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**STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2016-17)**

SIXTEENTH LOK SABHA

**MINISTRY OF COMMUNICATIONS
(DEPARTMENT OF POSTS)**

**DEMANDS FOR GRANTS
(2017-18)**

THIRTY-SEVENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2017/Phalguna, 1938 (Saka)

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(2017-18)**

Presented to Lok Sabha on 17.03.2017

Laid in Rajya Sabha on 17.03.2017



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2017/Phalguna, 1938 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2016-17)

Shri Anurag Singh Thakur - Chairperson

Lok Sabha

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

Rajya Sabha

22. Shrimati Jaya Bachchan
23. Shri P. Bhattacharya
24. Shri Suresh Gopi
25. Shri Prabhat Jha
26. Shri Santiuse Kujur
27. Shri Derek O'Brien
28. Shrimati Kahkashan Perween
29. Dr. K.V.P. Ramachandra Rao
30. Dr. Vinay P. Sahasrabuddhe
31. Shri Sachin Ramesh Tendulkar

Secretariat

- | | | | |
|----|-----------------------|---|----------------------|
| 1. | Shri R.S. Kambo | - | Additional Secretary |
| 2. | Dr. Preeti Srivastava | - | Joint Secretary |
| 3. | Shri Y.M. Kandpal | - | Director |
| 4. | Dr. Sagarika Dash | - | Additional Director |
| 5. | Shri Shangreiso Zimik | - | Under Secretary |

* Nominated to the Committee w.e.f. 19.10.2016 vide Bulletin Part-II dated 19.10.2016.

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
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
Eoi	-	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
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 (2016-17), having been authorized by the Committee to submit the Report on their behalf, present this Thirty-seventh Report on Demands for Grants (2017-18) of the Ministry of Communications (Department of Posts).

2. The Standing Committee on Information Technology (2016-17) was constituted on 1st September, 2016. 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 (Department of Posts) for the year 2017-18 which were laid on the Table of the House on 8th February, 2017. The Committee took evidence of the representatives of the Ministry of Communications (Department of Posts) on 21st February, 2017.

4. The Report was considered and adopted by the Committee at their sitting held on 15th March, 2017.

5. The Committee wish to express their thanks to the officers of the Ministry of Communications (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
15 March, 2017
24 Phalguna, 1938 (Saka)

ANURAG SINGH THAKUR
Chairperson
Standing Committee on
Information Technology

REPORT PART-I

I. Introductory

The Department of Posts (DoP) has been the backbone of the country's communication for more than 150 years and has played a crucial role in the country's socio-economic development. It touches the lives of the common man in many ways: delivering mails, accepting deposits under Small Savings Schemes, providing life insurance cover under Postal Life Insurance (PLI) and Rural Postal Life Insurance (RPLI) and providing retail services like bill collection, sale of forms, etc. At the time of Independence, there were 23,344 Post Offices, which were primarily in urban areas. The network has registered a seven fold growth since Independence, with the focus of the expansion primarily in the rural areas. Presently, with 1, 54,910 Post Offices, the DoP has the most widely distributed postal network in the world. 89.70 % of its Post offices are located in rural areas. On an average, a Post office serves an area of 21.72 Sq. km and a population of 7756 people.

II. Implementation status of recommendations of the Committee contained in the Twenty Sixth Report on Demands for Grants (2016-17) of the Ministry of Communications (Department of Posts)

2. The Twenty-sixth Report of the Standing Committee on Information Technology on Demands for Grants (2016-17) of the Ministry of Communications (Department of Posts) was presented to Parliament on 3rd May, 2016. The Department of Posts furnished Action Taken Notes on the Observations/Recommendations contained in the Twenty-sixth Report on Demands for Grants (2016-17) on 1st August, 2016. The Thirty third Report on Action Taken by the Government on the Twenty sixth Report was presented to Lok Sabha on 16th December, 2016. Out of the 14 recommendations contained in the Report, 07 recommendations were accepted by the Government. The Committee had commented on 05 recommendations and replies to 03 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 Thirty Third Report will be laid in Parliament in due course.

III. Budget Analysis

Overview of Demands for Grants for 2017-18

3. The Department of Posts have presented Demand No. 13 for Grants to the Parliament for the year 2017-18 on 8th February 2017, the details of which are as follows:-

(Rs. in crore)

	Revenue	Capital	Total
Charged	0.60	-	0.60
Voted	25057.61	495.00	25552.61
Total	25058.21	495.00	25553.21

A. Revenue Section

4. A comparative analysis of the Demands for Grants 2017-18 in respect of the Department of Posts indicating the Actual for 2014-15 and 2015-16, BE and RE for 2016-17 along with BE for 2017-18 is as follows:-

(Rs. in Crore)

Particulars	Actual 2014-15	Actual 2015-16	BE 2016-17	RE 2016-17	BE 2017-18	% 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	18556.56	19654.67	23122.60	23276.08	25058.21	18.43	7.66
Deduct Recoveries	661.98	707.7	676.28	757.41	793.18	7.02	4.72
Net expenditure	17894.58	18946.97	22446.32	22518.67	24265.03	18.85	7.76
Postal Receipts	11635.98	12939.79	13827.05	12558.52	15210.03	-2.95	21.11
Deficit	6258.60	6007.18	8619.27	9960.15	9055.00	65.80	-9.09
Capital section							
Gross expenditure	172.96	335.16	406.26	556.26	495.00	65.97	-11.01
Deduct Recoveries							
Net expenditure	172.96	335.16	406.26	556.26	495.00	65.97	-11.01

B. Gross Expenditure

5. Gross Expenditure of the Department of Posts during the last three years and the estimates for the year 2017-18 are given as under:-

(Rs. in crore)

	2014-15	2015-16	2016-17	2017-18
BE	18141.55	19494.26	23122.60	25058.21
RE	18489.85	20184.61	23276.08	
Actuals	18556.56	19654.67	17962.00(till December, 2016)	

6. The Department have submitted that it is not feasible to cut down the operational expenses of the Department due to the increasing costs and due to the obligation to provide Universal Postal Services to the citizens at affordable costs throughout the country.

7. Regarding the upswing in expenditure in 2017-18 the Department has explained that the increase in pay, allowances and pension on account of revision on implementation of 7th CPC would be more than 15% of the previous year in addition to the increase in the cost of operational expenses. In 2017-18 the expenditure on pension is estimated to be Rs. 7215.42 crore which is 28.79 % of the gross expenditure of Rs.25058.21 crore.

8. Regarding the issue of getting the pension payments of India Post made through the Central Pension Office rather than being borne on the Department's books, the Department informed that the matter has been taken up with Ministry of Finance, O/o Controller General of Accounts. O/o CGA has intimated that expenditure on pension of the Department of Posts, being a commercial Department should not be directly booked to General Revenue as the Ministry of Finance is giving full budgetary support to meet the expenditure and booking of the same under General Revenue would not give a clear picture of the expenditure incurred by the Department. At present the proposal has not been considered on the ground that the present accounting structure needs no change.

C. Revenue Receipts

9. Revenue Receipts of the Department of Posts during the last two years and projections for the year 2017-18 are given as under:-

	(Rs. in crore)		
	2015-16	2016-17	2017-18
BE	12036.87	13827.05	15210.03
RE	12614.01	12558.52	
Actuals	12939.79	8287.86 (up to Dec)	

10. When the Committee desired to know about the details of revenue receipts of the Department under various heads/items during the last three years clearly indicating the area of postal/mail operations and agency functions in which there has been an increase/decrease in receipts, the Department have furnished the information as under:

(Rs. in Crore)

Items of Revenue Receipts	2015-16	2016-17 (up to Dec. 2016)	BE 2017-18 (Projection)	% increase over 2015-16
Speed Post	1605.25	1183.48	2420.00	50.76
Business Post	735.93	547.74	1320.00	79.36
Bill Mail Post	99.04	53.76	165.00	66.60
Express Parcel Post	58.77	43.77	165.00	180.76
Business Parcel	90.22	66.63	275.00	204.81
Retail Post	76.87	47.27	110.00	43.10
Sale of Postage & Service Stamps	441.75	362.87	610.00	38.09
Logistic Post	15.52	12.34	27.00	73.97
Commission on Money Orders & IPOs	464.84	217.52	769.05	65.44
Others*	1567.73	531.61	1770.34	12.92
TOTAL Revenue from P.O. (Including Commission from NERGA)	5155.92	3066.99	7631.39	48.01
SBCC	7783.87	5220.87	7578.64	-2.64
Total Revenue	12939.79	8287.86	15210.03	17.54

11. On being asked about the specific reasons for estimated fall in revenue receipts during 2016-17 in Savings Bank categories, the Department informed that in the previous years MOF had enhanced the rate per unit of saving bank categories. This year rate per unit in respect of categories of saving bank and saving certificates has been reduced in RE 2016-17 in supersession of MoF OM No. 9/7/2015-NS II dated 28.03.2016. The details regarding rates conveyed by MOF are as under:-

Sl. No.	Category	Rate per unit for 2015-16	Rate per unit for 2016-17		Rate per unit for 2017-18
			Previous Rate	Revised Rate	
1	Saving Deposit	205.59	229.23	191.68	202.22
2	Saving Certificates (NSC /KVP)	70.25	78.33	64.63	68.18
3	Indira Vikas Patra	18.60	20.74	17.13	18.07
4	Silent Account	31.17	34.75	31.14	32.85

12. On revenue generation under postal operations, the Department have informed as under:-

“In the Postal operations, we have a focused approach in improving the quality of services and leveraging technology. Improved service quality with strengthened delivery has led to increase in business and revenue receipts. The revenue of premium services in 2016-17 (upto December’2016) is Rs 2318 crore against Rs 2246 crore during the corresponding period in the last fiscal showing a growth of 3%. Similarly, Department are focusing to augment the SBCC Revenue by making efforts to increase the SBCC business to cover the impact of downward revision of rates in respect of remuneration for SBCC business.”

13. The Department further submitted that in order to achieve the total targeted revenue during 2017-18, emerging e-Commerce market is being perceived as a business opportunity and accordingly capacities are being created to cater to the needs of this market. Focus areas have been identified for improvement in service quality i.e. timely delivery, safe and secure handling by augmentation of infrastructure, technology induction etc. Further, Logistics is also being considered as a focus area where opportunities are available for the Department in the bulk movement of the consignments.

14. When asked about the various initiatives taken to increase the revenue receipts, the Department submitted that the Post Office network sells third party products and services like sale of application forms of various educational institutions & recruiting

agencies, sale of railway reservation tickets, sale of Rakhi envelopes, address verification service etc. The Post Offices are being transformed into a 'one stop shop' to provide a range of utility services to the customers in association with third party. Some of the initiatives taken by Department of Posts in this regard are as follows:-

- (i) Passenger Reservation Tickets are being issued through post office counters under a MoU signed with the Ministry of Railways. Presently, India Post PRS are available in 347 post offices across the country.
- (ii) Government of India introduced Sovereign Gold Bond scheme (SGB) in the Union Budget 2015-16. During the six tranches issued in last and current financial years, 96215 Sovereign Gold Bond applications worth Rs. 81.40 Crore were collected through Post Offices across the country during these tranches.
- (iii) Department since 10.07.2016 have started distribution of Gangajal sourced from Gangotri and Rishikesh through Post Office counters as well as online.
- (iv) Philately stamps, e-IPO (Electronic Indian Postal Order) for payment of RTI Fee and Gangajal are also being sold online through portal 'ePostoffice.gov.in'.
- (v) Department of Posts in association with Ministry of Agriculture have started distribution of high yielding seeds and dissemination of information on new farm technologies to farmers through the village Post Offices in 14 states.
- (vi) Department have also commenced a pilot on 12.02.2017 in HPOs of Telenagana Circle for providing Digital Life Certificate to Employee Provident Fund Organization (EPFO) pensioners. This will be rolled out Pan-India.
- (vii) Two POPSKs have started in camp mode at Mysuru and Dahod already. 56 POPSKs will commence operation from 28.02.2017 in camp mode.
- (viii) Online applications for Universities, Technical Institutions are being done locally by the Circles through Post Offices.
- (ix) Department of Posts have tied up with UTI Mutual Fund Company for retailing Mutual Fund Products through Post Offices. Total revenue of Rs.37.07 crore has been earned by the Department as commission since its

inception in 2004 – 2005. During the year 2016-17, total revenue of Rs.54.71 lakh has been earned by the Department as commission till January, 2017.

- (x) Department have signed agreement with Western Union Money Transfer (WUMT) for International Money Transfer Service (IMTS).
- (xi) During the financial year 2016 – 17, the total number of IMTS transactions upto 31.01.2017 is 687545 with principal payout of Rs.1451.98 crore. DOP earned revenue of 17.27 crore during this period.
- (xii) There is an agreement between BSNL and Department of Posts for Mobile Money Transfer Service (MMTS), which provides the privilege to the customer to remit money of Rs. 1,000/- to Rs. 10,000/-. Department gets commission of Rs. 46/- for remitting Rs. 1000 to 1500, Rs.81/- for Rs. 1501 to Rs.5000 & Rs. 115/- for Rs.5001 to Rs.10000. This service is available in 15,000 Post Offices across the country (except J&K).”

15. On the issue of exploring avenues for revenue generation, Secretary, DoP, stated during evidence as under:-

“Recently we have started one experiment where the post offices are being made extension counters of the employment exchanges. Any unemployed youth can go to the post office, give his details and then we upload that data to the national career portal. So, we are giving the facilitation of being a bridge between the job seekers and job providers. Similarly for the digital life certificate also anybody can walk to the post office and take a digital life certificate for EPF pensioners. For employment we are uploading the information because all do not have access to internet in the rural areas. In the rural areas we are looking at Rs.10 which means close to around Rs.10 crore to Rs.20 crore from this employment facilitation. This is a facility we are extending by harnessing our technology.

