

REPORT

Introduction

The Department of Posts (DoP) is responsible for the planning, development, expansion operation and maintenance of Postal Services in the country. It is committed to provide the basic postal services to the people at an affordable price. It has reportedly diversified to introduce value added postal services at market competitive price depending on the needs of the customers. A number of value added products have been marketed by the Business Development Directorate including Business Post, Speed Post, Express Parcel Post, Greeting Post, Data Post and Speed Post Passport Service. The role of Post Offices around the world is undergoing changes as electronic mail & use of New Technologies supplant traditional postal activities keeping this in mind Department is stated to be taking various steps to improve the mail & delivery services in both urban & rural areas. The Department is computerising the public interface and back room operations in Head Post Offices. The mail operation activity is also reportedly being brought under automation and computerisation. A new VSAT network with 150 remote stations have been established for providing two deliveries per day in urban centres and six deliveries a week in rural area.

2. At the end of the Financial Year i.e. 31.3.2002, India Post was stated to be having a network of 1,55,295 Post Offices including 1,38,818 Post Offices in Rural Areas, which is the largest in the world.

3. The Department of Posts has presented Demand No. 14 for Grants to Parliament for the year 2003-2004 on 12 March, 2003 as under:-

Postal Service- Demand No.14

(In thousands of Rupees)

		Revenue	Capital	Total
Voted	Plan	21,50,00	119,52,00	141,02,00
		1,34,000*	764,00*	898,00*
	Non-Plan	55,72,49,00	2,01,00	55,74,50,00
	Total	55,95,33,00	1,29,17,00	57,24,50,00
Charged	Plan	---	---	---
	Non-Plan	2,00	---	2,00
	Total	55,95,35,00	129,17,00	57,24,52,00

* Allocation of North-Eastern Region

4. It may be seen that out of the proposed Annual outlay for the year 2003-2004 of Rs. 5724.52 crores, Plan outlay is Rs. 150 crores, and Rs. 5574.50 crores is Non-Plan outlay.

Financial Outlay Target for Xth Five Year Plan

Financial:

The table below indicates the Financial Outlay for the Xth Five Year Plan, Annual Plan 2002-03, Revised Estimates 2002-03, Budget Estimates 2003-04

(In lakhs of Rupees)					
Sl. No.	Particulars of Schemes	Outlay as per 10 th Five Year Plan (2002-2007)	Annual Plan 2002-03	Revised Estimates 2002-03	Budget Estimates 2003-04
1	2	3	4	5	6
1.	Expansion of Postal Network	3727	341	91	210
2.	Computerisation of Post Offices, Postal accounts offices and Administrative offices	83627	3886	1908	5932
3.	Computerisation and networking of mail offices	2537	1332	1146	82
4.	Upgradation of customer care centers	1157	1157	10	1157
5.	Modernisation & Upgradation of VATS System	300	75	75	200
6.	Modernisation of operative/working System (improving ergonomics)	4850	554	614	506
7.	AMPCs	7105	2400	1500	5
8.	Mechanisation/Modernisation of mail movement	2100	30	30	1531
9.	Modernisation/upgradation of premium products	4109	274	174	594
10.	Upgradation and promotion of philately	731	84	132	100
11.	Training	6130	665	407	1128
12.	Construction of Building	11540	2800	2800	2400
13.	Modernisation of circle stamp depots	252	26	26	1
14.	Computerisation of international mail processing	333	126	127	206

15.	National data center	1000	500	20	50
16.	Research and development/studies/surveys	400	100	0	7
17.	Establishment of express parcel post centers	702	50	15	1
18.	e-post	500	50	270	230
19.	e-bill post	500	50	50	300
20.	New products and services including development of financial products and services	3400	500	105	360
	Total	135000*	15000*	9500*	15000*

** Figures of NE Allocation included in Schemes 1 to 20*

5. It may be seen from the above table that out of total Tenth Plan outlay of Rs. 1350 crore, Rs. 150 crore was earmarked for the Annual Plan 2002-2003 which was reduced to 95 crores at RE stage. For the year 2003-2004, the Department projected an outlay of Rs. 150 crore.

6. Regarding the shortfalls in financial achievements during 2002-2003, Department has informed that the plan schemes were not taken up for implementation because of pending approvals from the competent authority for phasing of the project.

7. It has also been stated that out of 20 schemes, only 11 schemes were approved and approval of 9 were still in the pipeline.

Financial Position of the Department of Posts

(Rs. in crore)

Head of Account	Actual 2001-2002	Revised Estimates 2002-2003	Variation
Working Expenses	5194.60	5488.24	293.64
Revenue Receipts & Recoveries	3783.09	4046.50	263.41
Deficit	1411.51	1441.74	30.2002-2003

8. It can be seen that the working expenses for the year 2001-2002 increased from Rs. 5194.60 crore to Rs. 5488.24 crore for the year 2002-2003. Simultaneously, revenue receipts and recoveries also increased from Rs. 3783.09 (2001-2002) to Rs. 4046.50 crore in 2002-2003. It is therefore be seen that the deficit increased from Rs. 1411.51 crore in 2001-2002 to Rs. 1441.74 crore during the year 2002-2003.

