

POSTAL SERVICES IN RURAL AREAS

MINISTRY OF COMMUNICATIONS
(DEPARTMENT OF POSTS)

**PUBLIC ACCOUNTS
COMMITTEE
1992-93**

TENTH LOK SABHA



LOK SABHA SECRETARIAT
NEW DELHI

**FORTY-EIGHTH REPORT
PUBLIC ACCOUNTS COMMITTEE
(1992-93)**

(TENTH LOK SABHA)

**POSTAL SERVICES IN RURAL AREAS
MINISTRY OF COMMUNICATIONS
(DEPARTMENT OF POSTS)**



सत्यमेव जयते

Presented to Lok Sabha on 28.4.93

Laid in Rajya Sabha on 28.4.93

**LOK SABHA SECRETARIAT
NEW DELHI**

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COMMITTEE (10TH LOK SABHA)

<u>PAGE</u>	<u>PARA</u>	<u>LINE</u>	<u>FOR</u>	<u>READ</u>
6	20	16	reason	reasons
6	21	6	go the	go to
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34	3	2	remaing	remaining

CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE	(iii)
INTRODUCTION	(v)
REPORT	1
APPENDICES	
I. Audit paragraph 9 of the Report of C&AG for the year ended 31 March, 1990 Union Government (P&T).	31
II. Main recommendation of the Report of the NIRD, Hyderabad.	35
III. Statement of Observations and Recommendations.	37
PART II@	
Minutes of sittings of PAC (1992-93) held on 11.8.1992 and 8.3.1993	

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(1992-93)

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\$ Ceased to be member of the Committee consequent upon his appointment as Minister w.e.f. 19 January, 1993.

INTRODUCTION

1. The Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this 48th Report on Para 9 of the Report of the Comptroller & Auditor General of India for the year 1989-90, Union Government (Posts and Telecommunications) relating to Postal Services in Rural Areas.

2. The Report of the C&AG of India for the year ended 31 March, 1990 (No. 7 of 1991), Union Government (Posts and Telecommunications) was laid on the Table of the House on 27 June, 1991.

3. In this Report the Committee have been concerned to note that the Department of Posts have miserably failed to achieve both the financial and physical targets fixed in the Seventh Five-year Plan for expansion of Postal Services in rural areas. Against the budget allocation of Rs. 8.25 crores for this scheme, actual expenditure incurred by the Department was only to the extent of Rs. 2.21 crores. Achievements in respect of physical targets have been equally dismal. As against the target of opening 6000 new post offices only 4003 post offices were opened. As regards the installation of additional letter boxes against the proposed target of 25000 only 9732 such boxes could be installed. Not even a single extra departmental delivery agent was appointed against the target of appointing 1200 such agents. Similarly, not even a single plan monitoring inspector was appointed against the provision for 33 such inspectors. Non appointment of Extra-Departmental Delivery Agents and Inspectors will have to be seen particularly in the context of generation of rural employment having been an additional feature of the scheme in the Seventh Plan. In the opinion of the Committee, all thus abundantly prove the lack of perspective planning and zeal for concerted approach on the part of the Department in meeting the essential needs of the rural population of the country. The Committee have deprecated such a failure on the part of the Department. They have recommended the Department to take all remedial steps so that the targets fixed in the Eighth Plan for Expansion of Postal Services in the rural areas are fully achieved.

4. The Committee have also noted that the guidelines for opening rural post offices have been modified from time to time and there have been atleast 7 reviews since independence perhaps reflecting inherent difficulties in evolving the requisite necessary norms. The latest norms recommended by the National Institute of Rural Development (NIRD), in their first Report regarding opening of branch post offices have been accepted by the Department of Posts w.e.f. 1.4.1991. The Committee have emphasised that these norms should be scrupulously followed with the underlying intention of rapidly extending the Postal facilities to the villages. Which have remained deprived of this facility so far. The Committee have also recommended that these norms should not be so frequently revised as such frequent revisions are bound to affect the long term plans for providing these basic facilities.

5. The Committee have noted that there are 1,11,259 panchayat villages which did not have a post office as on 31.3.91 and were being served through the visits of extra departmental delivery agents, Branch post masters/postmen. Out of these 1,11,259 panchayat villages, there are 18,472 gram panchayat headquarters and 11,195 gram panchayats without post offices, though they fulfil the norms of having post offices. The Committee have viewed with serious concern the fact that even village panchayats which fulfil the prescribed norms but yet to be provided with a post office are so numerous. What causes even greater concern to the Committee is the fact that post offices are not likely to be opened in these panchayat villages in the near future as only a meagre target of opening of 3,500 new post offices (500 DSOs & 3000 EDBOs) has been fixed for the Eighth Plan. The Committee have strongly urged the Department of Posts to examine the entire question of opening of new post offices *de novo* so as to ensure that post offices are opened in all the eligible villages without any further loss of time.

6. The Audit Paragraph was examined by the Public Accounts Committee at their sitting held on 11 August, 1992. The Committee considered and finalised this Report at their sitting held on 8 April, 1993. Minutes of the sittings form Part II* of the Report.

7. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in Appendix III** of the Report.

8. The Committee would also like to express their thanks to the Officers of the Ministry of Communications (Department of Posts) for the cooperation extended to them in giving information to the Committee.

9. The Committee place on record their appreciation of the assistance rendered to them in the matter by the office of the Comptroller and Auditor General of India.

NEW DELHI;
22 April, 1993

ATAL BIHARI VAJPAYEE,
Chairman,
Public Accounts Committee.

2 Vaisakha, 1915 (Saka)

* One cyclostyled copy laid on the Table of the House and five copies placed in Parliament Library.

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REPORT

POSTAL SERVICES IN RURAL AREAS

Introductory

1. Postal services form an important infrastructure for the development of a country. It is an important instrument of social and cultural integration, economic development, spread of literacy and knowledge and for the growth of trade and industry. A post office symbolises Government's presence in remote rural areas and provides an unfailing link for communicating with the Government and the people in other parts of the country and abroad.

2. With a large majority of the vast population of the country living in rural areas, the question of provision of postal facilities to rural areas received increased attention soon after independence, and the Posts and Telegraphs Department dovetailed its plans on postal development with the Five Year Plans.

3. The policy on postal network since independence has placed a major emphasis on opening of post offices in rural areas.

4. The various relevant issues involved in the scheme of providing postal services in rural areas have been commented upon in Paragraph 9 of the Report of C&AG of India for the year ended 31 March, 1990 Union Government (P&T) which forms the basis of this Report and is appended to the Report as Appendix-I.

Fixation of targets during Seventh Plan

5. The audit paragraph reveals that while formulating proposals for the Seventh Five Year Plan (1985—90), the Department had estimated that 12000 post offices would required to be opened in the rural areas. Keeping in view the provisions for Rs. 10.10 crores during the Seventh Five Year Plan, the following Postal facilities were proposed to be observed.

Item	Target
(i) Opening of Post offices	6000
(ii) Appointment of additional extra departmental delivery agents	1200
(iii) Installation of letter boxes	25000
(iv) Provision of counter facilities at village post offices (dispensed with from February, 1987)	4000
(v) Appointment of plan monitoring Inspectors	33

6. The Committee desired to know the basis on which the targets for opening of post offices during the 7th Five Year Plan were fixed. The Deptt. of Posts stated in a note :

“A letter dated 6.8.83 asked the Circles to carry out a detailed survey, sub-division wise to pinpoint the areas eligible for opening of post offices on the basis of the existing norms. The circles were also asked to work out separately the requirement for normal, tribal and backward areas in this regard. Based upon the above information, a Plan Scheme was prepared which was circulated to the Members of the Postal Services Board and other officers on 6.3.84. In the Plan Scheme it was mentioned that on the basis of existing norms (in force since 1978) and as per the survey carried out, roughly 30,000 villages qualified for opening of post offices. Out of these, it was expected that 5,000 post offices would be opened by the concluding year (1984-85) of the Sixth Five Year Plan. Of the remaining 25,000 villages identified as eligible for opening of post offices, it was estimated that 10,000 were in normal rural areas, 5,000 in backward areas and 4,000 in tribal areas. As the field surveys had been carried out with regard to only the population and the distance criteria and the financial aspects were yet to be worked out, it was envisaged that thirty to thirty five per cent of the villages identified as eligible for new post offices, would not qualify in the final analysis. Thus, roughly 15,000 villages were found to be eligible for opening of post offices. It was, however, proposed to fix the Seventh Plan target for opening new post offices at 12,000 which was subsequently reduced to 6,000 on account of financial constraints.”

7. Elaborating further the criterion adopted by the Deptt. for fixing targets for the Seventh Five Year Plan, the Secretary, Deptt. of Posts stated during evidence:

“Well, we go by population. That is the basic criterion. We formulated our proposals on the basis of certain factors such as distance, population and traffic. The cost of the post office is based on the anticipated income from that area. There are a number of items which we take into account... Also the demand from a particular area is considered...The method that we follow is this. Each Post Master General gets a number of proposals from the field for opening post offices, from the superintendents. Based on these, he plans his own requirements. We also take into consideration the average number of post offices per square kilometre and per population in different circles. Taking into consideration all these, we decide.”

He added:

"When these plan targets were being planned by my Deptt., at that time the policy of the Govt. of India which had been explained to the Deptt. of posts, was to create more rural employment."

8. On being asked as to what was the associate target for employment generation, the Secretary, Department of Posts deposed:

"If you see, for the earlier plans we had sent proposals only for opening of post offices. For the first time in this particular plan, apart from opening so many post offices, we have also given a separate target of Extra-Departmental Delivery Agents."

9. He further stated that:

"This was an additional feature in this particular plan where we said that we will create posts of Extra-Departmental Delivery Agents, over and above the normal Departmental Agents, who would function in branch offices, who would not only generate, rural employment but who will go around delivering mail in rural areas. The target was given for 1,200 extra-departmental delivery agents."