We are also working with the Ministry of Earth Sciences to provide weather information from remote rural areas where they cannot reach. They are giving us a simple rain gauge, they are giving us wind meter and such simple things. From the BO we take the information and upload that.

D. Revenue Deficit

16. The Revenue Deficit of the Department during the last three years and projections for the year 2017-18 are as under:-

	(Rs. in Crore)			
	2014-15	2015-16	2016-17	2017-18
BE	7194.46	6802.05	8619.27	9055.00
RE	6517.74	6925.76	9960.15	
Actual	6258.60	6007.18	-	

17. On being asked about the reasons for such an increase in the projected deficit after a successful attempt of the Department in bringing down the deficit in 2015-16, the Department have stated that the gross expenditure has increased mainly due to increase of pay & allowances, Pension, D.A. hike, encashment of leave for LTC purpose, increase in cost of materials, hiked price/cost of carriage of mails, Broad band connectivity, IT induction, services, AMC, petrol, oil and fuel, etc. salaries and pensions constitute over 90% of the gross expenditure. The downward revenue of Savings Bank rates have further increased the gap between revenue and expenditure.

18. The Department have further submitted that it is showing continuous growth in its revenue receipts and thereby decreasing the revenue deficit. However, increasing manpower cost, high cost of technology induction, complex process of approvals, and long gestation period of implementation due to vast geographical spread and non-flexibility of pricing in absence of dynamic market response can be seen as hurdles in bringing down the deficit at a faster pace. Further, as part of Universal Service Obligations (USO), Department are bound to provide some of its services in all parts of the country at economical rate.

19. On the steps proposed to contain revenue deficit, the Department have stated that action is taken on all the fronts including technology induction and identification of new revenue generation areas etc. to generate more revenue for the Department ensuring

optimum utilization of available resources and thereby reducing the cost of operation and overall deficit.

E. Allocation under Plan Schemes (2016-17 and 2017-18)

20. The scheme-wise details of the proposed allocation, BE, RE and utilisation during the year 2016-17 and the BE proposed for the year 2017-18 are as under:-

Sl. No.	Name of the Scheme	Annual Plan 2016-17				Annual Plan 2017-18	
		Proposed 2016-17	BE 2016-17	RE 2016-17	Actual upto December, 2016	Proposed 2017-18	BE 2017-18
1	Postal Operations						
1.1	Rural Business & Access to postal network	17.5	14.00	13.00	6.24	69.68	17.70
1.2	Mail Operations	196.83	48.41	40.52	13.26	565.68	110.83
1.3	Post Office Savings Bank Operations	8.00	1.10	1.10	1.10	5.00	5.00
1.4	Postal Life Insurance Operations and Promotion	20.00	10.60	10.6	7.00	77.00	11.40
1.5	IT Induction & Modernisation	1441.02	257.11	269.07	159.99	1387.20	279.60
1.6	Business Promotion, Marketing Research and Product Development	24.78	11.00	11.00	3.83	58.00	11.10
1.7	Philately Operations	11.00	8.29	8.29	2.44	81.22	6.90
1.8	Quality of Service	0.16	0.16	0.57	0	0.03	0.03

	Scheme Total	1719.29	350.67	354.15	193.86	2243.81	442.56
2	Human Resource Management	54.02	39.62	41.97	13.17	71.9	33.94
3	Estates Management	176.69	59.71	53.88	12.71	1092.00	73.50
4	India Post Payments Bank	292.00	150.00	300.00	279.52	300.00	500.00
	Grand Total	2242.00	600.00	750.00	499.26	3707.71	1050.00

21. Sharing the experience about the merger of various Schemes into umbrella schemes in 2016-17, the Department have stated that the rationalization of schemes has provided outcome based umbrella schemes mapped to output based verticals, which has helped in better management, administrative convenience, improved monitoring and achieving synergy in implementation.

IV. REVIEW OF THE PLAN SCHEMES

A. Postal Operations

(i) Rural Business and Access to Postal Network

22. The objective of this sub Scheme under Postal Operations is to increase access to the postal network, keeping in view the Universal Service Obligation, and to bring postal facilities within reach of every citizen of the country. This Plan scheme was 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'.

23. The details of financial targets for the scheme during the annual plans are as under:-

(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	24.69	102.76
5	2016-17	17.50	14.00	13.00	6.24(upto December, 2016)	

24. The activities being implemented during the 12th Plan are as under:-

1. Opening of Branch post offices (BOs) and Sub Post Offices (SOs) by relocation/redeployment
2. Opening of Franchisee Outlets
3. Strengthening existing infrastructure in Branch Post Offices
4. Embedding cash chests in Branch Post Offices
5. Installation of new improved letter boxes in rural areas
6. Installation of signages for Rural Branch Post Offices

25. The new activity 'Opening of BOs in high priority areas include Left Wing Extremism districts by creation of new posts' has been proposed to be initiated during the financial year 2017-18 under this sub scheme under the scheme of Postal Operations.

26. The physical targets set for the year 2016-17 and the achievements made under the scheme up to 31.12.2016 are as under:

(In Number)

Sl. No.	Activities	2016-17 (Target)	Achievements (upto 31.12.16)
1	Opening of BOs & SOs by relocation & redeployment	187	101
2	Opening of Franchise Outlets	200	145
3	Infrastructure Equipments to rural BOs	6319	3446
4	Installation of Signages at rural BOs	11880	8762

5	Installation of letter boxes in rural areas	22480	12018
6	Embedding Cash Chests at rural BOs	6250	3174

27. When the Committee desired to know the details about 'Opening of BOs in high priority areas including Left Wing Extremist districts', the Department submitted as under:-

"Department of Posts has decided to open 1,789 new Double Handed Branch Post Offices (BOs) by creation of new posts at Gram Panchayat Headquarter Villages having no post offices within a distance of 3 Km. in 32 worst affected LWE districts in the country. Accordingly, sanction of 1,789 new Double Handed BOs and sanction of corresponding posts have been issued to the concerned Circles for compliance."

28. In 2017-18, the Department have proposed Rs. 69.681 crore under rural business and access to postal network against which the approved allocation is only 17.70 crore. Out of total outlay of Rs.17.70 crore, Rs.6.00 crore allocated for Infrastructure equipments to rural BOs and Rs.6.00 crore allocated for embedding of Cash Chests at rural BOs. These activities are the major activities under the Plan Scheme – "Rural Business & Access to Postal Network" for infrastructure development of rural BOs. The allocation of funds in BE 2017-18 was proposed keeping in view the requirements of 1.26 lakhs BOs in rural areas and allocation of funds is comparatively much low than the requirements.

29. The Committee desired to know the details of proposals being received by the Department for setting up of new post offices to which the Department have furnished the following information:-

Year	No. of proposals received	No. of proposals found justified	No. of proposals pending
2013-14	288	94	9
2014-15	278	98	15
2015-16	399	145	37

2016-17 (Upto 31.01.2017)	358	93	149
Total	1323	430	210

(ii) Mail Operations

30. Mail operations was an independent scheme up to 2015-16 and was brought under the umbrella scheme Postal operations from 2016-17. The objective of Mail operations 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 against which the approved outlay is Rs. 568.20 crore.

31. The details of allocation for Mail Operations during the last three years and projection for 2017-18 are as under:-

(Rs. in crore)						
Sl. No.	Year	Proposed Allocation	BE	RE	Actual Exp.	% of achievement compared with BE
1	2014-15	184.04	78.83	48.50	56.41	71.55
2	2015-16	71.97	52.03	46.05	41.80	80.34
3	2016-17	196.83	48.41	40.52	Rs 13.26 (upto Dec.)	
4.	2017-18	565.68	110.83			

32. The Department have furnished the details of different Plan activities under Mail Operations during 2016-17 as under:

Sl. No.	Plan Scheme/ Activity	BE 2016-17	RE 2016-17	Actual 2016-17
1	Mail Network Optimization Project	11.00	8.76	1.94
2	Setting up of AMPCs	4.60	0.20	0.05

3	National Address Database Management Project	2.11	0.86	0.23
4	Charter of Helicopter for carriage of mail	0	0	0
5	Development of Road Transport Network	10.00	12.11	7.58
6	Upgradation of Speed Post Centres	8.69	8.69	2.58
7	Upgradation of MMS vehicles & Containerized Transportation of mail	The scheme is dropped		
8	Providing vehicles for bulk & SP mail delivery & collection	Completed.		
9	Providing GPS to MMS	1.00	0.89	0.0

33. When asked about the reasons for lower utilisation of funds during 2016-17 under Mail Operations, the Department in a written reply stated that the funds booked till December 2016 are low primarily because of the civil work involved in the MNOP and up gradation of Speed Post Centres head and the problems faced by Circles in placing the orders at DGS&D rate contract (validity issues)/e-tender process etc., which delay the process of hardware procurement. The Circles, however, have higher committed expenditure than the booked figures till December 2016 and it is positively expected as in the past FYs that the entire funds as per the FG stage shall be booked in time.

34. The details of key physical targets and achievements made during 2016-17 under the scheme are as under:

Sl. No.	Particulars of Scheme/Activity	Physical targets 2016-17 (RE)	Achievement 2016-17 (upto December, 2016)	Physical targets 2017-18
1.	Mail Network Optimisation Project	28Mail offices	Ongoing	Not specified
2	Upgradation of Speed Post Centres-M&E	Not specified	18National Speed Post Hubs/ Intra Circle Hubs/ Book Now Pay Later centres	Not specified
3	Development of Road Transport Network	Not specified	6 routes	100 Road Routes and 1 Air Transport route in NE Region ex Kolkatta Purchase of CNG/electrical vehicles - 120
4	Provision of GPS in Vehicles	999 vehicles	ongoing	Not specified
5	Augmentation of infrastructure for pick up and delivery	--	--	Establishment of Nodal Delivery Centres & Modernization of 2 MMS workshops
6	Establishment of e-commerce/ Parcel Booking/ International Business Centres	3 Integrated of e-commerce/ Parcel Booking/ International Business Centres	1 established and 2 underway	Parcel Centres - 5, Automated Parcel Kiosks - 25

a. Automatic Mail Processing Centers (AMPCs) and Parcel Network Optimization Project (PNOP)

35. Regarding the current status of setting up of Automated Mail Processing Centers (AMPCs) at Mumbai, Chennai, Bengaluru and Hyderabad, the Department have submitted as under:-

“In view of change in the mail profile i.e. declining letter mail and a shift towards parcels, including e-commerce articles, the Department have decided to look at the packet and parcel segment holistically and accordingly decide on the type and level of automation for setting up the Automated Mail Processing Centres (AMPC) at Mumbai, Chennai, Hyderabad and Bengaluru. The Department have also engaged a consultant for designing an optimum parcel network with a combination of facilities for manual to semi-automatic to automatic processing of parcels on a pan-India basis under Parcel Network Optimization Project (PNOP). These two activities of PNOP and AMPCs have to be synergized and the reports/data generated out of the PNOP would provide inputs for the proposed AMPCs. Thus an integrated parcel network will be created, consisting not only of AMPCs at four locations, but also semi-automatic sorting centres at other locations generating significant mail volume thereby synergizing end to end mail processing activities and creating enhanced capacity to handle the growing e-commerce business”.

36. On the progress of the PNOP project the Department have submitted as under:

“The present network of parcel processing in India consisting of Parcel hubs (for processing Business Parcels & Registered Parcels) and Express Parcel hubs (for processing Express Parcels), coexisting or otherwise, is beset with multiple problems ranging from booking, processing, transmission, delivery, etc. Besides, Parcels are also booked under Speed Post service, even though there is no segregation between Documents & Parcels within the Speed Post category. The parcel market in India has seen exponential growth particularly in the e-commerce segment. In order to take advantage of upcoming growth in the parcel market, the Department has envisaged hiring a consultant by restructuring/rebuilding its parcel network, operations and delivery network. M/s. KPMG Advisory Services Private Limited has been on-boarded as the Consultant for the PNOP Project in November 2016 with six broad deliverables, to be delivered within 18 months.”

37. The Department further intend to develop an optimum parcel network and define new operational processes & develop effective performance management with the help

of the PNOP Consultant. The Consultant is expected to provide actionable recommendations on improving operational processes across the value chain for Parcels, based on the best practices in the industry – both domestic as well as global. It will include designing of new process flow for parcels in parcel hubs, level of automation/semi-automation/manual sorting, construction of new model facilities, planning nodal delivery centres, improvement in IT systems, security aspects, etc. An effective performance management system will also be put in place based on the recommendation of Project Consultant. The Consultant will propose Parcel specific Key Performance Indicators (KPIs) which will assist the Department in monitoring the objectives for improving the Parcel services.

b. Up gradation of Speed Post Centres and Performance of Speed Post Service

38. Speed Post was introduced in August 1986 and provides time-bound and express delivery of letters and parcels weighing upto 35 kg between specified stations within the country. It is the flagship product of the Department of Posts and is the market leader in the domestic express industry with monthly volumes of more than 3 crore articles. Speed Post is booked in all the departmental Post Offices in the country. Speed Post is delivered all across the country. Up gradation of Speed Post Centres is an activity under Mail Operations and the details of the financial achievements during 2015-16, 2016-17 and BE for 2017-18 are as under:-

(Rs. in crore)

Sl. No.	Particulars of Scheme/ Activity	BE 2015-16	RE 2015-16	Actual 2015-16	BE 2016-17	RE 2016-17	Actual upto Dec., 2016	BE 2017-18
1.	Upgradation of Speed Post Centres-M&E	12.26	12.06	13.53	8.69	8.69	2.58	15.60

39. When the Committee desired to know the details of the key physical targets and achievements of the sub scheme Upgradation of Speed Post Centres, the Department have furnished the information as under:-

Sl. No.	Particulars of Scheme/ Activity	Physical targets 2015-16 (RE)	Achievements 2015-16	Physical targets 2016-17 (RE)	Achievement 2016-17 (upto December, 2016)	Physical targets 2017-18
1.	Upgradation of Speed Post Centres- M&E	50 Speed Post Hubs/ IC Hubs/ BNPL Centres	74 National Speed Post Hubs/ Intra Circle Hubs/ Book Now Pay Later centres	Not specified	18 National Speed Post Hubs/ Intra Circle Hubs/ Book Now Pay Later centres	Not specified

40. On being asked about the poor utilisation of funds during 2016-17, the Department stated that more hubs/centres are being covered within the allocation and the implementation is being monitored closely. They also anticipate full utilisation of funds by 31.03.2017.