9. **The Committee notes that the out of the total Tenth Plan outlay of Rs. 1350 crore, Rs. 150 crore was earmarked in the first year of the plan i.e. 2002-2003 which was reduced to 95 crore by the Planning Commission at the RE stage. Due to such reduction, there was a drastic financial curtailment in various schemes. It effected the schemes like expansion of Postal Network and others. The Committee, further notes that there were delays on the part of the Department which were due to pending approvals from the Competent authority or non-implementation of plan schemes. The Committee is surprised to know that out of 20 schemes, 9 schemes are still in the pipeline and the DoP could not make much headway. The Committee, therefore, strongly recommends that the Department should take effective steps to get the approval of pending 9 schemes at the earliest which can facilitate the Department to focus solely on the implementation process and make good shortfalls that occurred in 2002-2003. The Committee, further believes that the Planning Commission will also give top priority in sanctioning the proposals projected by the Department so that the schemes do not get hampered. The Committee trusts the DoP will make every efforts to get the approval of the Cabinet at the earliest and hopes that allocation will be fully utilised within the financial year.**

Tenth Plan Targets

10. The Committee desired to know the thrust areas. In reply, it has been submitted that the main thrust area in the plan schemes is on computerisation, upgradation of technology and modernisation. Out of the total outlay of Rs. 1350 crore for the Tenth Five Year Plan, Rs. 1070.22 crore (79%) has been earmarked for these activities. This focus is stated to be continued in Annual Plans 2002-2003 and 2003-2004 with outlays of Rs. 58.91 crore (62%) and Rs. 105.06 (70%) out of the total outlay of Rs. 95 crore in RE 2002-2003 and Rs. 150 crore in BE 2003-2004.

11. Under the head computerisation of POs, Postal Accounts and Administrative Offices, out of 827.64 crore kept for Tenth Plan, an amount of Rs. 261.04 for the year 2002-2003 crore was proposed by the DoP for computerisation of POs, Postal Accounts and Administrative Offices whereas an amount of Rs. 38.86 crore was approved by the Planning Commission which was further reduced to 19.08 crore at RE. Again for the year 2003-2004 Department proposed an amount of Rs. 236.41 crore which was further reduced to Rs. 59.32 crore. To a specific query, the representative informed that they could not spend any money during 2002-2003 because appraisal was not been completed except some spill over projects. They further informed the Committee that due to procedural difficulties they could not spend on new projects.

12. When asked about the reason for reduction, it was stated that the projection to the Planning Commission was made on the basis of plan schemes prepared by the Department. But after due consideration, the Planning Commission indicated a revised outlay and the physical targets were pruned accordingly to suit the revised outlay. The Department has further stated that it is not in a position to comment on the reduction in outlay by the Planning Commission.

13. Further, when asked as to how many Post Offices have been computerized at the Circle, Regional & Divisional level during the year 2001-2002 and 2002-2003 and how many were still pending, the representative of DoP stated that up to the end of Ninth Plan i.e. 2001-02, a total of 506 Head Post Offices, 1266 sub Post Offices, 19 Circle Offices have been computerized. As per 31 March, 2002, 845 Head Post Offices leaving 339 Head Post Offices are yet to be computerized. The Department further, informed that there were 26064 Departmental sub post offices as on 31 March, 2002 thereby leaving 24798 Post Offices without full computerization and there are 3 Circle Offices, 37 Regional Offices and 507 divisional offices which have to be computerized. At the end of Tenth Plan, it would be possible to cover 7117 Post Offices out of total 26064 Departmental Sub Post Offices.

Expansion of Postal Network

14. The Expansion of Postal Network has also been kept as an important area of concern among the Plan activities. The outlays approved for this activity in the Tenth Five Year Plan, is Rs. 37.27 crore (2.8%). Amount proposed by the Department was Rs. 2.83 crore whereas the Planning Commission approved Rs. 3.41 crore increase was due to enhancement in the physical targets during the year 2002-2003. The physical target was enhanced from 1000 Panchayat Sanchar Seva Kendras (PSSKS), 250 Extra Departmental Branch Offices (EDBOs) and 20 Departmental Sub Offices (DSOs) (outlay Rs. 2.83 crore) to 1500, 250 and 25 respectively with outlay of Rs. 3.41 crores. Ultimately the amount was reduced to Rs. 0.91 crore at RE stage.

15. It may be seen the Department has allocated Rs. 2.10 crore for the year 2003-2004 for "Expansion of Postal Network". The Department has planned to set up 200 EDBOs, 20 DSOs, 900 PSSKs with an outlay of Rs. 2.33 crore as approved by Expenditure Finance Committee for the year 2003-2004, but with the overall reduction in allocation, Rs. 2.10 crore was approved against the proposal of Rs. 2.33 crore by the Planning Commission without any change in the Physical target for 2003-2004. In comparison to that in the Ninth Plan under the Expansion of Postal Network an amount of Rs. 42.70 crore was allocated whereas the actual expenditure during the Ninth Plan was Rs. 37.07 crore. When asked for the reasons, the Department, in a written note, has stated that the reduction resulted as only the non-recurring component was taken in account while calculating the cost of opening an Extra Departmental Branch Office or Departmental sub offices. It is further stated that the decision was taken in view of the fact the all EDBOs and Departmental sub post offices are to be opened only by re-deployment of existing manpower.

16. When asked about the problem faced by the Department due to curtailment of fund to meagre Rs. 37.27 crore for Tenth Plan, it has been stated that the reduction in the financial outlay is due to the difference in the methodology adopted for calculating the cost incurred on opening of a post office. The Department has also committed that it is not likely to face any problem in achieving the approved physical targets.