10. Explaining the procedure followed in getting the sanctions for new post offices, the Deptt. of Posts have stated in a note that the proposals for opening of Village Post Offices received from the Regions are scrutinised in the Circle Office to see whether they satisfy the prescribed norms and if found in order, they are tabulated in the form of a statement. Concurrence of Circle Internal Financial Advisor is obtained and forwarded to Directorate duly signed by Chief Postmaster General. These proposals are taken up by the Directorate with Postal Finance/Ministry of Finance and after their approval, the opening of POs is sanctioned and the POs are opened by the respective Regional Postmasters General.

11. In reply to a question the Department of Posts have stated that there is not time frame prescribed to the various levels for submission of proposal to the Directorate (Dte.) and the schedule of time prescribed to the Dte. for processing and submission to Ministry of Finance. Based upon the annual target, proposals of opening of new Post Offices are invited from the circles and processed. According to the Department, due to individual attributes of each proposal, estimation of processing time is difficult and, at best, approximate. However, a random sample of some proposals reveals that the time elapsed on various stages is as below:

Sl. No.	Name of Circle & Case No.	Date of receipt of proposal from Circle to date of reference to Finance (Days)	Date of reference to Finance to date of receipt of approval from Finance (in days)	Date of receipt of approval from Fin. to date of issue of sanction (in days)
1.	Orissa, ESP/1-1/88 Corr. dated 9.9.88 (containing 128 proposals)	90	110	2
2.	Maharashtra, EST/ Plg/RX-1252/88 CORR dated 8.8.88 (containing 30 proposals)	63	65	8

3.	Maharashtra, EST/ Pig/RX-1252/88 CORR dated 15.12.88 (containing 96 proposals)	34	65	6
4.	Himachal Pradesh, PML/6-8/87 dated 21.9.88 (containing 7 proposals)	64	13	8
5.	Himachal Pradesh, PML/6-8/87 dated 7.12.88 (containing 32 proposals)	97	16	2

12. On being asked about the steps taken to reduce the time taken in getting approval from the Ministry of Finance, Deptt. have stated that earlier 4 months time was required in the process to obtain approval of Ministry of Finance and issue of sanctions from the field units, but now the powers for sanctioning Extra Departmental Branch Post Offices and extra Departmental PMs/Delivery Agents, have been delegated w.e.f. 23.4.92. Now the case of opening extra departmental post offices in rural areas are not required to be sent to the Dtc. of Posts and to the Ministry of Finance thereafter. This has reduced the time gap considerably.

Non-Achievement of Targets during 7th Plan

13. The Audit Para reveals that in comparison to the Sixth Five Year Plan (1980—85), achievement during the Seventh Five Year Plan (1985—90) were far less both in absolute terms and as a percentage despite availability of funds, as shown below:

Items	Sixth Five Year Plan (Outlay Rs. 13.47 crores Budget Rs. 15.03 crores Expenditure Rs. 17.51 crores)			Seventh Five Year Plan (Outlay Rs. 10.10 crores Budget Rs. 8.25 crores Expenditure Rs. 2.21 crores)		
	Target	Achievement	percentage of achievement	Target	Achievement	percentage of achievement
(i) Opening of post offices	8000	6820	85.25	6000	3007	50.12
(ii) Appointment of additional extra departmental delivery agents	10000	8040	30.40	1200	—	zero
(iii) Installation of letter boxes	10000	12832	128.32	25000	9732	38.93
(iv) Provision of counter facilities at village post offices	10000	9625	96.25	4000	—	zero
(v) Appointment of plan monitoring inspectors	—	—	—	33	—	zero

14. The year-wise break up of the targets fixed, proposals received, sanctions issued, Post Offices opened and the expenditure (approx.) incurred against the budgetary outlay, during the 7th plan period on account of opening of new post offices was as under:

Financial year	Target Fixed	Proposals recd.	Sanctions issued	No. of POs (DSOs and EDBOs) opened	Total Expenditure (approx.) on DSOs and EDBOs	Budgetary Outlay
1985-86	—	9	11	11	1,84,000	5,00,000
1986-87	—	187	10	10	2,87,000	1,30,00,000
1987-88	—	897	966	933	9,46,000	50,00,000
1988-89	2850	2787	2287	1809	60,84,000	3,40,00,000
1989-90	2500	2354	1031	1240	1,46,95,000	3,00,00,000
TOTAL	5350	6234	4305	4003	2,21,96,000	8,25,00,000

DSO—Departmental Sub-Office

EDBO—Extra-Departmental Branch Office

15. According to the Deptt. of Posts the number of post offices opened during Seventh Five Year Plan was 3896 (3768 + 128) whereas as per performance Budget for 1991-92 it was 3552, when asked, about the authentic figures and reasons for the difference, the Deptt. of Posts stated in a note that:

“The report of C&AG puts the Nos. of post offices opened at 3007 while in our original reply, these figures were stated to be 3896 and subsequently they have now been revised to 4003. The reason for change in figures is that there is a time lag between the issue of sanction and the actual opening of a P.O. and at each subsequent date when figures in this regard were called from the circles, their compilation revealed the number to have gone up progressively closer to the No. of P.O.s sanctioned during the 7th plan period.”