41. With regard to the traffic and revenue generated through Speed Post in last five years, the Department have furnished the following information:-

Year	Traffic (in crore)	Revenue (Rs. In crore)	% growth in revenue
2014-15	39.87	1495.21	8.96%
2015-16	41.43	1605.25	7.04%
2016-17		1183.00 (up to Dec)	

42. On being asked about the current market share of India Post in the Speed Post Segment as compared to the Private Courier Services in the country, the Department stated:

“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 the share of Speed Post (in terms of value) in the overall courier market has increased from the range 15.1 % to 18.3% in the year 2010-2011 to 16.7% to 19.8% in the year 2011-2012 and 17.4% to 20.2% in year 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."

(iii) Development of e-commerce

43. The increasing e-Commerce market in India has given a boost to the parcel segment where B 2 C (Business to Customer) parcels are on the rise. In order to fulfill needs arising out of the emerging e-Commerce business, Department of Posts rationalised their offering in the Parcel segment. Express Parcel and Business Parcel services were introduced. Further, in order to meet the requirement of e-Commerce companies to have Cash –on – Delivery (CoD) facility as payment option was introduced as a value addition to Express Parcel, Business Parcel and Speed Post.

44. The Department have stated that they have taken some major initiatives in 'Development of e-Commerce businesses' which are as under:-

- Establishment of 9 integrated Parcel Processing Centres in 2015-16 and 3 additional centres which are at various stages of completion in 2016-17.
- Mechanizing the pickup/delivery of parcels. Provision of packaging, shrink-wrap facilities, secure plastic seals, parcel movement in a well-defined network
- Application Programme Interface (API) provided to Amazon, Flipkart, Myntra, Star CJ etc. for real time information
- Introduction of National Account facility under Speed Post, Express & Business Parcel

45. The Department further submitted that the above initiatives have boosted the revenue of the Department. Total revenue generated under Express & Business Parcel

during 2015-16 was Rs. 149.94 crore (witnessing a growth of 33% compared to 2014-15) which is Rs. 110.40 crore this year till December 2016. Similarly, under Speed Post there is a component of the e-Commerce business and Rs. 75 crore has been generated so far in this segment.

(iv) Post Office Savings Bank Operations

46. This sub scheme was a part of the scheme ‘Financial Services’ and was subsumed in the scheme Postal Operations w.e.f. 2017-18 except for the sub scheme ‘IPPB’ which became an independent scheme. The objective of this sub scheme was 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 details of financial allocations at BE stage and achievements for the scheme during the last three years are as under:-

(Rs. in crore)

Sl. No.	year	Allocation at BE stage	Achievement	Percentage of achievement
1.	2014-15	5.07	1.80	35.50
2.	2015-16	3.35	4.3280	129.19
3.	2016-17	1.10	1.0977 (upto December 2016)	99.79
4.	2017-18	5.00		

47. Regarding the utilization of funds, the Department have stated that in 2016-17, RS.1.10 crore was allotted for procurement of 6.5 lakh ATM/Debit cards which is utilised fully by procuring 6.25 lakh ATM/Debit Cards by the end of September 2016 with 100% utilization of funds.

48. The Department have informed that out of the 1000 ATMs that is planned so far 970 ATMs are already installed. About 11.30 lakh ATM/Debit cards are issued to POSB customers. RBI has accorded in principle approval for DoP ATM to be made interoperable.

These have been made interoperable on 31.12.2016. Now Bank customers can withdraw cash from DoP ATMs and similarly DoP customers can also withdraw cash from other Banks ATMs. There is increase in number of ATM transaction after DoP ATMs made interoperable. Moreover, the rollout of Internet, SMS and Mobile banking services to POSB customers is under testing stage.

49. The Department have further informed that as of now 23,200 Post Offices have been migrated to Core Banking Solutions (CBS) environment. The Core Banking Solution is part of the India Post IT Modernization project and aims to bring in various IT solutions with required IT infrastructure in Post Offices. India Post plans to implement core banking in all Departmental Post Offices. Banking solution through mobile application and hand-held devices will be provided to the Rural Post Offices. The project will bring in facilities of ATM, internet and mobile banking to the Post Offices.

50. The Post Office Savings Bank operates Savings Accounts, Recurring Deposit (RD), Time Deposit (TD), Monthly Income Scheme (MIS), Public Provident Fund (PPF), National Savings Certificate (NSC), Kisan Vikas Patra (KVP), Senior Citizens Savings Scheme (SCSS) and Sukanya Samridhi Yojana account.

51. Remuneration received by the Department on Savings Bank Business during the last five years is as under:

(Rs. in Crore)					
2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
4304.08	5031.60	5915.27	6670.03	7783.87	5220.87 (up to December)

(v) Sukanya Samridhi Yojana & Jan Suraksha Schemes

52. Sukanya Samridhi Account a small Savings Scheme for the welfare of girl child, was launched on 22nd January 2015. More than 94.77 lakh of Sukanya Samridhi Accounts have been opened till January, 2017. Under the scheme, a legal/natural guardian can open only one account in the name of one girl child and maximum two accounts in the name of two different girl children up to 10 years from date of birth of the girl child.

53. The Prime Minister launched these three ambitious Social Security Schemes called Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Atal Pension Yojana (APY) on 9th May 2015 at Kolkata. The two insurance schemes namely PMSBY and PMJJBY, provide insurance cover in the unfortunate event of death by any cause / death or disability due to an accident, whereas the pension scheme, APY, address old age income security needs. PMSBY offers a renewable one year accidental death cum disability cover of Rupees Two Lakh (Rupees One Lakh for partial permanent disability) to all savings bank account holders in the age group of 18 to 70 years on a premium of Rs.12/- per annum per subscriber. The scheme is offered / administered through Public Sector General Insurance Companies (PSGICs). PMJJBY on the other hand offers a renewable one year life cover of Rupees Two Lakh to all savings bank account holders in the age group of 18 to 50 years, covering death due to any reason, on a premium of Rs.330/- per annum per subscriber. The scheme offered/ administered through LIC or other Life Insurance companies. APY focuses on the unorganised sector and provides subscribers a fixed minimum guaranteed pension of Rs.1000, Rs.2000, Rs.3000, Rs.4000 or Rs.5000 per month on completion of the age of 60 years, depending on the contribution option exercised on entering at an age between 18 and 40 years. A total of 162247 APY, 78040 PMJJBY and 1185277 PMSBY *i.e.* a total of 1425564 enrollments have been made by DOP under Jan Suraksha Schemes till January, 2017. During 2016-17, 77570 APY, 54390 PMJJBY and 841343 PMSBY enrollments with a total of 973303 enrollments have been made by DOP till January, 2017.

54. Revenue generation from Sukanya Samridhi Yojana, PM Jeevan Jyoti Bima Yojna and PM Suraksha Bima Yojana are as under:-

(Rs. in crore)			
Scheme	2014-15	2015-16	2016-17 (up to December 2016)
Sukanya Samridhi Yojana	50.33	168.82	177.77
PM Jeevan Jyoti Bima Yojna	NA	0.61	0.087
PM Suraksha Bima Yojana	NA	0.0022	0.013

55. To a query on the steps taken by the Department to increase the mobilization of small savings, particularly in unbanked sections, the Department stated as under:-

“Central and State Governments take various measures from time to time to promote and popularize small saving schemes through print and electronic media as well as by holding seminars, meetings and providing training to various agencies involved in mobilizing deposits under these schemes. A website of the National Savings Institute under Government of India, Ministry of Finance has also been launched to facilitate interface with the public through wider dissemination of information on small savings and on-line registration and settlement of investor’s grievances. The website’s address is “nsiindia.gov.in”.

56. Department of Posts also takes following steps on regular basis to mobilize investment under various savings schemes:-

- (i) Door to door contact for opening of accounts through field staff by way of handbills, flyers etc. and distributing pamphlets to customers who visit post offices.
- (ii) Organizing Seminars/Melas/Road Shows to open savings accounts, particularly in rural areas.
- (iii) Each Post Office is directed to target unbanked population for opening of Accounts.
- (iv) Periodical contributions in Jan Suraksha Yojanas (PMSBY, PMJJBY & APY) are auto debited from Savings Accounts. Therefore, extensive drives are conducted in Un Banked Areas for opening of Savings Accounts & get them enrolled in Jansuraksha Yojanas.

(vi) Postal Life Insurance

57. Postal Life Insurance (PLI), introduced in 1884, is the oldest life insurance scheme for benefit of the Government and semi Government employees. Initially meant only for the Post Office employees, today it caters to employees of the Civil and Military personnel of the Central and State Governments, Local Bodies, Government aided educational institutions, Universities, Nationalized Banks, Autonomous institutions, Public Sector Undertakings of the Central and State Government, employees of organizations such as Scheduled Commercial Banks, Credit Co-operative Societies, Deemed Universities and Educational institutes accredited by recognized bodies such as National Assessment and Accreditation Council (NAAC), All India Council for Technical Education (AICTE), Medical Council of India (MCI) etc., joint ventures having a minimum of 10% stake of Central/State Governments/ PSUs and employees engaged/appointed on contract basis by Governments.

58. Rural Postal Life Insurance (RPLI) scheme was introduced in 1995 for the benefit of rural populace to extend insurance cover to the people living in rural areas with special emphasis on weaker sections and women workers. The objective of this scheme is to fully exploit the potential of the insurance sector through focus on technology and skill up-gradation, keeping in view the potential market growth and customer expectations. The activities undertaken during the 12th Plan include Publicity of insurance products; Training of Circle office personnel and marketing personnel; Development of Software, Computerization of PLI/RPLI Operations, etc.

59. The details of financial targets and achievements for the scheme during the last three years are as follows:-

(Rs. in crore)

Sl. No	Year	Allocation at BE stage	Achievement	Percentage of achievement
1	2014-15	10.15	8.46	83.34
2	2015-16	6.70	7.57	112.98
3.	2016-17	10.60	6.99 (upto December, 2016)	65.94
4.	2017-18	11.40		

60. Plan Scheme of Directorate of Postal Life Insurance, Department of Posts comprises of the following two components:

- (i) Publicity of PLI/RPLI products through various media across the country in order to increase awareness among the clientele and general public.
- (ii) Training of PLI/RPLI marketing personnel to increase their capacity building, improve their selling skills and knowledge of PLI/RPLI products.

61. The Department have stated that publicity of PLI/RPLI products through various media across the country and training of marketing personnel has resulted in business growth during the 12th Five Year plan period the details of which are as follows:-

Premium Income	2011-12	2015-16	Percentage growth
PLI (in Rs. Crore)	3681.03	6657.03	80.84%
RPLI (in Rs. Crore)	1558.93	2012.17	29.07%

62. When the Committee desired to know the financial performance of PLI and RPLI the Department have submitted the information as under:-

Product	Number of policies (upto 31-03-2016)	Aggregate Sum assured (in Rs. Crore) (upto 31-03-2016)	Premium Income (in Rs. Crore) For the financial year 2015-16
PLI	4930838	109982.09	6657.03
RPLI	14915652	81733.73	2012.17

63. When asked about the steps taken to popularize PLI/RPLI schemes amongst the targeted beneficiaries, the Department have informed as under:-

- (i) Convenient Premium Payment facility: The premium is possible to be paid through various methods i.e. Cash, Cheque, Pay deduction, online through Credit/Debit card.
- (ii) Anytime anywhere policy procurement. All insurance policies are being procured and stored electronically for easy retrieval and quicker customer service fulfillment from anywhere in the country.
- (iii) Prompt disposal of complaints through Customer Care Centre located at each Circle headquarters and at PLI Directorate.
- (iv) Installation of Toll Free number at each Customer Care Centre and at PLI Directorate.
- (v) Setting up of a separate Public Grievance Redressal Section at PLI Directorate.

64. On being asked about the online facilities made available to PLI/RPLI customers, the Department have stated that Core Insurance Solution (CIS) as a Pilot Project was launched on 10.02.2014 at Delhi GPO, Kashmere Gate, and has since been rolled out in 808 Head Post Offices and in 24598 Sub post Offices across India, which is easily accessible and provides faster claim settlement and after sales-service to the insurant.