17. The Department in written replies submitted that the amount of Rs. 2.10 crore for the year 2003-2004 is sufficient for opening BO, DSO and PSSKs and also to meet the recurring expenditure on PSSKs opened in 2002-2003.

18. The Committee desired to know about the reasons for reduction in physical target for opening EDBOs & DSOs during Tenth Plan. In the Ninth Plan the target was at 2500 & 250 which was reduced to 1000 EDBOs & 100 DSOs.

19. In reply, the DoP submitted that the number of EDBOs & DSOs was reduced because all EDBOs are to be opened purely by re-deployment of posts. The Department has agreed with the fact that with each successive year, it will become difficult to open EDBOs solely by re-deployment as the process of re-deployment involves removing one person from an existing double handed or triple handed, branch office and utilizing his services for opening an EDBOs in a new area. Further the Department has submitted that the optimum strategy for expanding the postal network will be reviewed after the results of the study being conducted by the Planning Commission are available.

20. In reply, to a query that with increased population, demand for post offices will be on rise, the Department has stated that EDBOs are normally provided in rural areas & they will be opened subject to fulfilling of norms relating to population, distance, income & availability of manpower for re-deployment. For urban and semi-urban areas it is stated that the opening of PSSKs will be explored.

PHYSICAL TARGETS AND ACHIEVEMENTS

The physical targets and achievements of opening of post offices for 2001-2002, 2002-2003 and 2003-2004 are stated to be as under:-

	Bos	DSOs	PSSKs
2001-02			
Target	500	50	2000
Achievement	405	51	2042
2002-03			
Target	250	25	1500
Achievement	---	---	---
2003-04			
Target	200	20	900

It will be seen from the above statement that no achievement has been reported against the targets of BOs, DSOs and PSSKs for the year 2002-2003.

21. The reason for shortfall for opening BOs in 2001-02 is stated to be due to non clearing of the proposal by the Ministry of Finance for creation of staff for which BOs were to be opened for re-deployment. When asked about the present status and effects being made to achieve the targets for the year 2003-2004, the DoP replied that the Ministry of Finance did not agree to the creation of 850 posts of Extra Departmental Agents for opening of 500 EDBOs during 2001-2002. It has further been submitted that the Ministry of Finance drew attention of the DoP towards the recommendation of ERC wherein it was suggested that Extra Departmental or Grameen Dak Sewak (GDS) System should be frozen at the present level and gradually be replaced by outsourcing this work to Panchayats/Co-operatives or rural PCO operators on a revenue sharing basis. Further, these arrangements could be introduced even in those areas where Extra Departmental/Grameen Dak Sewak Staff exists, in a phased manner as and when the existing staff attain the age of superannuation. It is further stated that the proposal for creation of 425 posts of Extra Departmental Agents/Grameen Dak Sewak for the year 2002-2003 was similarly not agreed to by the Ministry of Finance (Expenditure).

22. Regarding the Efforts made to achieve the targets for the year 2003-2004 the Department of Posts stated that the targets will be allocated to the Circles based on demand as well as achievements during 2002-2003. The achievement for the year 2002-2003 for opening of POs, DSOs & PSSKs as on 13.03.2003 is stated to be 122 EDBOs, 12 DSOs & 899 PSSKs. It has further been stated that there has not been any reduction in physical targets and the reduction in financial allocation is only due to change in methodology involved in calculating the cost.

23. **The Committee notes that the Department of Posts has emphasized on computerization, upgradation of technology & modernization in the Tenth Five Year Plan. These activities have also been kept in the thrust area of the plan schemes. Accordingly, out of a total plan outlay of Rs. 1350 crore for Tenth Five Year Plan, Rs. 1070.22 crore (79%) has been earmarked for these activities. Under the head computerization of Post Offices, Postal Accounts and Administrative Offices an outlay of Rs. 827.64 crore has been kept for Tenth Plan. In the first year of the Tenth plan the Department proposed an amount of Rs. 264.04 crore which**

was substantially reduced to Rs. 38.86 crore by the Planning Commission. It was further, downsized to 19.08 crore at RE stage. The Committee also notes that Department has proposed an amount of Rs. 236.41 crore for 2003-2004 which has been reduced to Rs. 59.32 crore by Planning Commission . This is nothing but negation of Planning process which has become a practice rather than exception year after year. The Committee is perturbed as with the reduced allocation the Department cannot move ahead with the computerization & modernization work. The Committee therefore, notes with concern that substantial reduction in the plan schemes and desires that the Planning Commission to re-look into the matter so that the amount of outlay for computerization & modernization is enhanced.

24. The Committee also observes that upto the end of Ninth Plan i.e. 2001-02 a total of 506 Head Post Offices, 1266 Sub-Post Offices and 19 Circle Offices were computerised. However, there were still 339 Head Post Offices, 24798 Departmental Sub-Post Offices, 3 Circle Offices, 37 Regional Offices & 507 Divisional Offices (as on March, 2002) yet to be computerised. The Committee also notes that for the entire Tenth Plan the Department of Posts has covered 7117 Post Offices out of total 26064 Departmental Sub-Post Offices which is 27.30%. It is distressing to note that with this slow pace computerisation process will take decades to cover the entire postal network. Evidently, Postal Department is not getting the desired attention from the Planning Commission/Ministry of Finance which is necessary in the interest of the nation, specially in the context of the changing Global scenario. The Committee therefore, again stresses on the necessity that the Tenth Plan allocation as proposed by the Department be restored failing which the schemes/projects relating to computerisation & modernisation will be seriously affected.