Expenditure incurred on expansion of postal net work

16. The anticipated outlay and actual expenditure in Sixth Plan towards expansion of rural post network was Rs. 12.90 crores and Rs. 16.54 crores respectively.

17. The Audit para has revealed that against the allotment of Rs. 8.25 crores during the Seventh Plan period for expansion of postal network, the actual expenditure incurred was Rs. 2.21 crores.

18. The Committee asked the Deptt. to specify the reasons for non-utilisation of nearly 75 percent of the funds available during Seventh Five Year Plan for expansion of postal services in rural areas. The Department of Posts stated in a note that there was always time-lag between the date of sanction and the date of opening of post offices due to administrative formalities involved in setting up of post offices. Further, when a post

office was sanctioned towards the end of financial year and opened in the following year, the fund utilisation also got reflected in the year following the year of sanction. The Department have given the following reasons for shortfall/non-achievement of physical/financial targets for the post offices:

- (i) Ban on creation of posts since 1984;
- (ii) Time-consuming and cumbersome procedure of referring every case of opening of post offices to Ministry of Finance;
- (iii) Withdrawal of power for creation of posts from DG (Posts);
- (iv) While giving concurrence in 1988-89, Ministry of Finance desired that the norms being followed for opening of post offices in rural areas being quite liberal, should be revised in consultation with some independent autonomous expert agency.

19. In reply to a query the Department of Posts have stated that the funds meant for the expansion of postal network in rural areas were not reappropriated on any other Heads of Accounts.

20. Explaining the main reasons due to which the physical targets fixed for 7th plan could not be achieved, the Secretary, Department of Posts stated during evidence:

“Starting with 1984 onwards, we received instructions from the Ministry of Finance which totally removed from the hands of the Department of posts the possibility of either opening post offices or creating any of the posts.

In view of the financial austerity that was then considered to be of paramount importance, we were told that the power to sanction post offices and create posts was removed from the Department of Posts and hereafter any proposal had to be considered and got vetted by the Finance Office within the Department. Thereafter it had to be sent to the Ministry of Finance and then to the Cabinet for approval. Once this decision had been communicated to us, my colleagues perhaps, at that time decided to observe the instructions of austerity given. Therefore, this was one of the main reason why no post offices were opened during the initial period. Later on, gradually the blanket ban was reduced to a considerable extent and thereafter some post offices were opened. This is regarding the post offices as well as the Agents.”

Ban on creation of Posts

21. The committee enquired as to when the instructions regarding ban on creation of posts were received. In reply, the Secretary, Department of Posts stated:

“The instructions regarding ban on creation of posts was first received on 3.1.1984. Operational posts could sometimes be created if the proposal went to the Finance Minister for approval. Then they ultimately said it had to go the the Cabinet.....This was a general order which came to all Ministries for 1985—90 period.”

22. In reply to a question as to who had the power to allow the opening of new post offices, the witness stated:

“When the first letter came, we had taken it to the D.G. prior to that it was with the Post-Master General itself upto 1983 it was there. In 1984, for a brief time, it was with D.G.”

He added:

“In view of the financial constraints they wanted that somebody at the higher level should scrutinise the real need for the post offices. The Finance Ministry wanted it.”

23. The Committee desired to know as to why the targets were fixed despite the ban on creation of posts in 1984, the Department of Posts explained the position in a note:

“The ban on creation of new posts by the Ministry of Finance was initially upto 30.9.84. It was subsequently extended upto 31.3.85 and it was only on 2nd April, 1985 that instructions were issued that these orders stand extended until further orders. It would be seen from the above that the ban on creation of new posts was extended from time to time in a piecemeal manner and as such, there was no reason for the Department of Posts not to finalise its long-term targets for expansion of the postal network. The targets for opening new post offices under the Seventh Five Year Plan were finalised as it was expected that the ban on creation of new posts would be temporary and would not, in any case, be effective for the entire plan period. As detailed survey including value returns have to be taken up before a proposal for opening a post office is finalised, it was essential to decide well in advance the targets for opening new post offices so that field units could formulate proposals in this regard and keep them ready for approval in anticipation of ban on creation of posts being lifted.”

24. The Committee desired to know whether any effort was made by the Department to go to the Ministry of Finance to get the ban relaxed which could step up their plan activities after having got the funds from Planning Commission. To this, the Secretary, Department of Posts stated during evidence:

“As far as the records which are available, I do not think, we approached the Finance Ministry for any relaxation at this stage.”

He however, state

“I am totally in agreement that we should have gone to the Finance Ministry at that particular time.”

