

## REPORT

### Introduction

The Department of Posts which forms a part of the Ministry of Communications and Information Technology, is responsible for the planning, development, expansion operation and maintenance of postal services in the country. It also discharges certain agency functions in respect of Saving Bank and other Small Saving Schemes, collection of customs duty on postal articles and disbursement of pension to military and Railway pensioners, Family pension to Industrial Employees of Coal Mines etc. The Department administers Postal Life Insurance for the benefit of Postal, Telecom and other Central Govt. Employees and Employees of State Governments, Public Sector Undertakings, Nationalised Banks, Local bodies etc.

2. At the end of the financial year i.e., 31.3.2001 India Post has a network of 1,54,919 post offices which includes 1,38,443 post offices in rural areas. For providing postal services, the whole country has been divided into 22 Postal Circles. A Business development Directorate was set up in 1996 to design, develop, market and monitor value added premium products of the Department. The Business Development Directorate manages and market products and services like Speed Post, Business Post, Media Post, Greeting Post, Express Post, Retail Post, Satellite Post, Speed Post, Passport Service and Data Post.

3. The Department of Posts has presented Demands for Grants to Parliament for the year 2002-03 on 15 March, 2002 as under:-

#### **Postal Services – Demand No.12**

(Rs. in thousand)

		<b>Revenue</b>	<b>Capital</b>	<b>Total</b>
Voted	Plan	21,66,00	1,13,34,00	1,35,00,00
		* 1,80,00	*13,20,00	*15,00,00
	Non-Plan	52,74,43,00	2,0100	52,76,44,00
	Total	52,97,89,00	1,28,55,00	54,26,44,00

Charged	Plan	---	---	---
	Non-Plan	2,00	---	2,00
	Total	52,97,91,00	1,28,55,00	54,26,46,00

\* Allocation of North-Eastern Region.

4. It may be seen that out of the proposed Annual outlay for the year 2002-03 of Rs. 5426.46 crores, Plan outlay is Rs.150 crores, and Rs. 5276.46 crores is Non-Plan outlay. The approved Plan Outlay during 2001-02 was Rs.135 crores which was reduced to Rs. 99.05 crores at the Revised Estimates stage by Ministry of Finance.

### **Performance under the Ninth Five Year Plan**

5. The Ninth Five Year Plan envisaged the objectives like expanding the scope and coverage of the programme of modernisation through induction of new technology alongwith the provisions of basic Postal Counter Services in uncovered areas, Developing and marketing of new services especially for the business/professional sectors and modernisation of specific agency functions, Human Resource Development through appropriate training for skill upgradation and streamlining of management functions, development and maintenance of appropriate buildings for the modernised systems and provision of staff quarters for the employees were among the identified priorities of the Plan.

6. Keeping in view the above objectives, Department of Posts proposed to the Planning Commission an outlay of Rs. 754.76 crores. The Planning Commission downsized the same initially to Rs.658.98 crore, then to Rs. 580 crores, Rs. 550 crores and finally to Rs.507.25 crores. Further against the approved Ninth Five Year Plan outlay of Rs. 507.25 crores, the Department was allocated Rs. 483.16 crores during the five Annual Plans as the Plan outlays were frequently reduced at Revised Estimates stage. During 2001-02, the Department proposed an outlay of Rs.152.25 crores, which was

stated to have been reduced to Rs. 135 crores by the Planning Commission. The approved outlay of Rs.135 crores has further been reduced to Rs.99.05 crores at the RE stage.

7. The Committee desired to know about the utilisation of Ninth Five Year Plan allocation. In reply, it has been stated that against the allocation of Rs.483.16 crores during the Five Annual Plans, the likely expenditure is Rs. 408.91 crores which is 85% of the total Ninth Plan allocation.

8. During 1997-98, 1998-99, 1999-2000, 2000-01 against the allocation of Rs. 80 crores, Rs. 84.11 crores, Rs. 100 crores and Rs. 120 crores respectively, the expenditure was Rs.72.27 crores (i.e., 90.33 %), Rs. 73.69 crores (i.e., 87.61%), Rs.88.28 crores (i.e., 88.28%), Rs. 75.62 crores (i.e., 63.02%) respectively. The Department is anticipating full utilisation of allocated funds of Rs. 99.05 crores during 2001-02.

9. It may be mentioned here that the Department of Posts in its action taken notes on the recommendations contained in 21<sup>st</sup> Report of the Committee on Demands for Grants (2001-02) informed that Planning Commission, on recommendation of Standing Committee on Information Technology to restore the proposed outlay for 2001-02, had pointed out that actual utilisation by the Department had been lower than the approved outlay (Budgetary Estimates) in the previous years.

10. The Committee asked about the reasons for under achievement of targets during the year 2000-01, when out of the total annual plan allocation of Rs. 120 crores, only Rs.75.62 crores (i.e.63.02%) could be spent. In reply, the reasons are stated to be ban on creation of posts of extra departmental agents which led to under achievements of the target for opening of EDBOs, prolonged procedural exercise including need for obtaining approval of the Ministry of Finance in the case of Culler-Facer-Cancelling Machines, purchase of mail motor vehicles and mopeds. Further usefulness of the Mail Net was reviewed vis-à-vis the cost involved and it was decided to drop the project. Also there were delays in building projects such as modifications to the building which was to house the Automatic Mail Processing Centre(AMPC) and some of the staff quarters under construction in Orissa.

11. When asked about the steps taken by the Department to make up the shortfalls of the previous years during 2001-02, it has been replied that a system of monitoring and control over various schemes/activities under the Plan has been put in place where each head of the Division carries out this exercise every month. Additionally, a meeting of the Head of Divisions is held once a quarter to review the progress made with regard to the various projects. Besides this, the position relating to holding of projects has been reviewed by the Govt. of India and financial powers of the Secretary to the Govt. as also the financial limits beyond which the recommendations of Expenditure Finance Committee had to be sent to Ministry of Finance for approval of the Finance Minister have already been reviewed by the Ministry of Finance and sufficient powers have been delegated. The Department has stated that while these instruction have been received recently this would help in cutting down procedural delays.

12. The Committee has further been informed that though the power of the Departmental Expenditure Finance Committee for approving projects has been increased from Rs.50 crores to Rs.100 crores, though the powers of the Administrative Department to sanction expenditure is still limited to Rs.20 crores and this may have to be reviewed.

13. The Committee wanted to know the programme of the Department of Posts to implement various schemes during Tenth Five Year Plan. In response, Secretary, Posts submitted that for the Tenth Five Year Plan, the Planning Commission had set up a Working Group on postal sector, which has made certain recommendations. The major recommendations are stated to be as under:

- (i) Department should become viable in 10 years subject to necessary funding being available for computerisation of its operations.
- (ii) Savings and economy in expenditure through reduction in manpower may not be feasible. Therefore, increasing services through diversification of products for which there is demand in the market appears to be the best option for the Department.
- (iii) There is need for increasing efficiency of the management system with the aid of technology. The existing processes need to be reengineered to suit computerised environment.

- (iv) Department should commercially exploit the various plots and buildings to earn more revenues.
- (v) The Department should introduce new electronic based services and new non-traditional financial services.
- (vi) Since a large workforce is to be trained, there is urgent need for shifting training from group learning to distance learning.
- (vii) Panchayat Sanchar Seva Yojana should be the basis for further expansion of network in rural areas. There is also need to look for innovative ways for franchising the basic counter service in rural areas with a view to ensuing maximum coverage at minimal cost.
- (viii) Scheme of licensed postal agents should be reactivated and reviewed so that such agents are in position to provide a variety of services.