25. The Committee is concerned to note that the outlay was reduced in Tenth Five Year Plan to Rs. 37.07 crore from Rs. 42.70 crore during the Ninth plan under the scheme "Expansion of Postal Network". The reason for the sanction of lower amount was stated to be due to the non-recurring component which was taken into account while calculating the cost of opening an EDBOs or DSOs and the fact that the EDBOs & DSOs can be opened only by re-deployment. The Committee feels that it is hampering not only the newly open EDBOs but also the work of existing EDBOs's. The policy of opening new post offices coupled with the other post policy directive of further expansion of postal network through outsourcing agency by

revenue sharing amounts to privatisation of postal network which will have very adverse impact on rural postal network. The Committee, in its earlier reports has time and again suggested that non-sanctioning of new post offices has retarded the expansion of postal network which is a matter of grave concern. The Committee, therefore again reiterates that Planning Commission and Ministry of Finance should look into the matter and due importance should be given to DoP so that it achieves financial as well as physical targets of opening EDBOs and DSOs and of strengthening the postal network. The Committee, therefore, strongly recommends that the Department should lay more emphasis on Expansion of Postal Network in rural areas and the funds for this scheme should be adequately enhanced at the RE stage.

26. The Committee is disturbed to note that in Ninth Plan physical targets for opening EDBOs and DSOs was 2500 and 250 respectively and which was reduced to 1000 EDBOs and 100 DSOs in Tenth Five Year Plan i.e. more than 50% reduction in Expansion. The reason for the same is stated to be opening of EDBOs purely on re-deployment basis. The Department also admitted the fact that with the each successive year, it will become difficult to open EDBOs solely by re-deployment as it involves removing of one person from an existing double handed or triple handed branch office and utilising his services for opening EDBOs in a new area. The Committee also notes that a study is being conducted by the Planning Commission on the Rural Postal Network. The Committee therefore, will like to be apprised of the findings of the study. At the same time it strongly urges that the Department of Posts should take up the matter with the Ministry of Finance at the highest level apprising them of the problems occurred due to re-deployment and reduction in the number of EDBOs, DSOs which is hampering the Expansion of Postal Network in rural areas. At the same time it strongly urges the Department to enhance the targets in consonance with the demand.

27. The Committee further, notes that the demand for opening of Post Offices are on rise. The DoP strangely could not furnish the demands pending for opening of EDBOs & DSOs for the year 2001-2002 and 2002-2003. The Committee will like to be apprised in the matter. The Department, has further stated that the opening an EDBOs is done strictly on the basis of norms relating to population, distance, income and availability of manpower for re-deployment. The Committee believes

the Department of Posts will take suitable measures to fulfill the demands of opening Post Offices at the earliest.

PSSKs

28. For the Tenth Five Year Plan, the Department proposed opening of 7500 PSSKs whereas opening of the 5000 PSSKs has been approved. The target for the annual plan for opening of PSSKs in 2002-2003 was kept at 1500 but for 2003-2004 it was again reduced to 900.

When asked about the reasons for reduction in the target of PSSKs and the steps taken by the DoP to make PSSKs as the basis for Expansion of Postal Network in rural areas, the DoP in reply has stated that the initial target proposed by the Department for opening PSSKs during Tenth Plan was 7500 and accordingly, in the first year the physical target for Annual Plan 2002-2003 was fixed at 1500. Further, the allocation for the Tenth Plan was received in 2002-2003 after the receipt of the outlay for the Annual Plan 2002-2003. It is, further, stated that the reduction in the approved outlay for the Tenth Plan necessitated certain proportionate reduction in the physical targets. Accordingly, the overall target for opening PSSKs in the Tenth Plan was reduced from 7,500 to 5000. Hence, the physical target for 2003-2004 has also been proportionately reduced to 900. It is therefore, submitted that the question of revising the overall target for opening Panchayat Sanchar Sewa Kendras will be taken up once the results of the Study conducted by the Planning Commission on the rural network, including PSSKs is received.

29. Further, it was submitted by DoP that the functioning of PSSKs along with suggestion to improve their functioning is being processed for taking policy decision and efforts are being made through the Circles to enlist the support of the Panchayats in improving the services of the PSSKs and for enhancing their existing levels of business.

30. **The Committee observes that for the Tenth Five Year Plan the Department has proposed for opening of 7500 PSSKs which was reduced to 5000 by the Planning Commission due to which there was proportionate reduction in the number of allocations in first two year i.e. 1500 and 900. The Committee is of the view that the downsizing of number of PSSKs by the Planning Commission will hamper the Department's work of providing basic postal facilities in rural areas. The**

Committee therefore, recommends that matter may be looked into again so that sufficient number of PSSKs are opened at the rural level.

31. The Committee further notes that the Planning Commission is conducting a study on the rural network, including PSSKs. The Department of Posts has also stated that once the result of the study is received it will look into the question of revising the overall targets for opening PSSKs. The Committee, trust that the Planning Commission will take into the consideration the necessity of opening up of PSSKs in the rural level and will come to a conclusion accordingly. The Committee would like to be informed of the findings of the study. The Committee further expects that the Department of Posts will also re-look into the question of downward revision of overall targets of PSSKs and make formulation at the earliest as the PSSKs appears to be the only prospect available to rural people for postal facilities.