65. The following online facilities are available to insurants under Core Insurance Solution(CIS) :-

- (i) Online application for purchase of PLI/RPLI policy
- (ii) Online payment of premium of PLI/RPLI policy
- (iii) Online payment of due premium for revival of PLI/RPLI policy
- (iv) Online viewing of policy status
- (v) Online repayment of loan amount and interest thereon
- (vi) Online complaints registration for redressal of grievances

66. For the year 2017-18, the total outlay for the scheme is Rs. 11.40 crore, the details of which are as under:-

(Rs. in Crore)		
Sl. No.	Name of the activity	Outlay
1	Publicity of Insurance products	8.50
2	Training of Circle office personnel and marketing personnel	2.50
3	Computerization of Investment Division	0.20
4	Development/Procurement of Software for Investment Division	0.20

(vii) IT Induction and Modernisation

67. IT Induction and Modernisation Project was an independent scheme up to 2015-16 and was subsumed in the scheme of Postal Operations w.e.f. 2016-17. The scheme was approved by the Government in November 2012 as a mission mode e-governance project. An amount of Rs.3046.75 crore had been allocated for the scheme during the 12th Plan period against the total Cabinet Committee on Economic Affairs (CCEA) approval of Rs. 4909 crore. The aim of the project is to transform the Department into a totally technology driven Department. Major objectives of the Project are as under:-

- i. Modernization and computerization of all Post Offices in the country; Deployment of Rural Information & Communication Technology (Rural ICT) solution in all the 1,30,000 rural Branch Post Offices in the country by supplying computer hardware, solar charging devices and providing network connectivity to them;
- ii. Establishment of IT Infrastructure, viz., Data Centre, Disaster Recovery Centre and Wide Area Network (WAN) based networking of all the departmental post offices, mail offices, accounts offices and administrative office;
- iii. Development of software applications covering all operations of the Department viz., counter operations, mail processing, online tracking and tracing of the mail article, Banking, Insurance, Finance & Accounts and Human Resources management functions;
- iv. Provision of multiple channels of user interaction apart from the conventional post office counters. These include web portals, ATMs, call centers, employee help desks, SMS gateway etc; and

- v. Preparing Postal employees and Grameen Dak Sewaks for the changes at their workplace on account of induction of technology and training them for this.

68. The details of financial allocation and achievements under the scheme during the last three years is as under:-

(Rs. in crore)

Sl. No.	year	Allocation at BE stage	Achievement	Percentage of achievement
1	2014-15	506.39	88.85	17.54
2.	2015-16	276.40	306.982	111.06
3.	2016-17	179.61	159.33 (upto December, 2016)	88.70

69. The details of achievements made so far under the scheme are as follows:-

- (a) All the 25297 departmental post offices in the country have been computerized;
- (b) Data Centre has been established and started functioning at Navi Mumbai since 3rd April, 2013; Disaster Recovery Centre has been powered on at Mysore on 15-05-2015.
- (c) All the technically feasible locations have been networked. So far 28259 Departmental Post offices including mail offices and administrative offices have been networked under single Wide Area Network (WAN). It is the largest single WAN in the country.
- (d) All the technically feasible Post Offices have been migrated to CBS and CIS Platform. So far Core Banking Solution (CBS) has been rolled out in 23200 Post Offices. This is now the largest CBS network in the country. Core Insurance solution (CIS-PLI) has been rolled out in 25406 Post Offices.
- (e) Out of the targeted 1000 locations, ATMs have been installed at 970 locations Debit cards are being issued to POSB Customers. The DOP ATMs have become inter-operable with effect from 31-12-2016.
- (f) The roll out of Rural Information and Communication Technology (RICT) at Gramin Dak Sewak Post Offices is in progress. So far 27038 RH Devices to GDS Post Offices have been supplied and 11614 Rural GDS Post Offices have been rolled out.

(g) Supply of desk top computers stands completed under Mail Operation Hardware segment. Supply of UPS, Weighing Scale and Gen-sets is in progress and are in its final stage.

(h) Core System Integrator (CSI) silo is in implementation phase. Pilot roll out which started at Mysore in Karnataka has been completed after resolving all the technical issues cropped up during roll out. Now, further roll out has started in Pune in Maharashtra in January, 2017.

70. The Department have informed that out of the eight segments of the IT Modernization Project, implementation of four segments has almost completed. In respect of remaining four segments, timelines fixed for the completion of implementation has been slightly revised as under:-

Sl. No.	Segment	Timelines fixed for completion of implementation	Revised Timelines.
1	Data Centre Facility	Already completed	Completed
2	Network Integrator	March, 2016 (Subject to technically feasibility/alternate solutions)	Completed in all technically feasible locations.
3	Change Management	March,2017	Activities by Vendor completed.
4	Financial Solution Integrator	March,2016 (in technically feasible sites)	Completed in all Technically feasible Post Offices.
5	Rural Hardware	March, 2017	December -2017
6	Rural System Integrator		
7	Mail Operation Hardware	December,2016	June-2017
8	Core System Integrator	March, 2017	December-2017

71. When the Committee desired to know the reasons for revision of timeline, the Department have stated that the time lines fixed have been revised due to certain challenges faced in implementation. Challenges faced in completion of software testing,

on site software testing, user acceptance testing and completion of third party audit, etc. Under Core System Integrator (CSI) integration issues are very complicated in nature as it covers integration of Banking, Point of Sale, Mail Operation, Accounting and HR Activities at single platform. The software issues cropped up during live roll out consumed a reasonable time to settle down. The CSI pilot roll out which was started in Mysore, after settling the rectification of software issues, resumed further rollout during January, 2017.

72. For the year 2017-18, as against a projected requirement of Rs.1387.20 crore, the allocation for the scheme is only Rs. 279.60 crore. The activity wise allocation under the scheme in 2017-18 is as under:

(Rs. in Crore)

Sl. No.	Name of the activity	Outlay
1	Supply of Hardware to Post Offices/ Administrative Offices/ Accounts Offices	30.00
2.	Data Centre & Disaster Recovery System	6.00
3.	Network Integration	78.58
4.	Supply of Mail Office Hardware and Rural Hardware	71.00
5.	Development and deployment of Rural ICT Solution	22.02
6.	Development and deployment of Banking & PLI solutions	43.09
7.	Core System Integrator and Change Management activity	20.00
8.	Project Management Unit	8.91

73. According to the Department, the key physical targets for 2017-18 are Rural Hardware supply & commissioning of hardware in 16136 BOs and completion of CSI roll out.

74. When the Committee desired to know about the monitoring of implementation of IT Modernization Project of India Post, the Department have informed that a Project Governance Structure has been established with the approval of Secretary (Posts). The Governance structure is four tiered with an overall Steering Committee and Project

Review Committee that will guide and review the work of the Project teams and vendors on boarding stage to the solution deployment stage.

(viii) Business Promotion, Marketing Research and Product Development

75. This sub scheme was an independent scheme with the name ‘Premium Services’ up to 2015-16 and was subsumed in the scheme of Postal Operations w.e.f. 2016-17 with a new nomenclature. ‘Business Promotion, Marketing Research and Product Development’. Department of Posts have to respond to increasing competition from a large number of players. The Business Development and Marketing Directorate (BD&MD) was 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 were continued from the 11th Plan into the 12th Plan.

76. The details of financial targets for the scheme during the last three years and the BE for the year 2017-18 is as follows:-

(Rs. in Crore)				
Sl. No.	year	Allocation at BE stage	Achievement	Percentage of achievement
1	2014-15	17.50	13.80	78.85
2.	2015-16	11.55	16.86	145.97
3.	2016-17	11.00	3.83 (upto December, 2016)	34.81
4.	2017-18	11.10		

77. The physical targets and achievements under the activities handled by BD&MD during 2016-17 are as follows:-

2016-17				
Sl. No.	Name of Activity	Physical Target	Achievement	Remarks
1	Establishment of e-Commerce/Parcel Booking/International Business Centres	3	1	1 centre has been established. 2 centers are at various stages of completion and will be operational by March'2017.
2	Marketing Function of the Department of Posts	-		Funds are being utilized for advertisement through print, electronic media, 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 postal weeks etc

78. Out of an allocation of Rs. 11 crore made for the year 2016-17, the achievement is only 31.81% (upto December). When asked about the reasons for lower utilisation and the Department's expectation about meeting the requirements before the end of the financial Year, the Department stated that the entire amount allotted under the plan scheme "Marketing Function of the Department" has already been committed. The amount could not be booked due to the fact that DAVP had changed its policy regarding payment acceptance during October 2016."

79. When the Committee enquired about the innovations proposed to further leveraging the brand India Post, the Department submitted as under:-

"Brand building is an integral aspect of personal and business development. It not only increases the consumer awareness of a brand, but it also gives it an

identity and worth. During its existence of over 150 years, India Post has evolved as a reliable and trustworthy brand for the citizens of India.

In the recent past, Department has undertaken various innovative initiatives to promote India Post as a brand. In fact, Department of Posts was among the first few Departments of Government of India to set up its social media accounts. This enabled the Department in engaging with its customer base directly. So far Department of Posts has generated over 1.20 lakh likes on Facebook and has more than 36 thousand followers on Twitter.

Department of Posts is leveraging this trust and reliability, the citizens of India associate with India Post, by offering more people oriented services through Post Offices. A recent such innovative initiative in this regard is the launch of India Post Payments Bank and Passport Seva Kendras in Post Offices. This initiative has brought facility of availing passport services closer to every citizen of India. Department has been leveraging its brand to further engage with other Ministries/ State Government departments/ institutions of repute to bring various social initiatives closer to the people of India such as making available National Career Services (NCS) and Jeevan Pramaan Facility to EPFO pensioners through Post Offices, distribution of high yield seeds and dissemination of latest agriculture technology through rural post offices in rural areas.

In order to promote its products and services, Department of Posts has been regularly participating in prominent events such as “Vibrant Gujarat”, “India International Trade Fair (IITF)”, “Global Exhibition on Services” etc. to let its customer have a firsthand experience of our products and services. India Post pavilions at these events are among the most sought after events and get praised by visiting dignitaries and the general visitors”.

(ix) Setting up of Post Office Passport Seva Kendra

80. Secretary, DoP, during the sitting of the Committee stated as under:-

“..xxx...Passport Seva Kendra is actually under the Ministry of External Affairs and we have been talking for the last one and a half years. Understanding is that they will provide the equipment, they will invest in the networking and we will be providing the space and manpower. So, with that, we have already started two and by February, we are going to do another 56 and by March, some more numbers will come.

But, I would like to emphasise before the hon. Committee Members that we have 811 head post offices in the country. We were advising the Ministry of External Affairs to let us expand it to all 811 head post offices. So, once we

expand it to 811, the access to passport network would be easier. There we have requested and more or less, they have been positive on that.

Here, you asked me what the alternatives are which you are looking forward to generating additional revenue. Generally, passport offices are charging around Rs. 1500 per customer to issue one passport. Now, we will be issuing passport from the post office. They are giving hundred appointments per day. If I were to request the Ministry of External Affairs and negotiate to pay Rs. 300 per passport, then with these 811 post offices, we would be making around 700 crore in a year. What we are doing? Our investment is not there. Here, we are not asking for investment. What we are doing is we are providing the manpower. Satisfaction is important more than the money. We have seen at the centres, people are coming over there and getting it in the neighbouring post office. We will earnestly go forward and do this.”

(x) Philately Operations and Quality of Service

81. The objective of the sub scheme ‘Philately Operations’ is to carry on intensive promotional activities like Philatelic Exhibitions, launching a business website for philately and to capitalize revenue earning potential of philately by reorganizing philatelic activities on business lines. The activities for 12th Plan include:-

- (i) Promotion of Philately through philatelic exhibitions/corners/Workshops/Tie-ups etc.
- (ii) Modernization of Philately operations.
- (iii) Training of staff for promotion of philately.

82. The details of budgetary allocation and achievement for the three years and BE allocation for 2017-18 is as under:-

(Rs. in crore)

Sl. No.	year	Allocation at BE stage	Achievement	Percentage of achievement
1	2014-15	6.04	6.12	101.32
2.	2015-16	3.99	3.82	95.73
3.	2016-17	8.29	2.44 (upto December, 2016)	27.14
4.	2017-18	6.90		

83. When asked about, Plan head-wise funds allocation funds incurred during 2016-17, the Department have furnished the following information:-

Plan sub head	Funds provided	Funds incurred till 31st Dec., 2016
Promotion of philately-Adv/Exhibition	Rs. 6.87 Cr (Rs. 5.87 Cr + Rs. 1 Cr for NE Region)	Rs. 2.30 Cr
Promotion of philately-Training	Rs 0.92 Cr	Rs. 0.06 Cr
International Events/Visits	Rs. 0.50 Crs.	Rs 0.08 Cr
Total	8.20 Crs.	2.44 Crs.

84. To a query on the reasons for poor utilisation of funds under the scheme, the Department stated that necessary allocations have already been made to all the Postal Circles and Training Centers with the instructions to utilize the allotted funds fully and achieve the physical targets. Necessary review is being carried out regularly to get utilization of Plan funds fully. The Department has taken following initiatives for the promotion of philately:-

- Creation of Revenue Heads in Philately,
- Creation of a separate postage stamps website,
- Sale of philatelic products through e-post office,
- Mobile App-epostoffice,
- Use of Social Media for promotion of philately,
- Issue of Customized My Stamps sheets and
- Online sale of philatelic products on e-commerce (Snapdeal & Shopclues)

85. India Post has come up with the idea of customized My Stamps for the customers who have bulk orders to print their My Stamps and introduced “Customized My Stamp” in December, 2015 to cater to the huge demand of Organizations. Alongside these customized themed stamps, the Organization may opt for printing of their logo, images of their Organization/Institute or the photograph(s) of their employee(s) printed alongside the stamp. Since the inception of ‘Customized My Stamp’, its popularity has been

increased and 21 Organizations have opted for 'Customized My Stamp' and the Department have printed 1,30,000 number of My Stamp Sheets printed. The Department earned a revenue of Rs. 3.12 crore under this category from December, 2015.

