and products which are exclusively provided to Government agencies such as Passenger Railway Reservation Scheme, Post Office Savings Scheme, MGNREGA, Kisan Vikas Patras and other agency products for which the data is maintained. The Department is implementing the IT Modernization Project which would enable Activity Based costing.

(Ministry of Communications & IT/ Department of Posts F. No. 65-50/2015-BD&MD dated 12.11.2015)

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

Human Resource Management

(Recommendation Sl. No. 13)

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

Reply of the Government

The vacant posts in the BD & M Directorate have since been filled up.

(Ministry of Communications & IT/ Department of Posts F. No. 65-50/2015-BD&MD dated 12.11.2015)

(Recommendation Sl. No. 14)

The Committee also note that the Officers/staff of the Directorate do not have requisite qualifications for Marketing and Business Development. As regards specialized training, the Department have stated that Officers with more experience and orientation in Marketing, Business Development and operations are being deputed in the Directorate to cater to its functional needs. The Committee feel that in the contemporary business environment marked by stiff competition from the private sector, recruiting the right people for the right position is absolutely necessary and it is all the more essential to train these officers with requisite skill set, particularly when the Directorate is responsible for conceptualization and planning of business development activities for execution through various Postal Circles of the Department. The Committee, therefore, recommend to the Department to have a planned scheme of job specific training with emphasis on business promotion for the staff of the Business Directorate.

Reply of the Government

Specialized training programmes on marketing and business development are held regularly in all the training institutes of the Department of Posts. Officers of the Business Development & Marketing Directorate and those engaged in marketing, business development and postal operations in Circles are deputed for training courses held in India and abroad. During the year 2014-15, 253 officers / officials were imparted

training in various institutes for improving their skills in marketing and business development.

(Ministry of Communications & IT/ Department of Posts F. No. 65-50/2015-BD&MD dated 12.11.2015)

Lack of dedicated transport and non-mechanized last mile delivery

(Recommendation Sl. No. 16)

The Committee find that the lack of dedicated transport for transmission of mail and parcel and non-mechanized last mile delivery are some of the major constraints faced by the Directorate. It is disquieting to note that India Post, which operates the largest postal network in the world, is constrained for want of dedicated transport for transmission of mail and parcel. Non-mechanized last mile delivery is another area of concern that needs to be addressed on a priority basis. In this regard, the Committee feel that it is high time that the Department of Posts focused on mobilizing requisite resources to ensure availability of dedicated transport for transmission of their articles. The Committee view that the reliance of the Department on non-mechanized last mile delivery acts as a serious hindrance in enabling faster delivery of articles and also the reliability of their services. The Committee also record that the maintenance allowance of Rs. 60/- being given to the postmen for maintenance of bicycles is grossly inadequate, which may be considered for immediate revision.

Reply of the Government

In order to ensure safe and secure transmission of Speed Post articles/ parcels, particularly eCommerce articles a Plan scheme "Development of Road Transport Network" has already been approved for the Department. Under the Plan scheme 24 routes have been identified which will cover secure transmission of Speed Post articles including eCommerce articles between 44 cities in the country. The Department has also directed the Circles to identify alternate/ additional routes which may be operationally advantageous for transmission of mails.

Mechanized delivery of parcels has also been introduced by the Department in certain cities which is being further extended to other cities.

Cycle Maintenance Allowance has been revised @ Rs.90/- per month w.e.f. 15.09.2015.

(Ministry of Communications & IT/ Department of Posts F. No. 65-50/2015-BD&MD dated 12.11.2015)

Promotion and Publicity

(Recommendation Sl. No. 17)

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

Reply of the Government

Business Development & Marketing Directorate has formulated a Plan Scheme "Marketing Function of the Department" with the objective of enhancing the visibility and brand value of existing as well as new products of the Department. The scheme is to support the vision that India Post's products and services will be the customer's first choice.

A well laid down operational and accounting procedure is in place to ensure smooth rendering of services offered by it. However, due to the vast territory covered by its operations, the number of post offices, mail offices and the magnitude of the workforce operational difficulties at times arise. Reaction of the customers to such failures in the form of complaints is an opportunity to identify shortcomings in services and to take effective and corrective measures and prevent similar instances from re-occurring. With this end in view, the Department encourages its customers to come forward with their feedback and complaints and takes necessary steps to facilitate the receipt of grievances from them. Complaint/Suggestion Books are available in all the post offices to get the suggestions/feedback from the customers.

The website of India Post (www.indiapost.gov.in) also provides information on various premium products and services in addition to provision of the track and trace facility.

In order to eliminate the causes of grievances of the customers, one of the important obligations of public service is the prompt redressal of public grievances and identification of grievance prone areas. In the present scenario of competitive services, excellence in customer service is the most important tool for sustained business growth. Customer complaints are part of the business life of any organization. A prompt and efficient service would attract new customers and also retain existing customers. It is the aim of the Department to minimize instances of customer complaints and grievances through proper service delivery and review mechanism and to ensure prompt redressal of customer complaints and grievances.

The Department has a well structured Grievance Redressal Mechanism (GRM) for the resolution and settlement of public grievances. The Department is strengthening its mechanism by appropriate training of Grievance Officers in handling web based Customer Care software for better monitoring and processing. Regular monitoring and analysis of complaints is being done not only to gauge the progress in public grievance redressal but also to identify and rectify systemic deficiencies. Officers in the field are being regularly sensitized towards early settlement of public grievances.