32. The Committee, further notes that there is an utmost need for making the functioning of PSSKs smooth for enhancing the existing level of business. It is also stated by Department of Posts that suggestions to improve the functioning are being processed for taking policy decision and efforts are being made through the Circles to enlist the support of Panchayats in improving the services of PSSKs. The Committee, is happy to know that the Department is making efforts to revive PSSKs and trusts that the DoP will keeps it assurance. The Committee would like to be informed of the findings and decisions taken in this regard.

Business Development Activity

33. Business Development Directorate was set up in 1996 to design monitor, develop and market value added premium products of the Department. The revenue generated by the Speed Post, Business Post and Express Post in 2000-2001 was Rs. 151.44 crore, 111.66 crore and 10.52 crore which has a substantial increase in 2001-2002 to Rs. 196.53 crore, 166.26 crore and 19.31 crore respectively. It can also be seen that revenue in Greeting Post also increased from Rs. 0.72 crore in 2000-2001 to Rs. 1.08 crore. It was therefore, a quantum jump as per the revenue generation of Department was concerned from these products. In this regard, seeing the overwhelming response, Committee

desired to know the revenue estimates for the year 2002-2003 and the targets for 2003-2004.

34. In reply, it was stated that the Business Development Directorate fixes revenue target for business activities as a whole. No revenue targets have been fixed product wise. It has been further informed that for the year 2002-2003, Business Development Directorate has fixed a revenue target of Rs. 586 crore to Business Development Groups of Circles. It has also been stated that in the first 10 months up to January 2003 of financial year 2002-2003, revenue generation from Speed Post, Business Post, Express Post has been to the extent of Rs. 196.95 crore, Rs. 228.62 crore, Rs. 20.87 crore and Rs. 0.35 crore respectively.

35. It is further informed that the revenue targets for the year 2003-2004 will be decided in the Annual Business meet. However, Department has projected revenue targets of Rs. 670 crore from premium products out of which Speed Post, Business Post, Express Post and Greeting Post Shares Rs. 315 crore, Rs. 305 crore, Rs. 34 crore and Re. 1 crore respectively.

36. As the earned revenue percentage of the premium products have shown quite a substantial income during the year, the Committee inquired the steps taken by the Department to increase the revenue and marketing strategies developed to make it more popular.

37. In reply, the Department has given a quite a theoretical business plan for the Tenth Five Year Plan which is as follows:-

- (i) Upgrade 85 State Speed Post Centres to National Speed Post Centres.
- (ii) Computerise 220 Speed Post delivery offices for computerised processing of delivery and for track and trace purpose.
- (iii) Computerise 480 Booking Offices under National Speed Post net work for better customer service.
- (iv) Computerise 630 Speed Post offices for better customer services and linking them with on line track and trace service "Speed Post".
- (v) Conduct market surveys on various market and premium profiles.

- (vi) Undertake promotional activities by issuing advertisements in print and electronic media, organising customer's meet and workshops on premium products, direct marketing and participation in exhibition etc.
- (vii) Providing web based interactive systems for customer grievance redressal. Complaints can be lodged on-line through Department of Posts web-site and replies are also sent through e-mail.
- (viii) Dedicated Customer Care Centres are available for customer interaction.
- (ix) Tie up with strategic alliance partners/service providers/logistics operators for product and service value additions.
- (x) Efforts will be made to inculcated a business environment and culture among staff and motivate them to view the services required from them as business opportunities and bring about a change in perspective from a service based Government Organisation to a business organisation.

38. When asked about the mechanism evolved by the Department to interact with the public to know their reaction regarding various new services introduced by the Department, the DoP in a written reply has submitted the list of following schemes introduced by the Department:-

- (i) by means of wider publicity of the new products launched through print media, direct mailing and direct contacts.
- (ii) Targeted marketing of the newly introduced service.
- (iii) By conducting market survey after the service is launched.
- (iv) By making direct contacts through Marketing Executives of the Department and getting their feed backs.
- (v) By organising customer meets, conferences, press briefing, workshop, etc.
- (vi) By participation in exhibitions, meals etc.
- (vii) Providing web-based interactive systems for customer grievance redressal. Complaints can be lodged on-line through Department of Posts web site and replies are also sent through e-mail.
- (viii) Dedicated Customer Care Centres are available for customer satisfaction.

39. In reply to a specific question about the percentage of the market covered by Speed Post in respect of Courier Services it has been stated that Courier industry is an

unregulated industry and there is no authentic figure available regarding total courier market and business of various players. However, it was stated that as per an estimate worked out by the KSA Technopack, total courier market in the year 2000-2001 is estimated to be of Rs. 1800 crore out of which Speed Post revenue is stated to be Rs. 151.44 crore which works out to 8.41%. In the years 2001-2002, the total estimated courier market was stated to be Rs. 2115 crore in which Speed Post revenue was Rs. 196.53 crore which works out to 9.29%. It is further stated that the total Express market will grow to 13.30% by the end of Tenth Five Year Plan.