14. When asked about the Department's view in respect of the recommendations of the Working Group mentioned above, it has been stated that these recommendations would improve the working of the postal department. The recommendations would help develop new revenue streams for the Department of Posts and also provide opportunity for progressing towards optimal utilisation of available resources, specially the large workforce. However, the benefits from the recommendations are stated to be directly related to the availability of adequate funding for computerisation of operation which is clearly emphasised as one of the key points of the recommendation of the Working Group.

15. The table indicating the Financial outlay for the Tenth Five year Plan and Annual Plan 2002-03 is as under:

(In lakhs)

Sl.No.	Particulars of Scheme	Outlay for Xth Five Year Plan 2002-07*	Annual Plan Allocations 2002-03
1	2	3	4
1.	Opening of Panchayat Sanchar Seva Kendra (PSSKs)	1395	139
2.	Opening of Post Offices	2730	202
3.	Computerisation/Networking of	198376	6702

	Offices		
4.	National Data Centre	1000	500
5.	Research & Development	2000	50
6.	Studies/Surveys	1000	50
7.	Improving ergonomics of	28284	554
	Offices		
8.	Automatic Mail Processing	4500	2400
	Centres		
9.	Mechanisation of Mail	1265	30
	Movement		
10.	Business Development	5165	308
11.	New Products & Services	6000	300
12.	Financial Services	10500	200
	Development		
13.	Smart Cards	30000	100
14.	Training	11268	665
15.	Construction of Buildings	58500	2800
	<b>Total</b>	<b>361983</b>	<b>15000**</b>

\* As proposed to Planning Commission.

\*\* Inclusive of Rs.1500 lakhs earmarked for North East.

16. During evidence, the Committee has been informed that Tenth Five Year Plan has been formulated on the basis of the recommendations of the Working Group on Postal Sector set up by Planning Commission and according to the recommendations of the Working Group the Department have prepared the projections for the Tenth Plan for a total amount of Rs. 3619.83 crores. It has been further added that so far the Tenth Five Year Plan of the Department has not been finalised. The proposals of the Department are pending with the Planning Commission.

17. When asked how much funds have been provided by the Planning Commission against the projections made by the Department, it was submitted that the discussion on the recommendations of the Working Group which went before the Steering Group has

not been completed. The recommendations of the Working Group will now go before the Steering Group and then to the Planning Commission.

18. The Committee has subsequently been informed that the Planning Commission has tentatively decided to allocate Rs. 1100 crores against the Department's projection of Rs. 3619.83 crores, which is just one-third of the proposed outlay. It has also been indicated that the Department would have to give the break-up of their schemes for which they would be getting Rs. 1100 crores. Further for the Annual Plan, Department had projected Rs.670 crores, however they have got only Rs.150 crores.

19. **The Committee notes that Department of Posts during the Ninth Five Year Plan proposed an outlay of Rs.754.76 crores to meet its objectives like expanding the scope and coverage of the programme of modernisation through induction of new technology alongwith the provisions of basic Postal Counter Services in uncovered areas, developing and marketing of new services especially for the business/professional sector and modernisation of specific agency function etc. However, the Planning Commission reduced the same initially to Rs.658.98 crores and subsequently to Rs.580 crores, Rs.550 crores and Rs.507.25 crores. The approved outlay of Rs.507.25 crores was further reduced to Rs.483.16 crores at RE stage 2001-2002. It clearly gives an impression that Planning Commission does not give any weightage to a servicing Department like Posts.**

20. **The Committee further notes that Department of Posts projected an outlay of Rs.152.25 crores for the year 2001-02, which was downsized by the Planning Commission to Rs.135 crores. The approved outlay was further reduced to Rs.99.05 crores at the RE stage by the Ministry of Finance. The Committee is at a loss to understand the repeated reduction in Plan Outlay by the Planning Commission without taking into consideration the commitment that the Department of Posts has with regard to the universal service obligation besides its aim to contribute towards revenue generation for the Department. During 2002-03 which is the first year of the Tenth Five Year Plan, the Planning Commission has allocated only Rs. 150 crores, when the Department had proposed an outlay of Rs.670 crores. The Planning Commission has further decided to tentatively allocate Rs.1100 crores for the entire Tenth Plan while the Department has proposed Rs.3619.83 crores. The meagre**

increase in allocation compared to last year which in real terms will not be significant can hardly help the Department of Posts to project itself as a vibrant organisation.

21. The Committee takes a serious note of the fact that though the Tenth Plan has already commenced, the Planning Commission has not been able to finalise the allocation to be provided to the Department of Posts. The recommendations of the Working Group on Postal Sector set up by the Planning Commission which are the basis of the Tenth Five year Plan has to be first placed before the Steering Group and then to the Planning Commission. Of late, the Planning Commission has tentatively decided to allocate Rs. 1100 crores against the Department's projections of Rs. 3619.83 crores, which is just one-third of the proposed outlay. It has also been indicated that the Department would have to give the break-up of their schemes for which they would be getting Rs. 1100 crores. The Committee feels that due attention is not being paid to the genuine requirement of Department of Posts and because of the low priority being accorded to it, its projections are severely curtailed. This has been adversely affecting the functioning of the Department. The Committee, therefore, strongly urges that adequate funds for expansion and modernisation of postal network be provided.

22. The Committee further observes that the Planning Commission had set up a Working Group on Postal Sector for the Tenth Five Year Plan. The Working Group has made several recommendations to improve the working of Department of Posts. The Department considers the recommendations of the working group to be helpful in improving the working of the Postal Department and in developing new revenue streams for the Post and providing opportunity for progressing towards optimal utilisation of available resources specially the large work force. The Working Group has also clearly emphasised computerisation of operations of the department as the key point to make the department viable within ten years subject to necessary fund being available for the activity. The Committee, therefore, recommends that higher allocations should be made by the Ministry of Finance for the Tenth Five Year Plan to effectively and expeditiously implement the recommendations of the Working Group on Postal Sectors set up by Planning Commission itself. The Committee



further desires that the Annual Plan allocation for 2002-2003 should be reviewed and suitably enhanced at Revised Estimates stage.

23. The Committee regrets to note that during 2000-2001, the Department could utilise only 63.02% of the funds allocated to it. Out of Rs.120 crores allocated to the Department during 2000-01, the Department was able to spend only Rs.75.62 crores. All the reasons for the under-utilisation of funds like ban on creation of posts of extra departmental agents, prolonged procedural exercise including need for obtaining approval of the Ministry of Finance in procurement of Culler-Facer-Cancelling Machines, mail motor vehicles and mopeds and delays in building projects are not at all convincing. Except the problem of non-availability of posts due to ban on creation of posts by Ministry of Finance, all these procedural delays could be avoided by initiating timely corrective steps. The Department has been advancing the same reasons for under-utilisation of funds year after year which shows lack of seriousness in resolving the bottlenecks. The Committee trusts that in future such delays would be avoided so that the targets can be achieved in time.