86. When asked about the revenue earned by philately operations during each of the last five years and the role played by the Production and Fulfillment Centre in enhancing the revenue, the Department submitted as under:-

Year	Target	Achievement
2014-15	nil	Rs. 32.85 Cr.
2015-16	Rs. 84 Cr.	Rs. 39.87 Cr.
2016-17	Rs 141.54 Cr.	Rs. 41.49 Cr. (till 31 st December, 2016)

87. The Department further submitted that India Post has identified Philately as one of the major revenue sources. There is a huge uncapped portion to be explored in the philatelic business market both in India and the world. In order to promote the philately, a production and fulfillment centre has been set up at Dak Bhawan, New Delhi to bring India Post philatelic market to a greater level and to generate subsequent revenue to the department and further to cater to the needs of the philatelist. Many Postal Organizations have well established production and fulfillment centers with advanced levels of automation to cater to their huge base of online customers. Considerable improvement has been made in packaging and dispatching of philatelic products. The present improving after sales service has made the customer satisfaction level grow many heights.

B. Human Resource Management

88. The objective of the scheme is to create valuable human resource capital for the Department of Posts in the form of highly trained man-power, skilled in technology systems and usage, that exhibits total focus on customer satisfaction. During the 12th Plan, the scheme aimed to develop adequate skill sets to support the delivery of

services to customers, induction of new technology, specialization in banking and insurance sectors, marketing and legal matters. It is also planned to complete building projects of training institutes.

89. The details of financial targets for the scheme during each of the Annual Plan is as under:-

(Rs. in crore)

Sl. No.	year	Allocation at BE stage	Achievement	Percentage of achievement
1.	2014-15	31.30	22.33	71.34
2.	2015-16	20.66	25.13	121.64
3.	2015-16	39.62	13.17 (upto December, 2016)	33.24
4.	2016-17	33.94		

90. When asked about the details about the trainings given to the workforce, the Department submitted as under:-

“There are several types of training programmes for varying durations for different cadres of employees of the Department of Posts. The infrastructure for training includes the apex level institute, the Rafi Ahmed Kidwai National Postal Academy, six Postal Training Centres covering various zones in the country and 464 Workplace Training Centres. Both theoretical and practical (hands-on) training is provided. Further, whenever required, training at external institutes is organized. There is provision for induction training for all cadres at the time of entry in service. There is also a provision for three mid-career training programmes in every employee’s career. In addition, stand-alone refresher courses on various topics are also available.

Under the India Post IT Modernization Project, there is provision for training in each solution, which is provided for varying durations to different categories of employees with the support of the vendor for each solution. Further, the training modules for various new software, including hands-on training are integrated into the standard training packages for induction, mid-career and refresher training programmes. Similarly, training modules relating to any new

project/product/software are integrated regularly into the standard training packages.”

91. On the measures taken to improve the facilities and training programme for specialized functions like Banking and Insurance activities, the Department stated that training for banking and insurance is provided through the training institutes of the Department, with the support of the vendors for banking and insurance solutions. Further, the training modules for various new software, including hands-on training are integrated into the standard training packages for induction, mid-career and refresher training programmes. Similarly, training modules relating to any new project/product/software are integrated regularly into the standard training packages. Further, whenever required, training with the support of specialized external faculty/institutes is organized.

92. According to the Department, training for various solutions/software is provided to all the staff that is required to work in an IT enabled environment, including Gramin Dak Sewaks. The training is provided through the training institutes of the Department, with the support of the vendors for various IT solutions.

93. In the case of Gramin Dak Sewaks, delivery of training is closer to their workplace, generally in the Workplace Training Centres. The training for Gramin Dak Sewaks is being delivered using simple presentations, including audio-visual methods, in simple vernacular languages appropriate to the area.

C . Estates Management

94. 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, the Department of Posts has 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.

95. The details of financial targets for the scheme during the last three years are as follows:-

(Rs. in crore)				
Sl. No.	year	Allocation at BE stage	Achievement	Percentage of achievement
1	2014-15	55.40	37.72	68.08
2	2015-16	34.98	25.79	73.72
3.	2016-17	31.71	11.21 (upto December, 2016)	35.35

96. On utilization of funds, the Department have stated that during the year 2016-17, 42.79% funds have already been utilized (till Jan., 2017). Since construction activity is a time taking process and the payment is done after satisfactory completion of a part of the building as specified in the contract, mostly the payments are made in the later part of the year when a considerable part of the building is constructed. Hence the Department are hopeful in utilizing the funds completely by 31.03.2017. For the year 2017-18, the funds will be utilized in various activities as under:-

(Rs. in crore)

Sl. No.	Plan activity	Funds to be utilized
1.	Construction of PO/MO/prefab structures/boundary walls/Solar Power Pack/Rain Water Harvesting Structure/Ramps and rails/Reconstruction of lifts/Setting up of IPPB counters/ATM rooms	34.45
2.	Construction of Administrative Office	10.50
3.	Construction of Staff Quarters	17.00
4.	Preservation of Heritage Buildings	3.00
5.	Renovation of PO	2.20
6.	Renovation of AO	2.00
7.	Renovation of Postal Colonies	1.00
8.	Outright lease purchase of office space	0.01
9.	Training for Modern Building Techniques	0.44
10.	Purchase of Land	2.00
11.	Consultancy Services and software development	0.25
12.	Office Expenses	0.10
13.	Gender Concerns	0.55
	TOTAL	73.50

97. The Department submitted that many building projects have completed their pre construction formalities and maximum of the funds will be tried to be utilized in the construction of the postal buildings. Further, action is being taken to expedite the completion of pre construction formalities of various projects of the XII Five Year Plan which will be carried forward in the next financial year.

98. When the Committee desired to know about the Heritage Buildings under the Department of Posts, it has been submitted as under-

S.No	Name of Heritage Building	Name of the Circle
1	Patna GPO	Bihar
2	Bhagalpur HO	
3	PTC Darbhanga	
4	New Delhi GPO	Delhi

5	Delhi GPO	
6	Mandi HO	
7	Chhotta Shimla	
8	Shimla GPO	
9	Ambedkar Chowk PO	
10	Kasauli PO	H.P.
11	Mumbai GPO	
12	Nagpur GPO	
13	DAP Nagpur	
14	Pune GPO	Maharashtra
15	Panaji HPO	
16	Amritsar HPO	Punjab
17	Circle Office, Trivandram	Kerala
18	PTC Mysore	
19	DO Bellary	
20	CO Bangalore	Karnataka
21	Varanasi City PO	
22	Varanasi HO	U.P.
23	Lucknow GPO	
24	CO Lucknow	
25	Agra HO	
26	Chennai GPO	
27	Udhagamandalam HO	
28	Nagapattinam HO	T.Nadu
29	RLO Kolkata	
30	Darjelling HO	
31	Cooch Behar PO	
32	Kolkata GPO	
33	Baruipur HPO	
34	Behrampur HO	
35	Alipore HO	
36	Diamond Harbour HO	
37	Mud Point PO	
38	Khejoori PO	W.Bengal

96. The total allocation and expenditure incurred during the XII Five Year Plan towards Preservation of Heritage Buildings is as follows:

(Rs. in crore)

Sl. No.	Year	BE Allocation	Expenditure	Remarks
1	2012-13	2.00	0	All the fund allotted in BE was withdrawn at FG stage
2	2013-14	1.00	1.20	
3	2014-15	1.00	0.82	
4	2015-16	1.11	0.95	
5	2016-17 (till Jan., 2017)	1.84	0.70	

D. India Post Payments Bank (IPPB)

99. Setting up of the India Post Payments Bank as a differentiated bank is the latest milestone in the journey of India Post keeping in view the current market realities and in ensuring continued relevance of DoP's products and services. The vision of IPPB is to build the most accessible, affordable and trusted bank for the common man and the mission is to spearhead the financial inclusion agenda by removing the barriers for the unbanked and reducing the opportunity cost for the under-banked populace.

100. India Post Payments Bank (IPPB) has been launched on 30th January, 2017 as a Public Sector Bank under the Department of Posts with 100% GOI equity. With the objective of being present in all corners of India by the end of the year, the branches opened as of now are in Ranchi and Raipur with corresponding access points (1 Sub Post Office and 2 Branch Post Offices under each branch). This pilot launch was executed using an interim technology solution by partnering with Punjab National Bank (PNB). The partner bank has also helped in setting up operations and deputing man power at branches and in corporate office to run the bank.

101. The subsequent stages in setting up of IPPB involve the on boarding of the Systems Integrator (SI) for the steady state launch, along with setting up operations, readying 648 branches and hiring of skilled man power. Given the scale of operations that IPPB plans to achieve and the need to complete the roll out within the first year of operations, sizeable costs will be incurred in the initial years of operations.

102. Ministry of Finance has allocated Rs. 150/- Cr to PBI Division in BE 2016-17 and Rs. 150/- Cr under 1st batch of supplementary demand for grants, 2016-17. Out of this Rs. 275/- Cr has been transferred to IPPB corporate current account in two tranches *i.e.* Rs. 125/- Cr on 05/10/2016 and Rs. 150/- Cr on 04/11/2016. Rs. 25/- Cr under grants-in-aid had been retained in PBI Division for meeting various pre-operationalization expenses.

103. For the annual plan of 2017-18, against a proposal of Rs.300 crore, the allocation at BE is Rs.500 crore. Regarding the services/benefits offered as of now and proposed to be offered in future by IPPB, the Department stated that for the pilot launch in Raipur and Ranchi, IPPB has limited the product portfolio to basic products and services such as Savings Accounts, Remittances, Direct Benefit Transfer, and Doorstep Banking. Also the channels are limited to Branches and Access points, Contact Center and Mobile Banking. Once fully operationalized, the following products & services will be offered by IPPB:

- (i) Current Accounts Savings Accounts (CASA) - Savings Bank accounts with 1 lac balance limit; Current accounts for MSME, Village Panchayat, SHGs
- (ii) 3rd Party Products - 3rd party partnerships to provide loans, insurance, pension products, MF etc.
- (iii) Remittance and Bill Payments - International and Domestic Remittance, Utility bills, municipal dues, fees etc.
- (iv) Citizen to Government (C2G) and Government to Citizen (G2C) Payments – (C2G: Government payments, taxes etc. G2C: Direct Benefit Transfer (DBT), MNREGA, National Social Assistance Programme (NSAP) disbursements)

(v) Facilitate e-Commerce - Provide platform for enabling online purchase

104. The Department have also informed that the service delivery platform will be a mix of counter operations through Post Offices, internet banking, mobile banking, prepaid instruments such as mobile wallets, debit cards, ATMs, PoS and MPoS terminals and other emerging technologies.

105. Regarding the time line for complete roll out of IPPB, the Department submitted that as per the direction contained in the Cabinet's approval, the roll out of all IPPB branches and their linkage with all post offices across the country will have to be completed by September 2017. All necessary steps are being taken to meet the deadlines for complete roll out of IPPB. However, there are two key dependencies –

- (i) Availability of funds to carry out civil/electrical works in the identified locations for setting up IPPB branches
- (ii) Implementation of requisite technology solution after the Systems Integrator is on boarded”

106. The Department further stated that IPPB is currently in the process of choosing a System Integrator (SI) for rolling out its entire technology platform. The SI would be responsible for the supply, installation and commissioning of hardware required at Data Centre, near site and Disaster Recovery site for the entire solution stack. Further, the SI would also operate and maintain the data center for 5 years. The infrastructure to be provided would be in line with the scope of functionality being provided by the SI which includes all products and services and serviceability requirements of IPPB.

107. 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.

108. On the broad categories of income streams of IPPB, the Department submitted as under:-

- “(i) Transaction income - IPPB will provide convenient and accessible banking services across India with a focus on driving usage of bank accounts for making everyday payments. Thus transaction income from bill payments, remittances, C2G payments, merchant/retail payments will contribute towards revenues.
- (ii) Door step services – This will be a key value proposition /differentiating factor compared to other banks – particularly for customer segments who have a challenge in accessing bank branches during business hours e.g. housewives, elderly, wage earners etc. The fee from Door Step Banking is likely to be a major source of revenue
- (iii) Direct Benefit Transfer (DBT) commission will also be a significant source, given the concentration of DBT beneficiaries in rural areas, and IPPB’s strong presence (through DoP) in these areas
- (iv) 3rd party products - While IPPB cannot provide loans/ advances, it can resell loans of other banks/ NBFCs. Further there are a number of other opportunities across Insurance, loans and Mutual Fund products (this has been witnessed with the number of partnership proposals received by DoP).
- (iv) Investment income – Garnered by depositing the cash available with IPPB (from customer deposits) in Government Securities and interbank deposits will also contribute significantly to IPPB’s income.

109. The Secretary, DoP, during oral evidence informed as under:-

“In IPPB, we are looking for 24 per cent return on doorstep banking which if I compare with others, we may be slightly more. Similarly, we are looking at the other party products. Nearly 45 institutions are already in touch with us both from banks, insurance and different companies. They want to tie up with us and promote their products. That will give us around 12 per cent commission DBT. Ministry of Rural Development is the nodal agency which is dispersing MGNREGA.”