40. **The Committee is happy to note that the revenue generated by the Speed Post, Business Post and Express Post which was Rs. 151.44 crore, 111.66 crore and 10.52 crore in the year 2000-2001 has substantially increased to 196.53 crore, Rs. 166.26 and Rs. 19.31 crore in 2001-2002 respectively. The revenue from Greeting Post has also increased from Rs. 72 lakh to Rs. 1.08 crore in the year 2000-2001. The Committee, therefore, notes that there was a quantum jump as per the revenue generation of the Department as far as Speed Post, Business Post & Express Post is concerned. The Committee finds that there is ample scope for generating more revenue through aggressive marketing. The Committee is of the view that the effective marketing coupled with efficient handling will immensely help in growth of revenue in the premium segment. The Committee, further desires that the Department of Posts will also gear itself to face competition and will play an important role in further strengthening premium services.**

41. **The Committee further notes that Business Development Directorate has fixed a target of Rs. 586 crore to Business Development Groups and Circles for the year 2002-2003. In the first 10 months up to January, 2003 the revenue generated from Speed Post, Business Post, Express Post & Greeting Post is stated to be Rs. 196.95 crore, Rs. 228.62 crore, Rs. 20.87 crore & Rs. 0.35 crore respectively which comes to Rs. 446.79. The Department has targeted an amount of Rs. 670 crore for the year 2003-2004. The Committee, is happy to note that it is a very healthy growth during the years which needs to be further promoted. The Committee therefore, recommends that higher allocation be made for the promotion of premium products.**

42. The Committee, further notes that the Department of Post has formulated a Business Plan for the Tenth Five Year Plan for marketing and promotion of premium products, operations, corporate perspectives and implementation programme. It proposes to upgrade Speed Post Centres, Computerise Booking Offices and conduct market services. The Committee apprehends, that these programmes could suffer a set back due to the reduced allocations for the Tenth Five Year Plan. The Department of Posts is already starved of the funds. Reduction in outlay and that too for premium and profitable schemes will have crippling affect on it. The Committee, therefore, strongly recommends that the matter be examined dispassionately as it can hamper the ongoing good work done by the Department of Posts. The Committee further recommends that the Budgetary allocation be enhanced at RE stage so that the revenue earnings of the Department are strengthened.

43. The Committee further notes that the Department has evolved a mechanism to interact with the public through print media/electronic media/direct mailing, exhibitions and conferences. The Committee therefore, stresses on the need for such interaction as it helps in knowing the reaction of the public and enhancing the marketing strategies for improving the services.

44. The Committee notes that according to a reliable estimate of Rs. 1800 and Rs. 2115 crore respectively in the years 2000-01 and 2001-02, the share of Speed Post service was merely Rs. 151.44 and Rs. 196.53 crore respectively, i.e. 8.41% and 9.29% for the said financial years. The Committee is extremely unhappy to note that the Department of Posts in spite of its vast infrastructure and existence for more than a century and goodwill earned on this account has only a marginal presence in Speed Post service. Further, the Committee is not satisfied with the projected growth of 'Speed Post' i.e. 13.30% by the end of Tenth Five Year Plan. The Committee feels that there is tremendous potential and scope in this sector. The Committee, therefore, strongly recommends that the DoP should revise its target upwards for Tenth Plan and explore the ways and means for quantum jump and should also make sincere efforts to fully utilise yearly allocation which, if needed, should be enhanced at RE stage.

Upgradation & Promotion of Philately

45. The objective of the Plan Scheme for the upgradation & Promotion of Philately is stated to promote this rewarding hobby among the public and to generate revenue from sale of commemorative stamps and related products. The Committee in the 21st report on Demands for Grants (2001-2002) had noted that due to the initiatives taken in the Ninth Plan, the Philatelic revenue of the Department of Posts which was Rs. 9 crores (approx.) at the beginning of the plan was increased to Rs. 20 crores (approx.) in 1999-2000. The Committee therefore, recommended that higher allocation be made for the scheme in the coming years. The Committee had also pointed out that out of the allocation of Rs. 1.20 crore in 2001-2002, actual expenditure was Rs. 0.72 crore and for the year 2002-2003 an amount of Rs. 0.84 crore was approved by the Planning Commission which was enhanced to Rs. 1.32 crore at RE stage. An amount of Rs. 1 crore has been approved by the Planning Commission for 2003-2004.

46. When asked about the reasons for the under achievement of financial targets in the year 2001-2002, it was stated by the Department that during the Ninth Plan, one of the activities was computerisation of Philatelic Bureaux and counters. In the Annual Plan 2001-02, computer was procured but delay occurred in the DGS&D in settlement of bills. Consequently, payment to the tune of Rs. 48 lakhs spilled over to 2002-2003, which was reflected as under achievement of the financial targets of the Annual Plan.

47. Keeping in view the importance of the Philatelic Bureaux and Counters the Committee enquired whether the amount of Rs. 1 crore earmarked for 2003-2004 will be sufficient. The DoP replied that the BE proposal was Rs. 1.247 crores.

48. For the promotion of philately, the Committee enquired as to how many exhibitions are proposed to be made by the Department for the year 2003-2004 and at what level.

49. The Department in reply stated that 45 exhibitions at the district level are proposed to be organised as a part of Annual Plan 2003-2004.