24. The Committee notes that Planning Commission has pointed out in response to Committee's earlier recommendations to restore the allocation of funds during 2001-02 that actual utilisation by the Department had been lower than the approved outlay in the previous years. The Committee finds lower utilisation had been due to procedural delays and non-sanctioning of posts by the Ministry of Finance. In order to make the Department of Posts realise the annual plan objectives, it is imperative to sanction the required staff and materials while approving the Plan Outlay for the year. The Ministry of Finance and Planning Commission should streamline the procedure in this regard as and when brought to their notice by the Department of Posts.

25. The Committee notes that though the powers of the Departmental Expenditure Finance Committee for approving projects has been increased from Rs.50 crores to Rs.100 crores, the powers of the Administrative Department to sanction expenditure is still limited to Rs.20 crores. The Committee desires that the matter should be urgently reviewed to facilitate the working of the Department.

### **Recommendations of the Expenditure Reforms Commission**

26. During evidence, the Committee desired to know whether the Geethakrishnan Committee has made recommendations in respect of the Department of Posts. The Secretary, DoP informed that the Expenditure Reforms Commission (ERC) has recommended that Indian Post Office Act, 1898 requires a major overhauling because much of it has become anachronistic and also irrelevant for the present times. The Commission has recommended outsourcing of ancillary logistic services such as house-keeping job etc. However, Department has felt that outsourcing of ancillary logistic services would not serve any purpose until Section 10 of the Indian Contract Labour (Operation and Regulation Act 1972) is suitably amended. Section 10 of the Act has been interpreted by the Supreme Court to mean that even the workers employed by the contractors for ancillary logistic services are entitled to seek employment under the principal employers which in this case would be the Government of India.

27. The ERC has further recommended that the Civil Wing is an activity not pertaining to the core activity of the Department and therefore it should be out-sourced. According to them the Civil construction Wing which was previously a common service for the Departments of Telecommunications and Posts, after the corporatisation of DoT may not be viable and the construction works could be entrusted to other construction agencies. However Department of Posts has stated that they have not taken any decision in the matter as some posts in the civil construction wing may be required for technical supervision over such activities in small town and places where post offices are located. The other area where outsourcing is suggested is Mail Motor organisation. The ERC has recommended that the Division of Mail Motor service should be abolished at Stations where fleet strength is less than ten and the Mail Motor service at other Stations should be run efficiently. In response, DoP has stated that while abolition may be difficult, certain amount of rationalisation of the fleet may be possible where the fleet strength is minimal so long as assured alternative is available.

**28. The Committee notes that the Expenditure Reforms Commission has recommended to the Department of Posts for out-sourcing in three of its areas viz. ancillary logistic services such as house-keeping jobs etc., Civil Wing and Mail Motor Organisation. The Committee notes the views of the Department that**

**outsourcing of ancillary logistic services would not serve any purpose until Section 10 of the Indian Contract Labour (Operation and Regulation Act 1972) is suitably amended. Section 10 of the Act has been interpreted by the Supreme Court to mean that even the workers employed by the contractors for ancillary logistic services are entitled to seek employment under the principal employers which in this case would be the Government of India. Further, the Committee observes that mail motor vehicles in the Department of Posts have been performing inter-linkage between the hubs i.e. railway stations, airports and main post offices etc. and are run 24 hours. Dependence on outside agencies in such a critical area can cause potential damage to the efficiency of the Department of Posts particularly in view of the fact that in premium products, Department is facing fierce competition from private couriers. Thus, prudence requires that Mail Motor Service in no case be out-sourced. As the Estates/properties of DoP are spread at numerous locations all over the country in small towns and cities, it would perhaps be difficult to manage them by out-sources. The Committee desires that all these aspects be discussed thread bare at the highest level before venturing into any other alternative arrangement.**

#### **Expansion of Postal Network**

29. During the Ninth Five Year Plan, the Department of Posts has been able to open 2063 EDBOs against the target of 2500 EDBOs. The Committee asked whether during 2001-02, the Department would be able to achieve the target to open 500 EDBOs, 50 DSOs and 2000 PSSKs, in reply, it has been stated that the targets relating to opening of DSOs and PSSKs are likely to be fully achieved. However, it may not be possible to open all the 500 EDBOs during the year due to non-sanctioning of posts by Ministry of Finance and further re-deployment of posts has not been possible in many Circles as it may lead to adverse effect on the Postal Services being provided to the public of the areas from where redeployment is made. The Department has opened 314 EDBOs in 2001-02(till date).

30. To another query regarding utilisation of only Rs.8.47 crores against the target of Rs.10.89 crores during 2000-01 on expansion of Postal Network, it has been stated that the less expenditure was due to non-sanctioning of posts by Ministry of Finance. The proposal of sanctioning of posts is stated to be last taken up at the level of Hon'ble MOS (C) on 11 September, 2001 but same was turned down by Ministry of Finance on 6

November, 2001. The Secretary(Posts) supplemented during evidence that they have reached the saturation point for opening of post-offices by re-deploying the manpower wherever it is available in existing post offices.

31. In a subsequent note furnished to the Committee it has been informed that a total of 2155 EDBOs were opened during the 9<sup>th</sup> Five Year Plan against a target of opening 2500 EDBOs. The Committee desired to know the Circle-wise shortfall which is given as under:

**SHORTFALL BY CIRCLES IN OPENING OF EDBOs DURING NINTH FIVE  
YEAR PLAN**

Sl.No.	Name of the Circle	Shortfall
1.	Andhra	32
2.	Assam	26
3.	Bihar	4
4.	Gujarat	16
5.	Haryana	18
6.	H.P.	10
7.	J & K	1
8.	Jharkhand	37
9.	Karnataka	7
10.	N.E.	80
11.	Punjab	3
12.	Rajasthan	3
13.	U.P.	41
14.	Uttaranchal	10
15.	W.B.	57
	Total	345

It has been assured that the shortfall would be kept in view while allocating targets during the 10<sup>th</sup> Five Year Plan.

32. The Committee wanted to know the number of post-offices the Department would have to open to render proper postal services to the people. In reply, the Secretary(Posts) submitted that they have the parameters in terms of population, distance from the existing

post offices and the estimated cost of a post office vis-à-vis its income based on these parameters they had done the calculation at the beginning of the Ninth Plan and it was found that there were 8000 villages where post office should be opened on the basis of two norms i.e., distance and population. Further, at the beginning of Ninth Plan there were nearly 1,10,000 Panchayat Headquarters which do not have the extra Departmental Branch offices. It has subsequently been informed that at present, there are around 5000 villages where opening of post offices is justified on the basis of norms of distance and population. To a specific query, Secretary, Posts submitted during evidence that they do not require much efforts to provide new post office provided they get the money.

33. As regards Department's earlier proposal to review the norms for opening of post offices, it has been stated that DoP had discussion at the beginning of the Tenth Plan with the Planning Commission. They have agreed to set up a Committee primarily for this purpose and assess the efficacy of the existing norms and also the PSSKs that the Department had put in position and come up with their recommendation regarding what would be the proper method. Department has stated to have got the written information that a separate Study Group was being set up to look into these matters.

34. It may be seen that during 2002-03, a target to open 1500 PSSKs, 250 DBOs and 25 DSOs has been kept while during 2001-02 there was a target to open 2000 PSSKs, 500 EDBOs and 50 DSOs. When asked about the reason for lowering the targets to open PSSKs, EDBOs and DSOs during 2002-03, it has been stated that the main reason for reducing the targets for EDBOs and DSOs is non-sanctioning of posts by Ministry of Finance. Asked about the Tenth Plan projections of DSOs and EDBOs, the Department of Posts in a note has stated that it had projected demand for opening of 250 DSOs and 1000 EDBOs in the Tenth Plan period. It will be seen that for the Ninth Plan DoP had the target of 250 DSOs and 2500 EDBOs.