110. However, the following factors make DoP better placed vis-à-vis other Payment bank licensees in providing 'Differentiated Banking' services:

- (i) Trust – DoP is a household name and the Gramin Dak Sewaks (GDS) is almost considered a family member in the rural hinterlands. This trust can be extended to IPPB and can be expected to help drive adoption of IPPB's products and services
- (ii) Reach – DoP provides unparalleled reach across urban and rural India through its network of 155,000 post offices. This network will be extremely important – particularly in the rural hinterlands where a number of under banked customers (IPPB's target segment) reside
- (iii) Experienced staff- the Department has been rendering financial services, similar to banking transactions, for a long time. This experience will be useful in rendering the Payments Bank's services.
- (iv) Assisted banking – Considering the characteristics of the under banked segment, assisted channels of transaction will be heavily adopted – thus positioning IPPB in an extremely good position with the Branch Post Office providing payment facilities and the GDS network equipped with handheld devices

111. On being asked about the major challenges faced by India Post Payments Bank, the Department submitted as under:-

- “ (i) Returns on investment –The other Payments banks are expected to have a lean operating model – high use of technology and low physical presence. To drive profitability, these banks are expected to focus on the urban lucrative markets where there is a potential for better financial returns. IPPB's main aim will be to drive financial inclusion among customer segments that have been traditionally ignored by banks. This will entail providing services in hard to reach areas and a comparable lower return on investment.
- (ii) Availability of funds to drive aggressive customer acquisition programs – Several of the licensees including telcos or private equity backed firms are expected to drive aggressive campaigns, and use discounts/offers to drive customer acquisition and transactions.
- (iii) Unlike other Payment bank licensees, IPPB is owned by the Government and will therefore be answerable to the scrutiny of all Government agencies like CAG, CBI and CVC.

- (iv) Building a nationwide banking and payment infrastructure requires procurement of a wide array of products and services. The usual procurement methodology of RFP ensures transparent price discovery but takes longer compared to the approach used by private players. This may put IPPB at a disadvantage due to longer go-to-market time.
- (v) To succeed in a competitive market, IPPB would have to be nimble in reacting and changing its strategy as the market factors necessitate. “

112. The Department are considering direct recruitment, deputation/lien and contractual appointment as recruitment modes to meet the manpower requirements of IPPB. The mix of recruitment modes has been designed to hire talent across functions/ specialized skill areas. Phased training is being planned for DoP staff, who have prior experience in handling customer transactions.

Part-II
Observations/Recommendations

DoP Budget

1. The Department of Posts (DoP) have laid the detailed Demands for Grants (2017-18) in Lok Sabha on 8th February, 2017 for a total amount of Rs.25,552.61 crore which includes Rs.25,057.61 crore under Revenue and Rs.495 crore under capital. The amount is exclusive of Rs.60 lakh charged under the Revenue head. A look at the utilization of funds shows that the gross expenditure of the Department is gradually increasing over the years. During the year 2014-15, the Department had incurred an expenditure of Rs.18556.56 crore which increased to Rs.19654.67 crore during 2015-16. In the year 2016-17, the BE gross expenditure of the Department set at Rs.23122.60 crore was increased to Rs.23276.08 crore at RE, out of which an amount of Rs.17962 crore has been utilised till December, 2016. For the year 2017-18, an amount of Rs.25058.21 crore has been set at BE which is Rs.1935.61 crore more than the BE of the previous year. The increase in the gross expenditure is mainly due to Salaries and Pensions which constitute more than 90 percent of the gross expenditure. The Department have stated that it is not possible to cut down the operational expenses due to the increasing costs and due to obligation to provide Universal Postal services to the citizens at affordable costs throughout the country. The expenditure is likely to increase further as pension is expected to be Rs.7215.42 crore *i.e.* 28.79 percent of the gross expenditure fixed at BE. The progressive increase in expenditure is an area of concern, though the DoP are earning revenue through various activities such as Postal Operations and operation of various Saving Bank Accounts and Revenue receipts which contribute in offsetting the huge gross expenditure of the Department. The Committee also note with satisfaction that the revenue receipts of the Department on account of its Postal Operations as well as remunerations in Saving Banks services are gradually witnessing an increasing trend. During the year 2014-15, the revenue receipts of the Department was Rs.11635.98 crore which increased to Rs.12939.79 crore in 2015-16 resulting in decline in the total deficit of the Department from Rs.6258.60 crore in

2014-15 to Rs.6007.18 crore in 2015-16. The Department need to sustain this momentum of increase in revenue. The Committee are, however, concerned to note that during 2016-17, the revenue target of the Department was decreased from Rs.13,827.05 crore at BE to Rs.12558.52 crore at RE and the actual revenue receipt has been Rs.8287.52 crore only (till December, 2016). The DoP have attributed this decline at RE stage to the decision of the Ministry of Finance to reduce remuneration payable to DoP for saving bank and saving certificates. However, for the year 2017-18, the estimated revenue receipt at BE is Rs.15,210.03 crore which is Rs.1382.98 crore more than the BE of the previous year. After deducting the recoveries, the total deficit of the Department at BE during 2017-18 is Rs. 9055 crore. The Committee are given to understand that several attempts are being made to capture the emerging markets in e-commerce and logistic post to achieve the targets for the year 2017-18. Other initiatives include transforming Post Offices to 'one stop shop', for selling of Railway passenger reservation tickets, issuing of Sovereign Gold Bond Scheme, distribution of Gangajal, distribution of high yielding seeds and dissemination of information on new farm technologies to farmers through the village Post Offices in 14 states, providing Digital Life Certificate to Employee Provident Fund Organization (EPFO) pensioners in Telangana Circle, online applications for Universities and international Money Transfer Service (IMTS) in agreement with Western Union Money Transfer (WUMT), etc. Looking at the gap between gross expenditure and revenue receipts of the Department which is gradually increasing year by year, the Committee feel that the aforesaid measures taken by the Department are proving to be inadequate to bridge the gap. In view of the shift in thrust of the Department of Posts from a purely service oriented Department to a Department with emphasis on commerce and business orientation, there is a need to bring in more professionalism to India Posts in order to make it a self-sustaining Department. The Committee recommend that focussed attention should be given to areas, such as improvement in service quality, increasing the brand visibility of India Posts, augmentation of infrastructure and technology induction, etc. Considering that

revenue deficit can only be reduced by increasing revenue receipts, the Committee desire that the Department should ensure optimum utilization of available resources and thereby reducing the cost of operation and overall deficit.

While appreciating the efforts made by the Department for revenue generation such as experiment of making post office extension counter of employment exchanges, issuing of Digital Life Certificate for EPF pensioners, working with Ministry of Earth Sciences on providing weather information, etc. the Committee recommend that the Department should explore the possibility of leasing out their buildings/space for setting up of telecom towers.

Allocation under Plan Schemes

2. The Committee note that the Department have progressively rationalized their schemes and the number of schemes have been brought down to four *i.e.*, Postal Operations, Financial Services, Human Resource Management and Estate Management. During the year 2016-17, a new sub scheme 'Setting up of India Post Payments Bank (IPPB)' was included in the scheme 'Financial Services' in addition to the sub-schemes 'Post Office Savings Bank Operation' and 'Postal Life Insurance Operations and Promotion'. The architecture of the schemes has further been revised in 2017-18 by the Ministry of Finance. The Department had proposed an amount of Rs. 2242 crore for implementation of Plan Schemes, however, an amount of Rs. 600 crore was allocated at BE which increased to Rs. 750 crore at RE and the actual utilization upto December 2016 has been Rs. 499.26 crore only. Thus, the Committee note with concern that there is significant under utilization of funds in almost all the Plan Schemes including the Scheme of Postal Operations which received the lion's share of allocation. An amount of Rs. 350.67 crore was allocated for Postal Operations which increased to Rs. 354.15 crore at RE, however, the actual achievement has been Rs. 193.86 crore *i.e.* 54.73 per cent of the RE. There is considerable under utilization of funds under sub schemes like Rural Business and Access to postal network, Mail Operations, IT induction and

Modernization, Business Promotion, Marketing Research and Product Development, Philately Operations etc. Under Human Resource Management, an amount of Rs. 39.62 crore had been allocated at BE which increased to Rs. 41.97 crore at RE and the actual utilization has been Rs. 13.17 crore only. Similarly, under Estate management, an amount of Rs. 59.71 crore had been allocated at BE, which decreased to Rs. 53.88 crore at RE and the utilization has been Rs. 12.71 crore only. The only scheme where there has been decent utilization of fund is India Post Payment Bank. The allocation under this head was increased from Rs. 150 crore at BE to Rs. 300 crore at RE, out of which the Department have incurred an expenditure of Rs. 279.52 crore till December 2016. During the year 2017-18, an amount of Rs. 3707.71 crore has been proposed by the Department for the implementation of various schemes which is Rs. 1465.71 crore more than the amount proposed during 2016-17. Out of this, an amount of Rs. 1050 crore has been allocated at BE stage during the year 2017-18. This is an increase of Rs. 450 crore over the allocation for plan schemes during 2016-17, which is because of increase in allocation made under two schemes, *i.e.*, Postal Operations and India Post Payment Bank. The Committee are of the view that there is an urgent need for the Department to rapidly shift its focus from mail delivery services to technology oriented and technology driven services such as e-Commerce. In view of increase in allocation under schemes like Mail Operations, IT induction and Modernization, Estates Management, India Post Payments Bank etc. for the year 2017-18, the Committee recommend the Department to take due care and ensure efficient utilization of funds under all their Plan Schemes. In view of the visible gap between the amount proposed and the amount actually allocated at BE state, the Committee recommend that the Department should pursue the matter of enhanced allocation for their Plan Schemes with the Ministry of Finance so that implementation of the schemes do not suffer due to inadequate funds.

Rural Business & Access to Postal Network

3. The Committee note the objective of this sub 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. However, the Committee are concerned to note that out of RE allocation of Rs.13 crore, the Department have incurred an expenditure of Rs.6.24 crore only till December, 2016. For the year 2017-18, though the Department had proposed an amount of Rs.69.68 crore keeping in view the requirements of 1.26 lakhs BOs in rural areas, they have been allocated an amount of Rs.17.70 crore only at BE stage. The Committee note that even though India has the largest postal network in the world and 89.70 percent of them are in rural areas, there continues to be a demand for new Post Offices. Till 31.1.2017, 1323 proposals for opening of new posts have been received by the Department out of which 430 proposals have been found justified and 210 proposals are still pending. The Department of Posts have informed that they have decided to open 1,789 new Double Handed Branch Post Offices (BOs) by creation of new posts at Gram Panchayat Headquarter Villages having no post offices within a distance of 3 Km in 32 worst affected LWE districts in the country. Accordingly, sanction of 1,789 new Double Handed BOs and sanction of corresponding posts have been issued to the concerned Circles for compliance. The Department of Posts have been assigned a bigger responsibility in the context of financial inclusion over and above the traditional functions of collection and delivery of mails and post offices are increasingly envisaged as 'One stop shop', and hence there is a need to expand the outreach of postal network in the rural areas, especially in the tribal belt where people have to travel long distance to collect MGNREGA or pension payments or direct benefit transfers. The Committee, therefore, recommend that the Department should take necessary steps for opening of more number of post offices while simultaneously providing necessary infrastructure so as to ensure prompt and complete delivery of services. The Committee also recommend that measures may be taken for opening of 1789 new Branch Offices in 32 worst

affected LWE areas at the earliest. The Committee also recommend that some sort of grievance redressal mechanism should be put in place for the people in rural and remote areas availing services through post offices.

Automatic Mail Processing Centres and Parcel Network Optimisation Project

4. The Committee note that in order to meet the mail market demand for end-to-end solutions, the activity with the nomenclature 'Setting up of Mail Business Centres' in 11th Plan has been continued under the nomenclature 'Mail Network Optimisation' in the 12th Plan. Under this Scheme, the Department have incurred an expenditure of Rs.1.94 crore till December 2016 during 2016-17. Mail Network Optimisation is an important project taken up under Mail Operations by the Department to optimize and consolidate the erstwhile mail network and improve the quality of service of mail products. From the information provided by the Department, the Committee note that many major tangible and measurable improvements in quality of mail operations have been achieved through implementation of Mail Network Optimization Project (MNOP). These include reduction in the transit time and improved delivery performance for Speed Post articles, improved visibility for Speed Post, putting the Registered and Parcel articles on the tracking system of India Post website for Speed Post in particular, adoption of standardized processes at Speed Post Centres, Computerized Registration Centres (CRC) and Parcel Centre operations, etc. leading to streamlined operations, better monitoring and enhanced productivity. Introduction of new tools and equipments in operations, etc. have further led to better working conditions for the employees, online availability of track and trace facility in respect of Registered letters and Parcels, etc. The Committee also note with satisfaction that due to improvements in quality of mail operations there has been a steady rise in the operational capability which is reflected in the number of Speed Post articles booked (from 29.25 Crore in 2012-13 to 36.55 crore in 2015-16). The Committee are given to understand that in order to enhance the mail handling capacity, to reduce the cost of operations, and to

improve the quality of service, four AMPCs are to be set up at Mumbai, Chennai, Bengaluru and Hyderabad. However, in view of change in the mail profile i.e. declining letter mail and a shift towards parcels, including e-commerce articles, the Department have now decided to look at the packet and parcel segment holistically and accordingly decide on the type and level of automation for setting up the AMPCs at these places. For this they have engaged a consultant for designing an optimum parcel network with a combination of facilities for manual to semi-automatic to automatic processing of parcels on a pan-India basis under Parcel Network Optimization Project (PNOP). These two activities of PNOP and AMPCs have to be synergized and the reports/data generated out of the PNOP would provide inputs for the proposed AMPCs. The Committee further note that there has been increase in the proportion of parcels in average mail volumes in recent years and it will be prudent to create enhanced capacity to handle the growing e-commerce business. Considering that the parcel market in India has seen exponential growth particularly in the e-commerce segment, the Committee desire that sincere efforts should be made by the Department to take advantage of upcoming growth in the parcel market. The Committee recommend the Department to ensure timely submission of the Report by the Consultant appointed for designing an optimum parcel network for the PNOP Project. The Committee also desire that the Department should take all necessary steps to take maximum benefit from the opportunities brought out by the growing e-commerce business.