(Ministry of Communications & IT/ Department of Posts F. No. 65-50/2015-BD&MD dated 12.11.2015)

Chapter III

Observations/ Recommendations which the Committee do not desire to pursue in view of the replies of the Government

-NIL-

Chapter IV

Observations/ Recommendations in respect of which replies of the Government have not been accepted by the Committee and require reiteration

Competition from Private Courier Services

(Recommendation Sl. No. 15)

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

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

Reply of the Government

Postal Regulators are in existence in many countries like South Africa, China, Malaysia, Latin American countries etc. Department of Posts has initiated the IT Modernization Project which is presently under implementation and is expected to impact various processes and also lead to addition/deletion and revision of several existing products and services, which may merit amendment of extant Rules, Regulations and Acts etc. Along with it, the Department shall firm up its proposal for

amending the Indian Post Office Act 1898, covering both the postal as well as courier sectors.

(Ministry of Communications & IT/ Department of Posts F. No. 65-50/2015-BD&MD dated 12.11.2015)

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

Chapter V

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

Passenger Reservation System (PRS)

(Recommendation Sl. No. 11)

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

Reply of the Government

Revenue from Passenger Reservation System (PRS) was Rs.4.24 Crores during the year 2014-15. The facility is being offered through post offices to generate additional revenue for the Department and fulfill social service obligations making the services available to customers at an economical cost. Steps have been taken to increase the number of transactions at India Post PRS centres by spreading awareness as well as revising the timings of these centres to ensure availability of services during peak hours. Action is also being taken to increase the number of PRS centres which has reached 300. Department has also taken up matter with the Ministry of Railways for revision of charges.

PRS facility has enabled the Department of Posts to generate extra revenue from the existing infrastructure which in turn helped the Department to increase its revenue contribution without any direct extra expenditure. It has also led to increasing footfalls

in the post office and enhanced the role of the post office by ensuring that the customer sees it as value addition.

(Ministry of Communications & IT/ Department of Posts F. No. 65-50/2015-BD&MD dated 12.11.2015)

New Delhi;
08 August, 2016
17 Shravana, 1938(Saka)

Anurag Singh Thakur,
Chairperson,
Standing Committee on
Information Technology

**MINUTES OF THE TWELFTH SITTING OF THE STANDING COMMITTEE ON
INFORMATION TECHNOLOGY (2015-16) HELD ON 8TH AUGUST, 2016**

The Committee sat on Monday, the 8th August, 2016, from 1600 hours to 1640 hours in Committee Room 'D', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Anurag Singh Thakur- Chairperson

MEMBERS

Lok Sabha

2. Shri Prasun Banerjee
3. Dr. Sunil Baliram Gaikwad
4. Shri Hemant Tukaram Godse
5. Shri P. Karunakaran
6. Shri Virender Kashyap
7. Smt. Hema Malini
8. Shri Keshav Prasad Maurya
9. Dr. K.C. Patel
10. Shri Raosaheb Danve Patil
11. Shri D.K. Suresh
12. Shri Ramdas C. Tadas
13. Smt. R. Vanaroja

Rajya Sabha

14. Shri Suresh Gopi
15. Shri Meghraj Jain
16. Shri Santiuse Kujur
17. Dr. Prabhakar Kore
18. Shri Derek O'Brien
19. Mahant Shambhuprasadji Tundiya

SECRETARIAT

1. Shri R.S. Kambo - Additional Secretary
2. Shri Y.M. Kandpal - Director
3. Dr. Sagarika Dash - Deputy Secretary
4. Shri Shangreiso Zimik - Under Secretary

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee convened to consider and adopt the following three Draft Action Taken Reports:-

- I.XXXXX.....XXXXX.....XXXXX.....XXXXX.....XXXXX.....XXXXX.....XXXXX.....XXXXX.....;
- II.XXXXX.....XXXXX.....XXXXX.....XXXXX.....XXXXX.....XXXXX.....XXXXX.....XXXXX.....; and
- III. Action Taken Report on the Eleventh Report on the subject 'Business Development and Marketing Strategy in the Department of Posts'.

3. The Committee, thereafter, took up for consideration the above Reports and after due deliberation adopted the same without any modification.

4. The Committee, then, authorised the Chairperson to present the Action Taken Reports to the House during the current session of Parliament.

The Committee, then, adjourned

....xxxxx Matter not related to the Report.

APPENDIX-II

**ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/ RECOMMENDATIONS
CONTAINED IN THEIR ELEVENTH REPORT**

(SIXTEENTH LOK SABHA)

[Vide Paragraph No. 5 of Introduction]

(i)	Observations/Recommendations which have been accepted by the Government		
	Rec. Sl. Nos.:- 1 ,2, 3, 4, 5, 6, 7, 8, 9, 10, 12,13, 14, 16 and 17		
		Total	15
		Percentage	88.24
(ii)	Observation/Recommendation which the Committee do not desire to pursue in view of the replies of the Government		
	Rec. Sl. No.:- Nil		
		Total	Nil
		Percentage	Nil
(iii)	Observation/Recommendation in respect of which replies of the Government have not been accepted by the Committee and require reiteration		
	Rec. Sl. No.:- 15		
		Total	01
		Percentage	5.88
(iv)	Observation/Recommendation in respect of the reply which is of interim nature		
	Rec. Sl. No.:- 11		
		Total	01
		Percentage	5.88