35. The Committee desired to know the reasons for lowering the Tenth Plan targets for DSOs and EDBOs. In reply, Secretary(Posts) stated that targets has been reduced to 100 DSOs in the Tenth Plan from 250 DSOs in the Ninth Five Year Plan as the Department feels that in metropolitan areas and town areas where they had mostly Departmental Post Offices, there was a need for a little more consolidation because technology is coming fast and they required a minimum core volume of traffic without

which they can not optimally utilise the technology which they have been putting on the ground with a lot of investments. It has been added that DoP is putting across to the Planning Commission that in course of time they would consolidate the fewer regular post offices where all the counter services will be available. The basic provision of accessing the system would be available through the licensed postal agents who would be more in numbers and available next door. But for more sophisticated counter services, one will have to walk a little more to a regular post office.

36. The Committee drew the attention of Department to the recommendation of Working Group on Postal Sector which says that PSSKs should be the basis for expansion of Network in the rural areas and desired to know the reason for reducing the target to open PSSKs to 1500 in 2002-03 from that of 2000 in 2001-02. In reply, it has been stated that the Tenth Plan for the Department is yet to be finalised. The shortfall will be made up in the subsequent years of the Tenth Plan. The Planning Commission has accepted it as an alternative EDBOs and they have told the Department that if the targets are fulfilled, it can be raised.

37. Asked about the remuneration paid to Panchayat Dak Sewak, it was submitted that the Department has been paying Rs.600 for running the PSSKs. Apart from that the PSSK agents get a commission at progressive rates (in terms of percentage) on the basis of various sales like 5% on a sale between Rs.101 to Rs.200; on a sale from Rs.201 and above they get 10%. They also get a commission of fifty paise for booking and delivering each registered article. Apart from these, there is a prescribed rate for handling the Mahila Samridhi Yojana accounts.

38. As per the information furnished to the Committee, the Department of Posts has been able to open 4577 PSSKs so far. The Committee desired to know whether PSSKs opened so far are generating sufficient income and what is the feed back about the functioning of PSSKs opened so far. In response, Secretary, Posts submitted that they have made sample survey three months back in Seven States viz., Uttaranchal, Himachal Pradesh, Madhya Pradesh, Karantaka, Haryana, Chattisgarh and Uttar Pradesh as they felt a need to have a first hand information as to how the system is operating after getting

the data. They felt the need for more intense and in depth analysis of how PSSKs are functioning. They have now started the exercise which is still going on.

39. It has come to the notice of the Department that there were quite a few PSSKs where not a single transaction has taken place. The Panchayat Dak Sewak had been only drawing Rs.600 per month. This shows that either he was not taking adequate interest for making the service available to the intended beneficiaries or perhaps there were no takers.

40. The Committee desired to know about the response the Department has been getting from the States for opening of PSSKs and which were the States where the Gram Panchayat were not willing to open PSSK. In reply, it has been stated that barring one or two States, there have generally enthusiastic response from the States, which have also been very cooperative.

#### **Licensed Postal Agents**

41. One of the recommendation made by the Working Group on Postal Sector is stated to be reactivating the scheme of licensed postal agent in the country. As regards the Commission being paid to them it has been stated that the Commission differ from item to item. Agents get 2.5 per cent for bulk sale of stamps, 2.5 per cent for stationery and 5 per cent for registration. When asked whether 2.5 per cent commission was lucrative enough to attract persons to this job, Secretary, Post admitted that though the scheme is already operative yet rate of 2.5 per cent commission being not so attractive, there were very few takers.

42. The Committee has further been informed that the system stipulates that the licensed stamp vendors or postal agents should not be located physically within a certain proximity of within one Km. Radius of existing post office and that itself seems to be unattractive for agents. This has been done because otherwise there was diversion of traffic from the post office.

43. Department of Posts has further stated to be re-examining the scheme and trying to bring in other provisions to make the scheme more attractive. A Committee has been set up to look into the matter. Apart from increasing the commission, which will have

adverse impact on the finances, they have not been able to think of any particular feature which can make the present scheme more attractive.

**44. The Committee is concerned to note that for the Tenth Plan, Department of Posts has reduced the target for opening of Departmental Sub-Post Offices to 100 from 250 DSOs in the Ninth Five Year Plan and for EDBOs, targets are lowered at 1000 from 2500. The Committee is not convinced by the reasons advanced by Secretary, Posts that in the metropolitan areas and town areas where they have mostly Departmental Post Offices, they have decided to consolidate the fewer regular post offices, whereas all the counter services would be made available through the licensed postal agents and for more sophisticated counter services, one will have to go to a regular post office. The Committee is of the opinion that in view of the rapid urbanisation, cities and towns all over the country are expanding at a much faster rate. People in the urban conglomerations and extensions are demanding postal facilities in their newly developed areas. If they are required to walk more to the existing post offices, it will be a time consuming process and will amount to denial of postal facilities. The Committee with this end in view recommended in its 21<sup>st</sup> Report on Demands for Grants(2001-02) that a study should be conducted to find out the areas of urbanisation. The Committee trusts that the study would have been completed by this time. The Committee will like to be apprised of the findings of the Study. At the same time it strongly urges the Department of Posts to enhance the targets for opening of Departmental Sub-Post Offices in urban areas.**

**45. The Committee is concerned to note that Department of Posts has not been able to achieve the physical target of opening Extra Departmental Branch Offices(EDBOs) as envisaged in the Ninth Plan. Out of 2500 EDBOs targetted to be opened, only 2155 EDBOs could be opened. The reason for the same is stated to be non-sanctioning of posts by the Ministry of Finance. The Committee notes that proposal in this respect has been turned down by Ministry of Finance on 6 November, 2001. Further the Department has also reached the saturation point in re-deploying the existing manpower. The Committee desires that the Department of Post should take up the matter with the Ministry of Finance at the highest level apprising them of their problems in expansion of postal facilities which is the core**



activity of the Department and is absolutely needed as a matter of essential public service.

46. The Committee notes that out of 345 Extra Departmental Branch Offices (EDBOs) which could not be opened during the Ninth Plan, 32 EDBOs could not be opened in Andhra, 26 in Assam, 80 in North East, 37 in Tharkhand, 41 in Uttar Pradesh and 57 in West Bengal. Besides Gujrat has shortfall of 16 EDBOs, Haryana 18 EDBOs, Himachal Pradesh 10 EDBOs and Uttaranchal 10 EDBOs. Further J & K, Bihar, Karnataka, Punjab and Rajasthan are other States where certain EDBOs earmarked in the Ninth Plan target could not be opened. The Committee observes that number of EDBOs which could not be opened is quite significant and to that extent postal facilities have been denied to the people who legitimately deserve it. The matter requires to be looked into more seriously at the highest level. There is no use of fixing plan targets if these are not to be adhered to either on one pretext or the other and the people should not be made to suffer for that.