Performance of Speed Post Service and e-commerce

5. The Committee note that Speed Post was introduced to provide time-bound and express delivery of letters and parcels between specified stations within the country. It is the flagship product of the Department of Posts and is the market leader in the domestic express industry with monthly volumes of more than 3 crore articles. As such, only 18 National Speed Post Hubs/ Intra Circle Hubs/ Book Now Pay Later centres could be set up till December, 2016. The Committee note that the revenue of the Department

under Speed Post is gradually increasing over the years. From Rs. 1495.21 crore in 2014-15, the total revenue receipts increased to Rs 1605.25 crore during 2015-16. The revenue receipts under Speed Posts during 2016-17 was Rs.1183 crore up to December, 2016. Various value added services are provided under Speed Post, such as Credit facility under Book Now Pay Later (BNPL) scheme, Free pick-up facility, Volume based discount facility, Cash on Delivery facility. 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. The Committee, however, note with concern that during the year 2016-17, out of Rs. 8.69 crore allocated at BE and RE, the actual utilization under the Scheme has been Rs.2.58 crore only till December 2016. The Committee feel that the Department have failed to pay adequate attention for developing the requisite infrastructure for expansion of Speed post service in the country. The Committee feel that having a robust and efficient delivery mechanism along with proper customer complaint mechanisms are key to continuous growth of Speed Post and Speed Post being the single largest revenue generating area, the Department can ill afford to neglect this sector. The Committee, therefore, recommend the Department to take all necessary measures to upgrade the infrastructure so that speed post continues to grow in future also. The Committee also desire that a robust delivery and performance monitoring system be put in place at various levels for examining the gaps and also to address them. Keeping in view that the market share of Speed Post is just 15-18 per cent of the total courier service in the country, the Committee strongly recommend that the Department should make efforts to increase the market share of Speed Post with special emphasis on expanding the base of Speed Post in rural, inaccessible areas not covered by private courier service.

Development of e-commerce

6. Development of e-commerce has also given a boost to the parcel segment where B 2 C (Business to Customer) parcels are on the rise. In order to fulfill needs arising out of the emerging e-Commerce business, Express Parcel and Business Parcel services have been introduced. During the year 2015-16 total revenue of Rs. 149.94 crore was generated (witnessing a growth of 33% compared to 2014-15) under Express & Business Parcel. During the year 2016-17, an amount of Rs.110.40 crore has been received by the Department from these two businesses. The Committee stress that the performance of Express and Business Parcel is still very less when compared to e-Commerce companies who are making billions of dollars every year. There is a huge scope for increasing India Post foothold in booming e-commerce market in the country. With the gradual shift to digital influence among the populace in the country, more number of people are shifting their businesses online and the Department of Posts need to seize this opportunity in their favour and compete with private players to make a significant presence in this sector. The Committee recommend that efforts must be made by the Department to tie up with major e-Commerce companies and capture the market in the metropolitan cities where there is huge scope for e-commerce business.

Post Office Savings Bank Operations

7. The Committee note that this scheme is being implemented with an 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. During the year 2016-17, an amount of Rs.1.10 crore was allocated for procurement of 6.5 lakh ATM/Debit cards which has been utilised fully by procuring 6.25 lakh ATM/Debit Cards by the end of September 2016. Out of the 1000 ATMs that is planned so far, 970 ATMs are already installed. About 11.30 lakh ATM/Debit cards are issued to POSB customers. RBI has also accorded in principle approval for DoP ATM to be made interoperable and there has been increase in number of ATM transaction after

DoP ATMs were made interoperable. Moreover, the rollout of Internet, SMS and Mobile banking services to POSB customers is under testing stage. The Department have further informed that as of now 23,200 Post Offices have been migrated to Core Banking Solutions (CBS) environment. Banking solution through mobile application and hand-held devices will be provided to the Rural Post Offices. The Post Office Savings Bank operates Savings Accounts, Recurring Deposit (RD), Time Deposit (TD), Monthly Income Scheme (MIS), Public Provident Fund (PPF), National Savings Certificate (NSC), Kisan Vikas Patra (KVP), Senior Citizens Savings Scheme (SCSS) and Sukanya Samridhi Yojana account. Outstanding Balance in Savings Bank schemes and Savings Certificates during 2015-16 was Rs. 67,8639 crore. Remuneration received by the Department on Savings Bank Business had increased from Rs. 6670.03 crore in the year 2014-15 to Rs. 7783.87 crore in 2015-16. During the year 2016-17, the Department have received an amount of Rs. 5220.87 crore up to December, 2016. All these point to the fact that POSB operation is one of the most important activities of the Department. However, the Committee feel that to grow in this area, the Department have to compete with banking sectors which have made huge investment for technological up-gradation. The Committee recommend that more attention should be given to the implementation of Core Banking Solution which aims to bring in various IT solutions, such as ATM, internet and mobile banking to the Post Offices. The Committee are of the view that there is huge requirement for ATMs in the country and the target of 1000 ATMs is too less. Though 970 ATMs have been set up during 2016-17, there is a need to increase the overall target of setting up of ATMs. The Committee recommend that the Department should make concerted effort and prepare a roadmap where each post office has its own ATM with initial focus in the rural areas which will give much relief to the rural masses who do not have adequate banking facilities.

Sukanya Samridhi Yojana & Jan Suraksha Schemes

8. The Committee note that Sukanya Samridhi Account is a small Savings Scheme launched on 22nd January 2015 for the welfare of girl child. Under the scheme, a legal/natural guardian can open only one account in the name of one girl child and maximum two accounts in the name of two different girl children up to 10 years from date of birth of the girl child. This scheme has received tremendous response so far and more than 94.77 lakh of Sukanya Samridhi Accounts have been opened till January, 2017. The Committee also note that Jan Suraksha Schemes viz. Pradhan Mantri Suraksha Bima Yojna (PMSBY) and Pradhan Mantri Jeevan Jyoti Bima Yojna (PMJJBY) were launched w.e.f. 07.09.2015 in all CBS Post Offices. PMSBY offers a renewable one year accidental death cum disability cover of Rupees Two Lakh (Rupees One Lakh for partial permanent disability) to all savings bank account holders in the age group of 18 to 70 years on a premium of Rs. 12 per annum per subscriber. On the other hand, PMJJBY offers a renewable one year life cover of Rupees Two Lakh to all savings bank account holders in the age group of 18 to 50 years, covering death due to any reason, on a premium of Rs. 330 per annum per subscriber. Atal Pension Yojna which was launched on 1st December, 2015 focuses on the unorganised sector and provides subscribers a fixed minimum guaranteed pension of Rs. 1000, Rs. 3000, Rs 4000 or Rs 5000 per month on completion of the age of 60 years, depending on the contribution option exercised on entering at an age between 18 and 40 years. By January, 2017, 1185277 PMSBY, 78040 PMJJBY and 162247 APY enrollments have been made in Post offices. The Committee note with satisfaction that even though the above schemes have been launched in 2015, the Department have been able to open maximum number of accounts under SSA and PMSBY. However, there is a need to increase the enrolment multi fold under these Schemes. Further, the facility of opening of these accounts especially under Jan Suraksha Schemes is available only in CBS post offices which means that these schemes are yet to be made available in rural areas. There is a tremendous scope for growth for these products in rural areas. The Committee,

therefore, recommend that efforts should be made to popularize these useful schemes in rural areas so that they can avail the benefits of these social security schemes. The Committee also desire that all the post offices in the country (more than 1.55 lakh post offices) should be enabled to act as a 'point of sale' counter for selling of various products including these social security schemes.

Postal Life Insurance

9. Postal Life Insurance (PLI), introduced in 1884, is the oldest life insurance scheme for benefit of the Government and semi Government employees. The Committee note that even now, people working in the unorganized sector and private organisations/companies are not allowed to avail this policy. In spite of this severe restriction in opening PLI accounts, till 31-03-2016, the Department have opened 49,30,838 PLI accounts and collected an aggregate sum of Rs.109982.09 crore. Another product, Rural Postal Life Insurance (RPLI) scheme was introduced in 1995 for the benefit of rural populace to extend insurance cover to the people living in rural areas with special emphasis on weaker sections and women workers. Till 31-03-2016, The Department have opened 1,49,15,652 RPLI accounts and collected an aggregate sum of Rs. 81733.73 crore. To fully exploit the potential of the insurance sector through focus on technology and skill up-gradation and keeping in view the potential market growth and customer expectations, under the 12th Plan, the Department are undertaking activities like publicity of insurance products, training of Circle office personnel and marketing personnel, development of Software, computerization of PLI/RPLI Operations, etc. During the year 2016-17, against the allocation of Rs.10.60 crore for these activities, upto December, 2016 the Department have utilized an amount of Rs. 6.99 crore. The Committee are, however, concerned to note that financial achievement till December 2016 in the 12th plan under the activities 'Computerization of Investment Division Development/Procurement of Software for Investment Division' is shown as NIL. In the opinion of the Committee, computerization and procurement of suitable

software are a must for maintaining of such a huge PLI and RPLI accounts. While taking a serious note of the above lapse, the Committee recommend the Department to initiate necessary action and ensure that targets are achieved during 2017-18. The Committee may also be apprised the reasons due to which PLI is being provided only to Government and semi Governments bodies of the Central and State Governments.

IT Induction and Modernisation

10. The Committee have been informed that major objectives of this scheme are modernization and computerization of all Post Offices in the country; establishment of IT Infrastructure, development of software applications covering all operations of the Department, provision of multiple channels of user interaction apart from the conventional post office counters, preparing Postal employees and Grameen Dak Sewaks for the changes at their workplace on account of induction of technology and training them. The Committee note that entire project is under implementation phase and all the 25297 departmental post offices in the country have been computerized. Some of the other achievements highlighted under the scheme are setting up of Data Centre at Navi Mumbai since 3rd April, 2013; disaster Recovery Centre has been powered on at Mysore on 15-05-2015, networking of 28259 Departmental Post offices under single Wide Area Network (WAN) which is the largest single WAN in the country, Core Banking Solution (CBS) has been rolled out in 23200 Post Offices, ATMs have been installed at 970 locations, issuing of debit cards to POSB Customers, etc. The Committee note that out of Rs. 179.61 crore allocated at BE stage during 2016-17 the achievement upto December, 2016 has been only Rs.159.33 crore only. The Committee note that for the year 2017-18 as against the projected requirement of Rs.1387.20 crore, the allocation at BE is Rs. 279.60 crore only leaving a huge gap of Rs.1110.20 crore in meeting the actual requirements. The Committee note that one of the major silos of the IT Modernisation project is the Rural ICT Project, under which the Department envisages deployment of 1,29,345 Handheld devices in rural Branch Post Offices in a

phased manner. So far the Vendor of Rural Hardware has dispatched 27038 RH Devices and 14145 GDS Post Offices in rural areas have been rolled out for the RICT solution. The roll out of the Rural Hand held devices is planned to be completed by December 2017. The Committee have strong apprehension that IT Induction and Modernisation, being the backbone of all the technological advancements, any set back to this project due to resource crunch may affect the overall performance of the DoP. The Committee advise the DoP to take up vigorously with the Ministry of Finance, the issue of increased allocation for this project. The Committee also recommend the Department to ensure that there is no further revision in timelines and the project is completed and outcomes achieved within the stipulated timeframe. The Committee further desire that apart from 23200 post offices which have been provided with Core Banking Solutions (CBS), this facility should also be extended to maximum number of post offices in rural areas.

Business Promotion, Marketing Research and Product Development

11. The Committee note that the scheme is being implemented by the Department with a focus 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. Establishment of e-Commerce/ Parcel Booking/International Business Centres and Marketing Function of the Department of Posts are the two activities undertaken by the Department under this scheme. The Committee note with concern that against the projected requirement of Rs.24.78 crore for the year 2016-17, an amount of Rs.11 crore only has been allocated in BE and RE and actual utilization till December 2016 has been Rs.3.83 crore only. The Committee note that the Department have taken several activities/campaigns for the marketing of its products and services which include release of advertisement in Print and electronic media, outdoor campaigns at Metro stations, Airports, Railway Stations, seat back panels inside Air India Aircrafts etc. on regular basis apart from participating in events like India International trade Fair, Vibrant Gujarat, Last mile Delivery conclave etc. Apart from its various premium and financial products, the Department have also

introduced an online portal where a bouquet of online services such as sale of philatelic products, electronic generation of India Postal Order for payment of RTI fee, distribution of Ganga Jal, Online Payment of PLI premia etc. is offered. In addition to this, Department of Posts have taken various initiatives for offering more people oriented services through Post Offices like launching of India Post Payments Bank, Passport Seva Kendras in Post Offices, making available National Career Services (NCS) and Jeevan Pramaan Facility to EPFO pensioners through Post Offices, distribution of high yield seeds and dissemination of latest agriculture technology through rural post offices in rural areas. The Committee feel that all the products of the Department have the potential to perform well and the market share of these products can be increased only through enhanced publicity and brand visibility. For the year 2017-18, the Department have proposed an amount of Rs.58 crore. However an amount of Rs.11.10 crore has been allocated at BE stage. Considering that brand building is an integral aspect of personal and business development which not only increases the consumer awareness of a brand, but also gives it an identity and worth, the Committee recommend that the Department should continue to pay adequate attention to publicity efforts so that India Post continues to evolve as a reliable and trustworthy brand for the citizens of India. The Committee desire that more realistic projections of fund requirement be made and allocated fund be utilized optimally under this head.