25. In a subsequent note furnished to the Committee, the Department of Posts have stated that on 4.12.87, the Finance Secretary and Secretary (Expenditure) held a meeting with the Financial Advisors of the various Ministries and Departments to review the budgetary position which was

attended amongst others by the then Member (Finance) in the Postal Services Board. It was brought to the notice of the Finance Secretary that proposals were being received by the Department for opening new post offices. The Finance Secretary stated that in view of the need for utmost economy in the expenditure and the tight budgetary position as also the policy decision taken by the Finance Minister with the approval of the Prime Minister, incurring of fresh additional expenditure by way of opening of new post offices and upgrading the existing ones may be deferred for the present. This position was brought to the notice of the Secretary (Posts) as well as the Minister of State for Communications and the Minister of Communications.

26. Further, according to Department of Posts, on 21st December, 1987, Shri Arjun Singh, then Minister for Communications addressed Shri Narayan Dutt Tiwari, then Minister of Finance *vide* his letter No. 1-26/87-PRP regarding need for expansion of rural postal system. In response, the then Finance Minister *vide* his letter No 697/FM/88 dated 5.2.88 emphasised the need to undertake only selective expansion of postal services in the rural areas in view of the mounting deficit of the Government.

27. The Committee desired to know the number of proposals which were approved by the Internal Finance of Department of Posts which went to the Ministry of Finance. To this the Secretary, Department of Posts replied during evidence:

“Sir, I would like to place a letter from the D.D.G of the Department of Posts to all the Post Master General, dated 15.11.1988, before this Committee. I quote ‘due to various constraints during the first two years of the Seventh Plan, practically no new post offices could be sanctioned. However, during the current year, it has been possible to approve 265 new post offices with the approval of the Ministry of Finance and 327 more proposals have been formulated by the Circles in terms of the revised norms introduced by the Directorate’s letter dated 28.1.1987.

In addition 422 proposals which were approved by the Heads of Circles on the basis of the earlier norms and in respect of specific commitment given to M.P.s and State Legislatures, are to be considered. It is to be seen that these cases are being taken up with the Finance Minister.”

28. In a note subsequently furnished to the Committee the Department of Posts explained the position further as under:

“Under the Seventh Plan period, the Post offices sanctioned year-wise were:

(a) 1985-86	11
(b) 1986-87	10
(c) 1987-88	966
(d) 1988-89	2287 3274

29. From the above, it may be seen that while the progress on opening new post offices under the Seventh Five Year Plan was slack during the first two years on account of ban on creation of new posts, thereafter, taking advantage of the modified guidelines issued by the Ministry of Finance, considerable progress in this regard was made during the subsequent two years.

30. It is also worth mentioning that until the Ministry of Finance assumed the power to sanction posts, the Postmasters General were competent to sanction new post offices and, as such it was not necessary to call for proposals in this regard during the initial years of the Seventh Plan. The Department, however, issued targets to the Circles as early as in 1985-86 which were kept in abeyance on account of the ban on creation of new posts.

31. In view of the above and pending finalisation of new norms, it was decided in consultation with Internal Finance that the Ministry of Finance shall be approached to allow the opening of 500 to 700 post offices during the remaining part of the year 1989-90 based on the existing norms as the Circles had already formulated the detailed proposals in this regard. The request of the Department was acceded to by the Ministry of Finance and thus, in the concluding year of the Plan, approximately 1031 post offices were sanctioned to bring the tally of the entire Seventh Plan period to 4305 leaving a gap of 1695.

Appointment of Additional extra Departmental Delivery Agents

32. During 7th Plan period the target fixed for appointment of Additional EDDA was 1200. However, not a single Additional EDDA was appointed. With regard to the non-appointment of any additional extra-departmental delivery agent (EDDA), the Ministry informed Audit in January 1991, that the posts were not sanctioned separately because they formed part of establishment of branch post office and added that since during the entire Plan period, 4371 post offices were sanctioned and assuming that each such post office had at least one EDDA, the number of EDDAs thus appointed far exceeded the targeted number.

33. According to audit, the plan provision was for 'additional' EDDAs for strengthening of the rural delivery system and mail conveyance and they were to be over and above the normal EDDAs sanctioned for rural post offices. The Ministry's above reply did not indicate how far these functions were actually discharged by the normal EDDAs at the above post offices. The audit para also reveals that according to the Annual Plans and the performance Budgets for the years 1986-87 onwards, a separate target was fixed for this purpose every year.

34. On being enquired as to why separate targets for additional EDDA's were fixed year after year, and why this item was provided at all in the

Seventh Plan Scheme, the Department of Posts have stated in a note that the appointment of additional extra departmental delivery agents was not considered necessary as it was possible to manage the work with the existing establishment of branch post offices. The Department have also stated that the branch post office consists of extra departmental branch post master and also extra departmental delivery agents/extra departmental mail carriers, wherever justification of latter exists. As such, every branch post office has delivery facility, whether delivery work is performed by extra departmental delivery agents or by branch post master himself, depending upon the situation. Department have further stated that after the introduction of the ban on creation of posts, priority was accorded to the opening of P.O.s rather than obtaining sanction for the posts of additional EDDAs and this was the reason why even though a provision was made for sanctioning the additional posts of EDDAs with the aim of strengthening the delivery of mail in the Rural Areas, no such sanction was actually issued.