47. The Committee is constrained to note that at the beginning of the Ninth Plan there were 1,10,000 Panchayat villages which did not have the Extra Departmental Branch Offices (EDBOs) and that there were 5000 Panchayat villages at the end of Ninth Plan which justify opening of post offices on the basis of norms of distance and population. It is matter which require serious consideration at the highest level. The Committee notes that the Department has been paying Rs. 600 per month for Panchayat Sanchar Sewa Kendras. The Committee finds that if PSSKs were to be opened in all the 5000 villages it would cost roughly Rs. 3.60 crores annually on the basis of monthly remuneration of Rs. 600/- paid to a PSSK agent. The Committee considers this amount to be meagre when there is a question of providing basic postal facilities in rural areas which qualify on the basis of prescribed norms. The Secretary (Posts) admitted that DoP is in a position to open PSSKs in all the 5000 villages provided they get the sufficient funds. The Committee, therefore strongly recommends that sufficient funds be provided expeditiously for opening PSSKs in 5000 Panchayat village which satisfies the norms.

48. The Committee is happy to note that the Department has made a sample survey three months back in seven States viz., Uttaranchal, Himachal Pradesh, Madhya Pradesh, Karnataka, Haryana, Chattisgarh and Uttar Pradesh about the functioning of PSSKs there. It regrets to learn that there were many PSSKs where not a single transaction had taken place. The PSSK agents were obviously drawing their monthly remuneration without any work. It is amply clear from the survey carried out by the Department that the PSSK agents were not taking due interest to make the service available to the intended beneficiaries as is also felt by the Secretary, Posts. The Committee recommends that when PSSK seems to be the only prospect available for providing postal facilities to the rural masses, its effective functioning should be ensured by proper monitoring. The shortcomings in the functioning of the system should be identified and remedial steps be taken expeditiously.

49. The Committee learns that the Department has held discussions at the beginning of the Tenth Plan with the Planning Commission to review its proposal to lay down new norms for opening of post offices. Planning Commission is stated to have agreed to set up a Committee primarily for this purpose and a separate Study Group is being set up to look into these matters. The Committee would like to be informed of the findings of the Study Group in this respect.

50. The Committee notes that the Department has again revived the scheme of Licensed Postal Agents as recommended by the Working Group on Postal Sector. It further notes that the Department has been paying a Commission of 2.5 percent to 5 percent to Postal Agents on different services. The Committee feels that the Commission of 2.5 percent is too meagre to attract sufficient number of applicants as has been the experience of the Department. The Committee, therefore, recommends that the matter regarding enhancement of commission paid to the Licensed Postal Agents should be suitably examined to make the scheme remunerative and functional.

#### **Modernisation of Mail Processing**

51. It would be seen that during the Ninth Plan a financial target of Rs.141.30 crores was kept for 'Modernising the Mail Processing. The physical target was to set up two Automatic Mail Processing Centres (AMPCs). However, expenditure of only Rs.44.68 crores is likely to be incurred. During 2000-01, Rs. 43.94 crores were allocated for 'Modernisation of Mail Processing' and out of the same only Rs.26 crores could be expended as the project for setting up of AMPC could not be completed. The reason for under-utilisation of funds is stated to be the delay in modernisation of the building which may have to house the AMPC.

52. During 2001-02 Rs.61 crores were allocated for the 'Modernisation of Mail Processing' , out of which Rs.45.90 crores were allocated alone for setting up of AMPC. However, Revised Estimates (2001-02) is Rs.14.05 crores for Modernisation of Mail Processing. For AMPC the Revised Estimates is Rs.1.04 crores. It has been stated that the Plan ceiling for Annual Plan 2001-02 was reduced by Ministry of Finance from Rs.135 crores to Rs.99.05 crores at the Revised Estimates stage. This cut has been mainly absorbed by the Plan activity 'AMPC' which is taking more time for clearance than had been anticipated.

53. The Committee further desired to know the reasons for in-ordinate delay in implementation of the projects. In reply, it has been stated that setting up of AMPCs at Kolkata and Delhi was planned in the 9<sup>th</sup> Plan. The building of Delhi was not ready. Action was initiated to proceed with the setting up of AMPC at Kolkata during 2000-01. Though action was initiated for processing the memo for Expenditure Finance Committee in Oct., 2000, the Expenditure Finance Committee approved the proposal only by 11.5.2001 and hence the processing could not be finalised during 2000-01. The vendors were short-listed and technical/commercial bids were called for in June, 2001 giving 31<sup>st</sup> July, 2001 as the submission date of techno commercial proposals by the shortlisted vendors. Out of 6 vendors short listed, only one vendor responded. Vendors pointed out specific features of certain technical specifications and limited requirement (one machine) as reasons for poor response.

54. It has been added that the specification were thereafter modified to suit the market availability without comprising requirement and tenders were issued again to all the short

listed vendors. In the second round also only one vendor responded. Tenders were opened in November, 2001 and duly constituted Technical Evaluation Committee submitted its recommendations by the end of December, 2001. As it was a single tender and project cost was beyond the financial powers of the Department, this case had to go to Ministry of Finance for approval. Hence no target was shown in Revised Estimates 2001-02. It has further been stated that while processing the case further for a turnkey arrangement as per the term of the tender, it was observed that the total project cost was exceeding the original EFC approval by 20%. As such the proposal had to be put up to the departmental EFC once again for approval. After approval by EFC, the case would be sent to Ministry of Finance for their approval.

55. The Committee would like to mention here that Department of Posts in its action taken notes to the recommendations contained in the 28<sup>th</sup> Report on Demands for Grants (2001-02) furnished to this Secretariat in July, 2001 assured the Committee that total allocation of Rs.61 crores for the year 2001-02 for 'Modernisation of Mail Processing' Rs.45.90 crores was for setting up of AMPCs and Rs. 11.13 crores for Culling Facing and Cancelling machines would be utilised during the Ninth Five Year Plan.

56. As regards the steps taken/proposed to be taken and suggestions if any for improvements in implementation of the scheme, it has been stated that it is felt that some of the projects cannot be completed within a span of one year such as setting up of an Automatic Mail Processing Centre. Funds allocated for such projects should be for a period of at least two or three years. At present the funds lapse at the end of every financial year.

57. In this context, the Committee enquired if any such proposal has ever been submitted to the Ministry of Finance. In reply, it has been stated that so far no such proposal has been submitted. This was the first time when this point was raised based on experience. In a number of projects the preliminary processes take considerable time in spite of their best efforts and invariably the final approval is available only towards the fag end of the financial year. This is stated to have affected the quality of implementation and in number of cases resulted in lapsing of scarce resources. As this was a new suggestion it has been raised at this forum first.

58. The Committee is perturbed to note that during the Ninth Plan a financial target of Rs.141.30 crores was kept for 'Modernising the Mail Processing' out of which only Rs.44.68 crores were likely to be utilised. A target to set up two Automatic Mail Processing Centres was kept but no achievement has been made. The reason for the same was stated to be that since the building at Delhi was not ready during 2000-2001, action was initiated to proceed with the setting up of AMPC at Kolkata. Though action was initiated for processing the memo for Expenditure Finance Committee in Oct., 2000, it could approve the proposal only on 11 May, 2001 and hence the processing could not be finalised during 2000-01. The vendors were short-listed parallel to this activity and technical/commercial bids were called for in June, 2001 giving 31<sup>st</sup> July, 2001 as the submission date of techno-commercial proposals by the shortlisted vendors. Out of 6 vendors short listed, only one vendor responded. Vendors pointed out specific features of certain technical specifications and limited requirement (one machine) as reasons for poor response. The specification were thereafter modified to suit the market availability without comprising the requirement and tender was issued again to all the short listed vendors. In the second round also only one vendor responded. Tenders were opened in November, 2001 & duly constituted Technical Evaluation Committee submitted its recommendations by the end of December, 2001. As it was a single tender and project cost beyond the financial powers of the Department, the case was referred to the Ministry of Finance for approval. Hence no target was shown in Revised Estimates 2001-02. The Committee is at loss to understand how it took more than six months for Expenditure Finance Committee to approve the proposal of an important Plan scheme which was supposed to be executed in the same financial year. It speaks poorly on the implementation of Plan schemes.