50. **The Committee notes that the Department's revenue from Philately had a substantial increase in the Ninth Plan from Rs. 9 crore (approx.) from the beginning**

of the plan to Rs. 20 crore (approx.) in 1999-2000. However, an amount of Rs. 1.20 crore provided under upgradation of Philately in 2001-2002 could not be fully utilised, the actual expenditure being Rs. 0.72 crore. Further in the year 2002-2003 the amount of Rs. 0.84 crore was kept which was enhanced to Rs. 1.32 crores. For the annual plan of 2003-2004, the amount has been reduced to Re. 1 crore. The Committee apprehends that with the reduced allocation the schemes of promotion of Philately will suffer a set back. The Committee, therefore, recommends that the sufficient amount be allocated so that the Department can boost up the work relating to upgradation of Philately.

Real Estate Management

51. The Committee learnt that the Department of Posts was owning large quantity of real estate in urban areas. In this regard, the Committee enquired as to how many vacant plots were located in major town/cities and industrial hubs. In reply, Director, Estates stated that as per the available data, 797 plots were lying vacant in urban areas. When asked as to how many of them are under encroachment, it was stated that 160 plots were under encroachment. Legal cases in respect of 48 plots are stated to be pending with various authorities.

52. The Committee further enquired about the arrangements that have been made to protect vacant plots from unauthorised encroachment. In reply, it was stated that Department has taken up construction of boundary walls in phased manner, subject to availability of funds.

53. Asked whether the Department ever thought of utilisation of vacant land to earn additional revenues, it has been stated in a written reply that the DoP had prepared a Cabinet Note for “use of Postal Land for Generation of Non-Tariff Revenue” and the Note was submitted by the Department for vetting to the Ministry of Urban Development, Planning Commission & the Ministry of Finance. Further, it was decided by the Department, that in view of the sluggish trend in the economy with particular indications of a slump in building activities, it would not be appropriate time for the Department to venture into the area of commercial exploitation of land. It is further stated that the Ministry of Urban Development & Poverty Alleviation has come up with the proposal of public private Partnership for economically weaker sections’ housing wherein it is

proposed to permit commercial exploitation of surplus land with Government Departments with the dual aim of revenue generation and utilising a part of the proceeds for economically weaker sections' housing. The proposal is stated to have been examined by a Task Force of the Ministry of Urban Development and Poverty Alleviation so as to outline the enabling legislative amendments and procedural requirements required to put it into action. It is further, submitted that the Department was awaiting of the final recommendations of the Ministry of Urban Development & Poverty Alleviation in the matter to re-examine the proposed for utilisation of vacant land to earn additional revenues.

54. **The Committee notes that out of 2000 plots owned by the Department of Posts all over the country, 797 plots are lying vacant in the urban areas. 160 plots out of them are under encroachment and 48 plots are having legal cases pending with various State Government/Local administrative authorities/police stations. The Committee finds that the number of plots lying vacant is quite large and are not put to any use. In fact valuable real estate resources of the Department are being flittered away in the shape of encroachment. Department has no resources to even protect them from encroachment not to speak of building Post Offices in them. The Committee, therefore, recommends that the possibility of commercial utilisation of these plots which will earn some non-tariff revenue for the Department be explored. The Committee would like to be apprised in this regard.**

55. **The Committee further notes that the Department has taken up of construction of boundary walls in phased manner in order to avoid encroachment which is subject to availability of funds. The Committee therefore, recommends that sufficient amount be allocated for the construction of boundary walls so that further encroachment can be checked. Other alternatives/possibilities should also be explored to utilise these plots profitably.**

56. **The Committee further finds that the Ministry of Urban Development and Poverty Alleviation has come with the proposal of public private partnership for construction of houses for economically weaker sections wherein it is proposed to permit commercial exploitation of surplus land with Government Departments with the dual aim of revenue generation and utilizing a part of the proceeds for economically weaker sections housing. The proposal is stated to have been examined by a task force. The Committee is happy to note the said proposal. The Department**

is said to waiting for the final recommendation of the Ministry of Urban Development & Poverty Alleviation. The Committee, would like to be informed of the findings of the Ministry of Urban Development & Poverty Alleviation in this regard.

North-East

57. The North-Eastern Region is bifurcated into two Postal Circles viz. the Assam Circle co-terminus with the State of Assam and the North-East Postal Circle covering 6 States i.e. Arunachal Pradesh, Manipur, Mizoram, Nagaland, Meghalaya and Tripura. The NE postal Circle covers 6 states with the Post Master General at Shillong, the Committee in this regard inquired whether the Post Master General from Shillong can give focused attention to the mail management in the far flung States and whether the Department of Posts has thought of the possibility of opening another Circle for better management of postal services in those States. In reply, the Secretary, DoP stated that they have got plans for having a separate Division for the North-East.

58. The Committee has further been informed that the proposal was examined in consultation with Chief Post Master General, NE Circle which was then sent to Ministry of Finance, Department of Expenditure in January, 2002 for relaxation of prescribed condition for bifurcation of NE Circle. It is also stated that the proposals have been re-submitted to Ministry of Finance addressing their queries. However, no reply has been received from the said Ministry, in spite of reminders.

59. When enquired about the feasibility of opening a new circle for the smooth working of Postal Services in NE region the Department of Posts in a written note has stated that the proposal to bifurcate the NE Circle is likely to be beneficial as it would reduce the mileage and time consumed in travelling from headquarters of the Circle.