Plan Monitoring Inspectors

35. The Seventh Plan contained a provision for the appointment of 33 plan monitoring inspectors. According to Deptt. of Posts, the duties of the Plan Monitoring Inspectors are as under:

1. He should visit 12 rural post offices and 10 villages served by the Post Offices in the course of a month.
2. He should see whether the rural post offices have been provided with adequate stock of stamps and stationery; mail arrangements are appropriate and delivery arrangements are satisfactory.
3. He should verify 10 Pass Books (Savings Bank/Time Deposit/Recurring Deposit) at random in regard to balances noted in the Pass Books, in the Post office visited.
4. He should also verify 10 withdrawals in the Post Office visited.
5. He should post 50 test letters per month to test whether the Letter Boxes are being cleared properly.

36. The Deptt. of Posts have informed the Committee that the Plan Monitoring Inspectors' posts were created in June, 1979 for implementing and monitoring Postal Development Plans. They also help in strengthening the supervision of Branch Offices by making surprise visits in addition to what is being done by the regular sub-divisional heads. The role of the Plan Monitoring Inspector gains more significance in the context of abolition of several Mail overseers posts, who were expected to supervise 25 branch offices each, every month. The Branch officers are doing important functions like Savings Bank, Money order booking and payment etc., which need to be closely monitored. To perform the functions of additional checks, the role of plan monitoring inspectors has become indispensable.

37. Against the target for appointment of 33 such Inspectors not even a single Inspector was appointed and according to the Department the reason was the ban on creation of posts. On being asked why such Inspectors were not appointed after the relaxation of ban on creation of posts, the Deptt. of Posts stated that no Plan Monitoring Inspector was appointed during 7th Five Year Plan from August, 1986 as the existing number of Plan Monitoring Inspectors was considered adequate.

Norms for opening new Posts Offices

38. The following norms were laid with effect from 25.8.1978 for opening of branch offices in rural areas:

- (a) No new P.O. can be opened within 3 kms. of an existing Post Office.
- (b) A village should have a minimum of 2000 population to be eligible for a post office. In case of backward/tribal area this is reduced to 1000 and altogether dispensed with in the case of villages which are G.P. Hqrs.
- (c) A PPO is expected to earn revenue to the extent of atleast 25% of its estimated cost. This limit is reduced to 10% in case of villages in backward and tribal areas.

39. The norms for opening of Post Offices were revised with effect from 28.1.1987 and again from November, 1987. According to these revised norms a post office can be opened in normal rural areas provided:

- (i) Aggregate population of the group of villages should be 5000 in normal/rural areas, 2500 in tribal/hilly areas. (Revised to 3000 & 1500 w.e.f. Nov., 1987).
- (ii) Anticipated income should not be less than 50% of its anticipated cost in normal/rural areas and 25% of its anticipated cost in hilly, tribal and backward areas. (Changed to 33½ w.e.f. Nov., 1987)
- (iii) The minimum distance from the nearest existing P.O. to the proposed P.O. was fixed at 3 kms. and no relaxation of the distance condition was permissible under any circumstances. (Distance condition for hilly areas relaxable since Nov., 1987).
- (iv) There were two categories like (a) normal/rural areas and (b) Hilly, backward, tribal areas.

40. While giving concurrence for opening of post offices in 1988-89, the Ministry of Finance, had desired that the norms being followed for opening of Post Offices in rural areas, being quite liberal, should be revised in consultation with some independent autonomous expert agency. Consequently the task was assigned to national Institute of Rural Development, Hyderabad.

41. In this connection the Department of Posts have stated that in response to the initiative taken by the Deptt., detailed proposals were received only from four organisations, viz.:—

- (i) CVS Consultants (Rs. 3.98 lakhs)
- (ii) Tata Consultancy Services (Rs. 3.30 lakhs)
- (iii) Indian Institute of Rural Management (Rs. 2.5 lakhs)
- (iv) National Institute of Rural Development (Rs. 1.6 lakhs)

42. Finally, the National Institute of Rural Development (NIRD) was selected because it was not only the cheapest but also because it was a Government organisation with a rural orientation which had close interaction with the Planning Commission.

43. The NIRD, Hyderabad submitted two Reports—one containing findings and recommendations for opening of branch post-offices and the other containing findings and recommendations for opening of Departmental Sub-post offices. The main recommendation of the Reports as furnished by Department of Posts, have been reproduced as Appendix II of this Report.

44. National Institute of Rural Development, Hyderabad in its Reports in January, 1991 had observed that the expansion of postal network was the result of a deliberate policy adopted since Independence with a major thrust on opening of new POs in rural areas. The guidelines for opening rural POs had been modified at least six times during the period reflecting the inherent difficulties in evolving norms, which would improve convenience to the rural population.