59. The Committee has further been apprised that while processing the case further for a turnkey arrangement as per the term of the tender, it was observed that the total project cost was exceeding the original EFC approval by 20%. As such the proposal had to be put up to the Departmental EFC once again for approval. After approval by EFC the case would be sent to Ministry of Finance for their approval. The Committee feels that whatever might be the reasons, the fact remains

**that the implementation of the scheme had been tardy. The Committee feels that setting up of AMPCs would streamline the mail sorting process and desires that the project should be completed expeditiously. In action taken note on the recommendations contained in the 28<sup>th</sup> Report on Demands for Grants (2001-02), the Committee was assured that total allocation of Rs.61 crores for the year 2001-02 for 'Modernisation of Mail Processing', out of which Rs.45.90 crores was for setting up of AMPCs and Rs. 11.13 crores for Culling Facing and Cancelling machines would be utilised during the Ninth Five Year Plan. The Committee would like to know how the Committee was misinformed when facts were otherwise and why full facts were not disclosed to it at that stage.**

**60. The Committee notes that some of the projects with longer gestation period such as Automatic Mail Processing Centre could not be completed within a span of one year. At present the allocated funds lapse at the end of every financial year . The Department of Posts has pleaded that funds allocated for such projects should be for a period of at least two or three years to obviate the need for time consuming fresh allocations. The Committee is of the opinion that such procedural lacunae be looked into seriously by the Planning Commission in consultation with the Ministry of Finance and Department of Posts with a view to improve the existing time-consuming repetitive process.**

### **Speed Post**

61. During evidence, Secretary(Posts) stated that revenue earned through Speed Post service which was Rs.77 crores in the year 1997-98 rose to Rs.151.44 crores in 2001 and it rose further to Rs. 156 crores in 2001-02(upto Feb. 2002). The Committee desired to know how does the Speed Post revenue compare with that of the private couriers. In reply, it has been submitted that the earning of the private courier units during the last three years cannot be worked out as the information is not available due to non-regulated nature of courier industry in India. However during a market survey conducted in 2001-02, the estimated number of couriers in the organised and unorganised sectors together is 2300 and the overall market share of the courier industry both domestic and international in India was estimated around Rs. 1800 crores, with the domestic market estimated around Rs. 1200 crores. Since 1995 onwards, the courier industry in India has been

growing at a pace of 20-25% per annum as per the study. As regards the Department's share, the Committee has been informed that their share upto January is Rs.156.78 crores which is 13% of the market.

62. The Committee asked whether in the competitive environment that has developed in the mail transmission and where private couriers are the dominant players with widespread network, has the DoP taken any step to publicise their 'Speed Post' service to the people. In reply, Secretary, DoP has been stated that their resources for regular advertisements and publications are very limited. DoP had been concentrating on the regular speed post service user in a big way and they have engaged marketing executives.

63. In a written reply it has been stated that under the promotion of premium products, the Department was providing budgetary support to the Circles for giving wide publicity to the premium products like Speed Post, Business Post, Express Parcel Post, Data Post, Greeting Post, Media Services and other services which are retail in nature. The publicity has been given through hoarding, distribution of brochures by direct mailing and advertisements in newspapers. The heads of Circles also organised business meet with the customers and participated in Exhibitions, Trade Fairs etc. where the premium products items were given publicity. The meetings were organised with Chambers of Commerce and similar such bodies where the basic features of these products were explained. In the press meets at the Circle level, first priority had been given for publicity of these items.

64. It has further been stated that the resultant gap between expenditure and revenue which has steadily been increasing has been a matter of concern for the Department. Efforts made to generate additional revenue through remunerative pricing of services specially those meant for the business sector and also introducing new products like Greeting Post, India Post etc.

65. The Committee pointed out that though the people have faith in the 'Speed Post' Service yet they have to be ensured speedy delivery. To this Secretary(Posts) submitted that they themselves are of the view that unless they would mechanise their delivery system by providing at least mopeds to the delivery personnel, they cannot compete with

the private couriers who do have fast moving vehicles. It has been added that as an alternative they have adopted the concept of nodal points. They have identified three or four important points in a city where the articles reach by normal method but from their the postmen have to go on foot. It has been found that urgency and time sense can only come if means of faster transport could be provided to the delivery men. Delivery men have still to go on foot or on bicycle. 'This man cannot be compared with the courier man because he is always on a two-wheeler with a big box on the pillion'.

66. During the Ninth Plan, out of the target for upgrading 500 mopeds for delivery, only 147 have been upgraded. The Committee desired to know about slow progress made by the Department in this regard. In reply it has been stated that during the 9<sup>th</sup> Five Year Plan, the Department had kept a target of providing 500 mopeds to delivery staff at an outlay of Rs.125 lakhs. However, 9<sup>th</sup> Plan of the Department was not approved till 31.3.1999. The project was not included in the Annual Plan 1997-98, which was approved in isolation and no physical or financial targets were fixed during that year. During the year 1998-99, the Department, however, had provided for purchase of 100 mopeds at an outlay of Rs.25 lakhs. Against this target, 147 mopeds were procured for Rs.20 lakhs.

67. During 1999-2000, the Department initially set a target for purchase of 100 mopeds and outlay provided was Rs.60 lakhs, which was adequate for a larger number of mopeds. Accordingly, a proposal to purchase 432 mopeds was processed for obtaining approval of the Ministry of Finance which could not be obtained by the end of the financial year and hence no moped could be obtained during 1999-2000.

68. For the financial year 2000-2001, the Department again initiated proposal for procurement of 220 mopeds at an outlay of Rs.33 lakhs and it was submitted to the Ministry of Finance in February, 2001. This time also, in spite of persistent efforts by the Department, necessary approval of the Ministry of Finance could not be obtained by the end of the financial year and hence the proposal could not materialise in that financial year also. During the financial year 2001-2002, the scheme for moped for delivery staff was dropped after careful consideration of the issues raised by the Ministry of Finance



during processing of the matter in the proceeding years. A target has been kept to provide 750 mopeds at an outlay of Rs. 115 lakhs in the Tenth Five Year Plan.

69. The Committee notes with satisfaction that the revenue of the Department of Posts through 'Speed Post' service which was Rs.77 crores in the year 1997-98 has increased to Rs.151.44 crores in 2001 and upto January, 2002 to Rs. 156 crores. However the Committee regrets that 'Speed Post' service could garner only 13 percent of the courier service which is estimated around Rs. 1800 crores. The domestic market share is around Rs.1200 crores. Since 1995 onwards, the courier industry in India has been growing at a pace of 20-25% per annum as per a study. The Committee desires the Department of Posts to gear itself expeditiously to play a more significant role in this premium service.