Post Office Passport Seva Kendra (POPSK)

12. The Committee note that under Passport Seva Kendra, the Department are providing simple, efficient and transparent process for delivery of Passport. So far only two Passport Seva Kendra are operational with the Department and 56 POSK will be made operational by March this year. The Committee note that the Department are also earning revenue through rendering this service. Passport Offices are charging Rs. 1500 per customer to issue one passport. The Committee have been informed that there are 811 Head Post Offices of the Department and this service can be provided in

all the Head Post Offices. The extension of this service at all the 811 Head Post Offices at the rate of Rs. 300 would also enable the Department to earn around Rs.700 crore in a year. The Committee are glad to note that this can be done without any additional investment. The Committee are of the view that demand for Passport have increased manifold during the last few years, due to growing economy and requirement of people to travel abroad for various reasons like education, tourism, business purposes etc. In this regard, the Committee feel that extension of this service to all the Head Post Offices will greatly help the people especially those living in rural areas to apply and acquire passport. While appreciating the above initiative of the Department which will help the Department to earn revenue, the Committee recommend that the matter of opening of POPSK in all the 811 HPOs may be taken up with the Ministry of External Affairs at the earliest and Committee may be apprised of the progress.

Philately Operations and Quality of Service

13. The Committee note 'Philately Operations' and 'Quality of Services' are two activities being implemented by the Department under Postal Operations. The purpose of the activity Philately Operations is to carry on intensive promotional activities, like Philatelic Exhibitions, launching a business website for philately and to capitalize revenue earning potential of philately by reorganizing philatelic activities on business lines. The sub scheme "Quality of Service" primarily involves certification of quality of service of post offices. Whereas during 2016-17, the Department had proposed an amount of Rs.24.75 crore for the sub scheme 'Philately Operations' against which, an amount of Rs.8.29 crore had been made at BE and RE stage. Out of this, the Department have utilised an amount of Rs.3.83 crore till December, 2016. Main activities under Philately Operations are Promotion of philately through exhibition, training of staff for promotion of philately operations, etc. To promote philately, the Department have taken steps, such as creation of a separate postage stamps website, sale of philatelic products through e-post office, use of Social Media for promotion of philately, and online sale of philatelic products on e-commerce (Snapdeal & Shopclues).

Another major initiative of the Department which has gained huge popularity is 'Customized My Stamps.' During the year 2016-17 as against the target of earning Rs. 141.54 crore, till 31st December, 2016 the Department have earned Rs. 41.49 crore which has crossed Rs.35.85 crore earned during 2015-16. For the year 2017-18, the Department had proposed an amount of Rs.81.22 crore for implementation of various activities under the scheme, however, an amount of Rs.6.90 crore only has been allocated at BE stage. Considering the fact that Philately is one of the major revenue sources of India Posts and there is a huge uncapped portion to be explored in the philatelic business market both in India and the world, the Committee desire the Department to explore revenue earning opportunities available under philately operation by modernizing its philately operations so that it will attract more customers and address their concerns. The Committee also recommend that in order to realize the full potential of the 'Customized My Stamps' initiative the Department need to popularize this initiative through increase advertisement in social media and by providing requisite infrastructure to more post offices which can undertake this activity more vigorously.

Human Resource Management

14. The Committee note that the scheme is being implemented with an objective to create valuable human resource capital for the Department of Posts in the form of highly trained man-power, skilled in technology systems and usage, that exhibits total focus on customer satisfaction. The scheme is aimed at developing adequate skill sets to support the delivery of services to customers, induction of new technology, specialization in banking and insurance sectors, marketing and legal matters. During the year 2016-17, the Department had proposed an amount of Rs.54.02 crore for this Scheme, however, an amount of Rs.39.62 crore only was allocated at BE. This was increased to Rs.41.97 crore at RE out of which an amount of Rs.13.17 crore has been utilized till December, 2016. The Committee note that this is one of the schemes where there has been sub optimal utilization of fund during 2016-17. For the year 2017-18, the

Department have proposed an amount of Rs.71.9 crore, however Rs.33.94 crore only has been allocated at BE stage. It is a matter of concern that while on the one hand the Department have not been able to utilize the fund, on the other they have proposed an increased amount under the Scheme, which seems unjustifiable. The Committee note that several types of training programmes for varying durations are under implementation for different cadres of employees of the Department of Posts. The infrastructure for training includes the apex level institute, the Rafi Ahmed Kidwai National Postal Academy, six Postal Training Centres covering various zones in the country and 464 Workplace Training Centres. There is also provision for induction training for all cadres at the time of entry in service. The Department are in the process of rapid modernization and with implementation of schemes like India Post IT Modernization Project, rapid expansion of Banking, Insurance and financial activities etc. they have diversified into various fields. Efforts are also being made for giving better service and customers satisfaction. Under such circumstance, provision of requisite training to the employees is inevitable to ensure more efficient and better utilization of technology and improving the behavioural attitude of the staff so as to serve customers better. The Committee recommend that effort should be made by the Department to set up more training centres at regional level that will cater to the need of the staff relating to Information Technology, banking and financial activities and better customers relation. The Committee feel that better trained employees will also have better motivation to work and prove to be more productive. The Committee desire that the funds allocated under the Scheme of Human Resource Management are optimally utilized to achieve the desired objectives.

Estates Management

15. The Committee note that Estates Management is an ongoing scheme of Department of Posts with an objective 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 those areas. The Committee find that during the year 2015-16, as against an allocation of Rs. 34.98 crore, the actual utilization had been Rs. 25.79 crore whereas in the year 2016-17, as against an allocation of Rs. 31.71 crore, the Department have been able to incur an expenditure of Rs. 11.21 crore only (upto December, 2016) which is just 35.35 % of the allocation. The Department have informed that since construction activity is a time taking process and the payment is done after satisfactory completion of a part of the building as specified in the contract, mostly the payments are made in the later part of the year when a considerable part of the building is constructed. Hence, they are hopeful in utilizing the funds completely by 31.03.2017. This is, however, not very convincing as it is not possible to fully utilize the remaining 65% of funds in the last quarter of the year. An allocation of Rs. 73.50 crore has been made at BE stage for the year 2017-18 under this Scheme. Taking serious note of the consistent under-utilization of fund under this scheme for which the Department have been citing reasons which are repetitive, the Committee urge the Department to make more realistic projections under this scheme and also ensure that the relevant issues be addressed and allocations made under this Scheme are utilized efficiently.

Preservation of Heritage Buildings

16. The Committee find that the Department have classified 38 buildings in different postal circles as Heritage buildings. For preservation of Heritage Buildings, the Department had received an allocation of Rs. 1.00 crore in 2013-14 and 2014-15. During the years 2015-16 and 2016-17, there was a token increase in this allocation i.e. Rs. 1.11 crore and Rs. 1.84 crore respectively. The actual expenditure stood at Rs. 1.20 crore in 2013-14, Rs. 0.82 crore in 2014-15, Rs. 0.95 crore in 2015-16 and Rs. 0.70 crore (upto Jan, 2017) in 2016-17. The Committee have been regularly laying emphasis on preservation of Heritage Buildings in the Department of Posts. The Committee however

note with much concern that budgetary allocation for preservation of Heritage Buildings under the Estates Management Scheme has not been commensurate to the large number of Heritage Buildings and whatever meagre allocation has been made under the head has not been utilised optimally except for the 2013-14. The Committee need not emphasize that the large number of heritage buildings under DoP need adequate fund for their regular upkeep and maintenance. The Committee, therefore, strongly recommend the Department to impress upon Ministry of Finance for increase in allocation under this scheme and simultaneously make concerted efforts for optimum utilization of funds to preserve the rich heritage of the Department.

India Post Payments Bank (IPPB)

17. The Committee note that the vision of IPPB is to build the most accessible, affordable and trusted bank for the common man and the mission is to spearhead the financial inclusion agenda by removing the barriers for the unbanked and reducing the opportunity cost for the under-banked populace. India Post Payments Bank (IPPB) was launched on 30th January, 2017 as a Public Sector Bank under the Department of Posts with 100% equity from Government of India. With the objective of being present in all corners of India by the end of the year, as of now, branches have been opened in Ranchi and Raipur with corresponding access points. The Department have informed that the service delivery platform will be a mix of counter operations through Post Offices, internet banking, mobile banking, prepaid instruments such as mobile wallets, debit cards, ATMs, PoS and MPoS terminals along with other emerging technologies. The Committee hope that the launch of IPPB would enable the Department to leverage its unparalleled reach and prior experience in POSB operations to meet the goal of universal financial inclusion by offering basic banking services to the large under-banked population across the country. Steps such as tie-ups with other banks and financial institutions for marketing of third party products would provide the much needed fillip to the revenue of the Department. IPPB with their proposed reach across

the country, the Department may explore the role which IPPB can play in collection of Goods and Services Tax (GST). The Committee would like to be updated on the above initiatives proposed and progress in rollout of IPPB and any specific challenge being encountered/foreseen by the Department in successful rollout of IPPB within the specified timeframe.

New Delhi
15 March, 2017
24 Phalguna, 1938 (Saka)

ANURAG SINGH THAKUR
Chairperson
Standing Committee on
Information Technology

**STANDING COMMITTEE ON INFORMATION TECHNOLOGY
(2016-17)**

MINUTES OF THE TENTH SITTING OF THE COMMITTEE

The Committee sat on Tuesday, the 21st February, 2017 from 1430 hours to 1635 hours in Committee Room '62', Parliament House, New Delhi.

PRESENT

Shri Anurag Singh Thakur – Chairman

MEMBERS

Lok Sabha

2. Dr. Sunil Baliram Gaikwad
3. Shri P. Karunakaran
4. Shri Virender Kashyap
5. Shri Harinder Singh Khalsa
6. Dr. K. C. Patel
7. Dr. (Smt.) Bhartiben Dhirubhai Shiyal
8. Shri Abhishek Singh
9. Shri Ramdas C. Tadas

Rajya Sabha

10. Shri P. Bhattacharya
11. Shri Suresh Gopi
12. Shri Prabhat Jha
13. Shri Derek O'Brien
14. Dr. Vinay P. Sahasrabuddhe

Secretariat

- | | | |
|----|---------------------------|----------------------|
| 1. | Shri R.S. Kambo | Additional Secretary |
| 2. | Smt. Preeti Srivastava | Joint Secretary |
| 3. | Shri Y.M. Kandpal | Director |
| 4. | Smt. Sagarika Dash | Additional Director |
| 5. | Smt. Reena Gopalakrishnan | Deputy Secretary |
| 6. | Shri Shangreiso Zimik | Under Secretary |

Witnesses

Representatives of the Ministry of Communications (Department of Posts)

Sl. No.	Name	Designation
1.	Shri B.V. Sudhakar	Secretary (Posts)
2.	Shri Anant Narayan Nanda	Member (Banking and HRD)
3.	Ms. Meera Handa	Member (Plg.)
4.	Shri Tilak De	Member (Tech.)
5.	Shri Ashok Kumar Dash	Member (PLI)
6.	Ms. Saroj Punhani	JS &FA

2. After the Chairperson welcomed the Members to the sitting of the Committee, the representatives of the Ministry of Communications (Department of Posts) were called in and the Committee took their evidence on the Demands for Grants of the Department for the year 2017-18.

3. Before tendering evidence, the Department of Posts made a power-point presentation highlighting financial performance during last five years, revenue receipts and expenditure during 2016-17, new initiatives for revenue generation, status of India Post Payments Bank, financial inclusion schemes, e-commerce initiatives, expansion of core banking facilities, business promotion activities, etc.

4. Members then sought clarifications on measures taken to expand the reach of the post office, setting up of Post Office Passport Seva Kendras, under utilisation of funds, status of IT Induction and Modernisation, installation of ATMs, training facilities for personnel, e- commerce business etc.

5. The representatives of the Department replied to the queries raised by the Members. With regard to the points to which information was not readily available, the Chairperson asked the department to submit written replies.

6. The Chairperson, then, thanked the representatives of the Department for depositing before the Committee.

(The representatives of Ministry then withdrew).

Verbatim proceedings of the sitting have been kept on record.

The Committee, then, adjourned.

**MINUTES OF THE FIFTEENTH SITTING OF THE STANDING COMMITTEE ON
INFORMATION TECHNOLOGY (2016-17) HELD ON 15th MARCH, 2017**

The Committee sat on Wednesday, the 15th March, 2017 from 1500 hours to 1530 hours in Committee Room 'D', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Anurag Singh Thakur– Chairperson

MEMBERS

Lok Sabha

2. Dr. Sunil Baliram Gaikwad
3. Smt. Hema Malini
4. Shri Keshav Prasad Maurya
5. Dr. K. C. Patel
6. Dr. Bharatiben D. Shiyal
7. Shri Abhishek Singh
8. Shri D.K. Suresh

Rajya Sabha

9. Smt. Jaya Bachchan
10. Shri P. Bhattacharya
11. Shri Suresh Gopi
12. Shri Santiuse Kujur
13. Shri Derek O'Brien
14. Smt. Kahkashan Perween
15. Dr. K.V. P. Ramachandra Rao

Secretariat

1. Shri R.S. Kambo - Additional Secretary
2. Smt. Preeti Srivastava - Joint Secretary
3. Shri Y.M. Kandpal - Director
4. Dr. Sagarika Dash - Additional Director
5. Smt. Reena Gopalakrishnan - Deputy Secretary
6. 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 Draft Reports on Demands for Grants (2017-18):

(i)xxxx.....xxxx....xxxx....xxxx

(ii)xxxx.....xxxx....xxxx....xxxx

(iii) Thirty-seventh Report on Demands for Grants (2017-18) Ministry of Communications (Department of Posts).

4. The Committee, thereafter, adopted the above Report 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

xxxx Matters not related to the Report