45. As far as the norms for opening of branch post offices are concerned, the recommendations of the NIRD were accepted by the Department and the revised norms *w.c.f.* 1.4.91 are as under:—

Normal Rural Areas:

- (i) Population should be not less than 8000 in a group of villages.
- (ii) The minimum distance from the nearest Post Office should be 3 kms.
- (iii) Anticipated income should be 33⅓% of the cost.

b. Hilly & Tribal Areas:

- (i) Population should not be less than 500 in an individual village and 1000 in case of a group of villages.
- (ii) Distance from the nearest Post Office should be a minimum of 3 kms. However, this distance can be relaxed by Director General under special circumstances.
- (iii) Anticipated income should be 15% of the cost.

46. When enquired about the additional annual recurring cost to the Govt. if the recommendation of NIRD, Hyderabad are accepted and implemented, the Deptt. in their written reply have stated that:

"The recommendation of NIRD, Hyderabad for revising the norms for opening of POs. in rural areas have only been accepted w.e.f. 1.4.91. The data in this regard is not available."

47. When asked during evidence by what time examination of 2nd Report of NIRD, Hyderabad would be completed, the Secretary, Deptt. of Posts stated,

"During the course of then next 2-3 months, we will complete it."

48. As regard opening of post offices in all eligible villages the Estimates Committee in their 68th Report (8th Lok Sabha) had recommended as under:

"The Ministry has still not prepared comprehensive basic data of villages or groups of villages which have become eligible for provision of Post Offices but have not been provided Post Offices so far. This is amply clear from the contention of the Ministry that appropriate survey with reference to current norms is expected to be available on a national basis during 1989-90. The Committee hopes that the Ministry would continuously monitor the completion of this work so that firm projection for the opening of new rural post offices is made available on a national basis during 1989-90 and it is possible to ensure that the post offices are opened in all the eligible villages without any further loss of time. They would like to be apprised of further developments in this regard."

49. In reply to a question as to what was being done to assess the demand for new rural post offices the Deptt. In their reply have stated,.....the Second report of the Institute in respect of departmental sub-offices to be opened in rural areas submitted on 24/7/91 is currently under examination of the Department. A firm projection for opening of new rural post offices is likely to be made available only after finalisation of norms for opening departmental sub-offices in rural areas as also after getting complete information about the number of villages where opening of post offices may be justified as per the norms but no post office exists at present. A sample study of information received from 13 circles reveals that there are in all approximately 8976 Villages which do not have a post office in a radius of 3 kms. at present but where opening of a post office may be justified as per norms.

Targets fixed during 8th Plan

50. Explaining the proposal for Eighth Plan, the Department of Posts have stated in a note that it incorporates schemes which will contribute towards improvement in rural postal services as well as extending the reach of postal network. In this context, the Department's proposals regarding use of satellite communication for money order, money transfer and electronic mail services deserve mention. Networking will enable the Department to serve the rural areas in many new and innovative ways and also earn more revenue to Government since the delays occurring at present would be

substantially cut down and the service will be available at the same tariff. Apart from this, the proposals envisage special emphasis on opening of post offices in the rural areas covered under the Tribal Sub Plan. A separate Sub-Plan for expansion of Postal network has also been formulated in this context. This will contribute towards improvement of postal network in such rural areas. A special Tribal Sub-Plan has also been formulated for construction of Postal buildings and staff quarters in the areas covered under Tribal Sub-Plan.

51. The Committee desired to know the total number of post offices planned to be opened up during Eighth Plan. In reply the Department of Posts stated in a note that during 8th Plan period a provision has been made for opening of 500 DSOs and 3000 EDBOs. A special emphasis is proposed to be given to hilly, tribal, desert and inaccessible areas for the expansion of postal network. 1500 EDBOs are proposed to be opened under the tribal sub plan during the period.

52. On being asked whether reduction of target in 8th Plan implied that expansion of postal services had not been given the requisite attention, the witness stated:

“Sir, the answer for that is not a very straight forward. Taking into account this low target which has been given, we have been given instruction by our Minister to work but the alternative by which we can bring postal facilities to the one lakh and odd Panchayat areas which are not covered and, as I told you, we are working on that exercise as to what are the other options available for us, other than these three thousand post offices which have been cleared for this plan. I am not in a position to give a definite reply till I complete this exercise during the course of the next two three months. Then again I have to go to the Finance because everything costs a bit of money.”

53. According to the Department of Posts there are 2,14,785 panchayat villages all over India. Among these 1,11,259 panchayat villages do not have a post office as on 31.3.91.

54. The department of Posts have informed the Committee that though there is no proposal to provide a post office in every panchayat village, yet while opening a post office preference is being given to locate it in a Gram Panchyat if there is no post office under the jurisdiction of the same Gram Panchyat. However, villages without post offices are being served through the visits of extra-departmental delivery agents/branch postmasters/postmen.