70. The Committee notes that the Department has been concentrating on the regular speed post service user in a big way. They have marketing executives who meet them regularly. Further the Department is providing budgetary support to the circles for giving wide publicity to the premium products like Speed Post, Business Post, Express Parcel Post, Data Post, Greeting Post, Media Services and other services retail in nature at their level. However the Committee feels that the publicity done by the Department for its premium products is not sufficient as people still by and large are unaware of such facilities available to them at their nearest place at competitive rates. On the other hand, private couriers have been advertising their services more effectively and spread their network far and wide. In order to reduce the resultant gap between expenditure and revenue of the DoP which has been steadily increasing, the Department will have to concentrate on its 'Speed Post' service and other premium products. The Committee, therefore, desires that marketing efforts be stepped up in concert with more publicity in leading national and regional Press.

71. The Committee notes that though people by and large have faith in the 'Speed Post' Service, yet they are to be reassured of the quick delivery of the Speed Post articles. Though there is an urgent need to mechanise the delivery system, if DoP has to compete the private couriers, yet the scheme taken up to provide to mopeds to deliverymen in the Ninth Plan has been a non-starter so far. Only 147 mopeds have been provided so far against the target of 500. The reasons for the under-achievement was stated to be non-approval of the proposal by the Ministry of

**Finance. The Committee notes that for the Tenth Five Year Plan Department has kept a target to provide 750 mopeds at an outlay of Rs. 115 lakhs. The Committee recommends that one of the bottleneck in the system which is non-availability of mopeds for speedy delivery of Speed Post articles should be removed at the earliest. The Ministry of Finance should be prevailed upon for early sanction of proposal for mopeds by taking up the matter at the highest level.**

#### **Agency Functions**

72. During evidence of the representatives of DoP stated that the Department was getting about Rs. 1200 crores annually as commission for carrying agency functions done by DoP on behalf of other Departments and Organisations. The amount of commission according to them was not sufficient. The Committee asked about the criteria for calculating the commission payable to DoP by Ministry of Finance for carrying the agency functions. In reply, it has been stated that the DoP was reimbursed by the Ministry of Finance expenses on per account basis in case of savings schemes and per certificate basis for the savings certificates. In both cases the rates of remuneration effective from 1993-94 are based upon the recommendations of an Expert Group constituted by the Ministry of Finance. It has further been stated that the existing rates of remuneration did not factor the increase in the operational costs of the Department of posts arising out of the implementation of the recommendations of the 5<sup>th</sup> Pay Commission. Also the per account remuneration was based on an average of 4.8 transaction per account per annum which also needs to be revised upward. DoP therefore felt that it should be remunerated on an enhanced basis taking into account both these factors.

73. The matter regarding enhancing the commission was first taken up with the Ministry of Finance in 1997. In October, 2001 Ministry of Finance desired to have further data which DoP had provided them. The Ministry of Finance is stated to have indicated that the question of revision of Commission payable to the Department of Posts can be taken up by the another Expert Group. The Department of Posts however views that referring this particular issue to an Expert Group would only delay the decision in the matter. The final response of the Ministry of Finance was stated to be still awaited.

74. During evidence, the Secretary(Posts) stated that the agency functions are compensated in terms of the number of live accounts. But there are a substantial number of silent accounts for which they were not being compensated. The matter had been taken

up with the Ministry of Finance for a long time. The problem was stated to be that as per the silent accounts rules, as made out by the Finance Ministry, require the Department to maintain those accounts regularly because there is a provision that a person who hold the accounts can come back after two years by making a small fee and asking the Department to revive. By making a little fee, the Ministry expects the DoP to revive the account.

75. In a note later on furnished to the Committee on the recommendations of the Expenditure Reforms Commission(ERC), Committee has been informed that the ERC has recommended that remuneration for operating saving bank and other savings schemes to be re-fixed to reflect correctly and fully the expenditure incurred on providing these services.

**76. The Committee finds that Department of Posts is getting about Rs. 1200 crores annually as commission for carrying agency functions done by the Department of Posts on behalf of other Departments and Organisations. The Department is reimbursed by the Ministry of Finance on per account basis in case of savings schemes and on per certificate basis for the savings certificates. In both cases the rates of remuneration effective from 1993-94 are based upon the recommendations of an Expert Group constituted by the Ministry of Finance. The matter regarding enhancing the commission was last taken up with the Ministry of Finance in August, 2001. The Ministry of Finance has indicated that the question of revision of Commission payable to the Department of Posts can be taken up by the another Expert Group. Since Department of Posts is not being adequately compensated, the Committee strongly feels that their case for enhanced compensation merits consideration. Till an Expert Group is constituted and it takes a final decision increase in the rates even on ad-hoc basis be made to reflect the actual cost of the services rendered by the Department of Posts.**

**77. The Committee further notes the existing rates of remuneration do not factor the increased operational costs of the Department of Posts arising out of the implementation of the recommendations of the 5<sup>th</sup> Pay Commission. Moreover the per account remuneration is based upon an average of 4.8 transactions per account per year which also according to DoP needs to be revised being on the lower side. The Committee strongly supports the views of the Department.**

**78. The Committee would like to mention here that the Expenditure Reforms Commission has also recommended that remuneration for operating saving bank**

**and other savings schemes should be re-fixed to reflect correctly and fully the expenditure incurred on providing these services. The Committee, therefore, recommends that the Department's remuneration should be enhanced without any further delay.**

**79. The Committee further observes that the Department of Posts has been maintaining a substantial number of silent accounts for which they are not being compensated. The Department is required to maintain these accounts regularly because a provision is there that a person who hold the accounts can come back after two years by making a small fee and Department is then asked to revive that account. The matter has stated to have been taken up with the Ministry of Finance. The Committee recommends that since maintaining quite a number of silent account puts extra workload on the Department, it should be suitably compensated for the same at the earliest.**

#### **New Initiatives in the Tenth Five Year Plan**

80. One of the initiatives that Department of Posts has proposed during the Tenth Plan is the commercial exploitation of estates with a view to earn more revenues. When the Committee asked about the projection for the year 2002-03, it has been stated that the Department has drafted a proposal on 'Use of Postal Land for Generation of Non-tariff Revenue' for the consideration of the Cabinet. Ministry of Urban Development and Planning Commission has supported the concept of utilizing postal land and buildings for raising non-tariff resources. However, it has not accepted the methodology for operationalising this concept. The proposal has again been referred to ministry of Finance. Once the Cabinet approves the proposal, a feasibility study will be conducted.

81. The Department has further informed that it has 4968 departmental and 23083 rented operational and administrative buildings. In addition it has 24258 staff quarters. In managing and maintaining these assets, the Department has acquired considerable expertise and though the Department is not in the real estate business, the expertise thus acquired could be useful in the venture of commercial exploitation of land. The projects so developed will also be available for operational use of the Department.