60. When asked about the steps taken to improve transportation of mails in the region, it has been submitted by the Department that it has supplied 24 new additional vehicles during Ninth Plan period 1997-2002 to augment the existing strength of Mail Motor Service (MMS). Further, during the 1st year of Tenth Plan Period i.e. 2002-2003, 2 new additional vehicles have been supplied for introduction of cash cum mail scheduler on Kohima-Dimapur routes. For the remaining period of Tenth Plan i.e. 2003-04 to

2006-07 the Department has stated that the proposals for supply of 5 new additional vehicles were under examination, which would be supplied subject to justification and approval of the Ministry of Finance.

61. The Committee notes that North-Eastern Region is served by two Postal Circles one located at Assam which is Co-terminus with the geographical boundaries of the Assam State and the other located at Shillong looking after the States of Meghalaya, Manipur, Arunachal Pradesh, Mizoram, Tripura and Nagaland. Because of the difficult terrain's of these States, it is very cumbersome to administer mail management from Shillong. Setting up of another Circle with Headquarters at Dimapur for the States of Nagaland, Manipur and Tripura will help improve mail management in the entire North-Eastern States. A proposal to that effect is pending with the Ministry of Finance. The Committee desires that the matter may be pursued vigorously with a view to relax the prescribed norms for bifurcation of existing North-East Circle.

62. The Committee notes with satisfaction that the Department has supplied 24 new additional vehicles during Ninth Plan period and 2 new additional vehicle in 2002-2003 for introduction of cash cum mail schedule on Kohima-Dimapur routes. For the Tenth Plan, the Department intends to introduce 5 new additional vehicles subject to justification and approval of the Ministry of Finance. The Committee therefore, urges the Department of Posts to apprise the Ministry of Finance of the prevailing situation in a convincing manner so that vehicles are provided in time to make the functioning of postal network more smooth in NE Region.

Automatic Mail processing Centre (AMPC)

63. An outlay of Rs. 71.05 crore has been approved under Tenth Five Year Plan for setting up of 2 AMPC at Kolkata and Delhi. However, it is stated by the Department that EFC is yet to give administrative approval for the scheme.

64. The amount proposed by the Department in 2001-02 for the AMPC was Rs. 55 crore whereas the amount approved by the Planning Commission was Rs. 5.90 crore which was reduced to Rs. 1.04 crore at RE. The actual expenditure by the Department is stated to be Rs. 0.83 crore.

65. For the year 2002-2003 the amount proposed by the Department was Rs. 43.92 crore, the amount approved for the same by the Planning Commission was Rs. 24.00 crore which was again reduced to Rs. 15.00 crore at RE stage and the actual expenditure has not been made available as the figures have yet to be worked out. In the proposal for the year 2003-2004, the Department of Posts has proposed Rs.30 crore whereas the amount approved by the Planning Commission is stated to be Rs. 0.05 crore.

66. The reason advanced by the Department for the same is non-completion of the process of obtaining approval of RCE from the EFC.

67. Here it is important to mention that the target of setting up of AMPC is pending since Ninth Plan. When asked, about the reason for delay and the specific target date for opening of AMPC at Kolkata, the Department in a written reply has stated that EFC met in July, 2001 for installation of AMPC and the proposal was approved by the Finance

Ministry on 6 July, 2001. Further, it is stated that the finance wing pointed out that the cost of the project was exceeding the original EFC approval by more than 20% and the Department was asked to go to EFC with Revised Cost Estimates (RCE). It is further, stated that the appraisals have been received from the Planning Commission and Ministry of Finance which are under processing and once the step is completed the EFC could meet to take a decision.

68. The Committee notes that an outlay of Rs. 71.05 crore has been approved under Tenth Five Year Plan for setting up of Automatic Mail Processing Centres (AMPC). The Department had proposed an amount of Rs. 55 crore for 2001-2002 for the same which was reduced to Rs. 45.90 crore by the Planning Commission, this was further reduced to Rs. 1.04 crore at RE stage. The actual expenditure by the Department for the year 2001-2002 was only Rs. 0.83 crore. The Committee would like to be apprised of the reasons for underutilisation of funds. For the year 2002-2003, the amount proposed by the Department was Rs. 43.92 crore, this was again reduced to Rs. 24.00 crore by the Planning Commission, the same amount was again slashed to Rs. 15 crore at RE stage. The amount projected for 2003-2004 was Rs. 30

crore whereas the amount approved by the Planning Commission is stated to be Rs. 0.05 crore, the reason forwarded by the Department for the same is that due to the non-completion of the process of obtaining approval of Revised Costs Estimates (RCE) from the EFC. The Committee in this regard, is not at all impressed by the reasons forwarded by the Ministry. The Committee, therefore strongly feels that these procedural matters like getting up of approval from EFC should be resolved at the Department level at the earliest. Every year the Department has given the same reply to the Committee but the fact remains that the project of opening of AMPC at Kolkata has further been shifted to 2004-2005 denying benefit of speed mail movement to the people. The Committee is also constrained to take the view that the Planning Commission is not giving due importance to the Department's projections of setting up of AMPC. The Committee, therefore, strongly desires the

Department of Posts to convince the Planning Commission to understand the importance of opening of AMPC at the earliest. The Committee, further desires that the process for obtaining approval of EFC be accelerated so that the opening of AMPC at Kolkata and Delhi could materialize at the earliest.

New Delhi
3 April, 2003
13 Chaitra, 1925 (Saka)

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