**82. The Committee notes that one of the initiatives taken by the Department of Posts is the commercial exploitation of estates with a view to earning more revenue. The proposal of the Department has been referred to the Ministry of Finance. After**

**the proposal is approved by the Ministry of Finance, a feasibility study would be made. The Committee is of the opinion that development of estate is not the mandate of the DoP. It should therefore be ensured that focus of the Department is not distracted by such activities which at best can be described only as ancillary activities meant only to generate non-tariff revenues.**

### **Delivery of Mail**

83. The Committee pointed out that in rural and difficult areas letters are not delivered daily but on weekly basis and asked about the system adopted by the Department for delivery of letters in villages. In reply, it has been stated that Gramin Dak Sewaks are expected to deliver the letters. In all village post office areas, depending on local practices and local community traditions there are certain ways for delivering the letters, sometimes during weekly market days etc. but there are places where these delivery agents are going door-to-door and delivers the letters. It was added that in a village they are supposed to go out everyday and daily delivery services are operated in 1,36,000 post offices and wherever they have Extra Departmental delivery agents, the provision is based in that parameter only.

**84. The Committee observes that in many villages particularly located in hilly and difficult terrain, the delivery of letters are not done on daily basis but on weekly basis though a provision exists in Department of Posts for door-to-door daily delivery of letters. The Committee desires that the Department should strengthen its monitoring mechanism to check that delivery of letters is done daily.**

### **Redressal of Complaints**

85. The Committee desired to know the number of complaints resulting in leakage of postal revenue by pilferage and also the punishment awarded to the persons found responsible for such incidents. In reply it has been stated that about 4400, 1068 and 2784 such complaints were received during 1998-99, 1999-2000 and 2000-01. As regards the amount of compensation paid, Rs. 12.88 lakh, Rs.11.13 lakh and Rs. 12.01 lakh were paid during these years. It has been informed that in case of pilferage of the contents from the insured articles, the sender of the article is eligible for compensation of loss upto the insured value.

86. As regards awarding punishment to the officials found guilty it has been stated that the cases of such officials are examined individually and action is taken on merits depending on the gravity of lapses under the provisions of departmental rules, CCS(Conduct) Rules, 1964 and CCS(CCA) Rules, 1965. It has been found that that punishments like censuring/warning, with-holding their increments, recovery from pay, Putting them off from their duty, their removal/dismissal from service are given to the erring officials.

87. It may be seen that during 1999-2000 and 2000-01, 113.7 million and 109.5 million Money Orders were transmitted. The amount of Money Orders transmitted was Rs.57079.40 million and Rs.58518.4 million. When asked about Money Orders complaints received during last three years, the statement furnished to the Committee is as under:-

<b>Year</b>	<b>Opening</b>	<b>Receipt</b>	<b>Settled</b>	<b>Pending</b>
1998-1999	30563	388091	395510	23124
1999-2000	23124	422408	420813	24719
2000-2001	31474	426131	430959	26746
2001-2002	26746	365407	355502	36651

88. As regards steps taken by the Department to reduce the number of complaints & how far have they been successful in their efforts to reduce the complaints, the Committee has been informed that the Department has launched two special drives in the year 2001-02 in order to settle the Money Order complaints. In order to ensure prompt payment of Money Orders. The time limits & the limits of individual delivery staff have been revised. Instructions have been issued to use mechanised means of conveyance for conveyance of cash for payment of Money Orders. Besides other steps an officer has been earmarked in each Circle/Region to monitor effective payment of Money Orders.

89. Further the Department has stated that it is in process of commissioning 150 High Speed V-SATs which would enable transmission of Entire Money Order traffic via satellite. The network would enable intimation of payment being given to the remitter more effectively after obtaining it through V-SAT network.

**90. The Committee notes that 4400 complaints of pilferage of articles were received during 1998-99, 1068 in 1999-2000 and 2784 in 2000-01 and compensation**

of Rs. 12.88 lakh, Rs.11.13 lakh and Rs. 12.01 lakh respectively was paid during these years. The Committee finds that the number of complaints for pilferage of articles is on the higher side. The Committee desires the Department to keep a strict watch as such cases not only accounts for loss to the Department but also tarnish its image. Stringent steps should be taken against the erring officials and they should be brought to book.

91. The Committee notes that during 1999-2000 and 2000-01, 113.7 million and 109.5 million Money Orders were transmitted whereas the number of complaints received were 422408 and 426131 respectively. Also 365407 complaints have been received upto 31.12.2001. The Committee regrets to note that through the number of Money Orders transmitted is decreasing year after year, the number of complaints is increasing. Though the Department has stated to have taken several steps to reduce the number of complaints, yet it is found to be an unsuccessful attempt. The Committee recommends that the Department should strengthen the monitoring system so that hard earned money of the poor people who are the main user of this system can be taken care of.

92. The Committee further notes that the Department is in process of commissioning 150 High Speed Very Small Aperture Terminals(VSATs) which would enable transmission of Entire Money Order traffic via satellite. The network would enable intimation of payment being given to the remitter more effectively after obtaining it through VSAT network. The Committee desires the Department to expedite the commissioning of the above said VSATs so that the chances of misappropriation of Money orders can also be reduced.

### **NORTH-EASTERN SERVICE**

93. The North-Eastern region was earlier served by only one postal Circle. However, considering the strategic importance of the region and to ensure focussed attention to the developmental activities, the erstwhile Circle was bifurcated into two independent postal Circles viz. the Assam Circle coterminus with the State of Assam and the North-East Postal Circle covering six States of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland and Tripura. Each Circle is stated to be under the administrative control of a Chief Postmaster General. It has subsequently been informed that Planning Commission

has made Annual Plan allocation of Rs. 150 crores, out of which 10 percent i.e. Rs. 15 crores has been kept for the developmental schemes in the North-Eastern region.

94. The Budget Estimates 2002-2003, provides Rs.1.8 crore under Revenue section and Rs.13.20 crore under Capital section for development of postal services in the North-Eastern region. In this context, the Committee in evidence, desired to know about the special schemes chalked out by Department for North-Eastern States. To this, Secretary(Posts) stated that though by Government Policy, they have kept apart 10 percent of the budgetary provision, yet they have not been able to find out enough projects to usefully spend that money. The Department has identified that one of the major bottlenecks in North-Eastern States have been to transport mails through trunk routes because local transport facility had been totally untrustworthy and is subject to frequent break-down. The Department has stated to have decided to change over to its own mail delivery vans. They have already purchased four delivery vans and going to buy three more. In this way they are hoping more reliability in terms of mails reaching into the hinterlands. Secretary(Posts) further stated that apart from these steps there have not been much of specific efforts.

**95. The Committee notes with satisfaction that in order to ensure focussed attention to developmental activities of the North-Eastern States, the North Eastern Region has been bifurcated into two independent Postal Circles viz. the Assam Circle and the North-East Postal Circle covering six other States. It further notes that as per the Government Policy 10 percent of the Annual Budgetary allocation is kept for the developmental schemes in the North-Eastern regions. However it regrets to note that Department of Posts has not so far identified sufficient projects to usefully spend the funds allocated for North-Eastern States. Needless to say that when the Department is not able to identify the projects to be implemented during the current financial year, they might find it more difficult to utilise the funds in the given time frame. Thus, the very purpose of bifurcating the North-Eastern Circles into two Circles for focussing greater attention to the North-Eastern States would be defeated if the Department fails to implement developmental schemes and fully utilise the allocated funds. Since topographical problems of the States are well known, the Committee recommends that the Department of Posts should make sincere efforts with better planning so that the funds allocated are fully utilised and postal network in the North-Eastern States comes upto the mark.**



**NEW DELHI:**

**15 April, 2002**

**25 Chatira, 1922 (Saka)**

**SOMNATH CHATTERJEE,**

**Chairman,**

*Standing Committee on Information Technology.*