55. In reply to a query as to how it was proposed to extend the postal facilities to these areas, the Department have stated that:

“Out of the one lakh odd Panchayat areas which are still not provided with the postal facilities, priority will be given to:—

- (a) Gram Panchyat Head quarters without post office in the Gram Panchyat Arcas.
- (b) At other Panchayat villages.
- (c) In other areas.

Other possibilities, according to deptt. are being studied to extend Postal facilities on a limited basis."

56. The Department of Post have also stated that out of 1,11,259 Panchayat villages, there are 18,472 Gram Panchayat Head/quarters and 11,195 Gram Panchayats without Post offices, though they fulfil the norms of having post offices.

57. On being asked about the time frame by which the Deptt. propose to provide post offices in all the Panchayat villages, the Deptt. of Posts have stated that, it is difficult to prescribe a time frame to provide post offices in all these areas, but sincere effort are being made to open post offices in these areas on priority basis.

58. The Committee desired to know as to how far the services through the visits of extra departmental delivery agents/ branch post masters/ postmen serve the postal needs of these villages, the Deptt. of Posts have stated in a note that Postal Services like daily delivery of mails, payment of moneyorders and sale of stamps and stationery are made available to these villages through the visits of extra departmental delivery agents/branch postmasters/postmen.

Cost of running Post Offices

59. The Committee desired to know about the average cost of running an urban/rural post office in India in terms of salary, office maintenance, contingency, transport etc. To this the Deptt. have stated that the cost of running a Post Office varies according to its size, type, staffing and location. The cost of running a double handed no delivery sub-post office with a Time-Scale Sub-Postmaster and a Postal Assistant in an urban area would be approximately Rs. 50,364/- per annum excluding the variable costs. The cost of running a Delivery sub-post office with a Time-Scale Sub-Postmaster, a Postal Assistant and a Postman in an urban area would be approximately Rs. 70,716/- per annum excluding variable costs. Similarly, the cost of running a Branch Post Office with an Extra-Departmental Branch Postmaster and an Extra Departmental Delivery Agent in a rural area would be approximately Rs. 12,192/- per annum excluding the variable costs.

60. In addition to the above, a number of variable costs also go into running of post offices including rent of the office premises, electricity charges, allowances for the sweeper, water-carrier, scavengers etc. Such costs vary from Post Office depending upon its size and location for which it is not feasible to give a reliable estimation of costs.

61. The Committee desired to know about the net receipts and the annual recurring cost to the Government if such low cost EDPOs are opened in urban, rural and hilly areas as per norms recommended by NIRD. To this the Department in their note stated that, even though it has been estimated that the average cost of Branch office with two persons is around Rs. 12,000/- per annum.

62. According to the Department, all B.P.Os cannot function with only two agents. Some require atleast three and some can function even with only one. It all depends upon the location, conveyance used for mails and the area covered for delivery work. According to the policy of the Deptt., the Branch Offices are not opened in Urban areas.

63. In reply to a question the Department of Posts have stated that the branch Offices are working at a loss since the revenue of the branch Office is increasing in Arithmetical progression whereas its cost is increasing in Geometrical progression. This is so because the allowances of the Branch Post-masters and other Extra Departmental Agents are being revised biennially and quinquennially respectively. Therefore, the possibility of the branch offices breaking even is remote. As a consequence, availability of funds for developmental activities like Mechanisation is becoming difficult.

64. When enquired as to how the cost of opening new post offices could be reduced the Department have stated that establishment norms have to be tightened. The Post Office should be opened on a contract basis in the rural areas. For performing the functions of the Branch Post Office, the agency which has taken the contract can be paid a commission. According to the Department the proposal for opening of POs in the rural areas on a contract basis by payment of commissions to the agency undertaking the contract is under active consideration.

65. According to the Deptt., the alternatives available for increasing the revenue of the Post offices are:

- (i) Entrusting the Branch offices with accepting Electricity Bills;
- (ii) Allowing the Branch Post offices to accept repayment of Bank loans;
- (iii) The Branch Post offices should be permitted to collect LIC premia and water cess; and
- (iv) Display of advertisements of Branch Post Offices.

66. The Committee desired to know if these proposals have been examined and any decision taken by the Department in this regard. In reply, the Department of Posts have stated that:

- (i) The Deptt. mooted the proposals for collecting electricity bills through FDBPMs. However, this proposal was abandoned as it was not found financially viable. In this connection it may be mentioned that a similar scheme was introduced for Gujarat State Electricity Board and that scheme was discontinued in mid 1980s as it was found not financially viable.

- (ii) There is no proposal to allow the Branch Post Offices to accept repayment of loans.
- (iii) The Department is collecting LIC Premia in some circles in limited way. This scheme is not operative in Haryana, Gujarat, H.P., Assam, Karnataka, A.P., Orissa and West Bengal. This Scheme is under review.
- (iv) There is no proposal for display of advertisement in Branch Post Offices.

67. The Deptt. however added that it is considering to render new kinds of services through post offices in urban, rural and hilly areas for which the users will be willing to pay to the post offices. These are:

- (i) Money order by Satellite Communication.
- (ii) Electronics mail and expansion of money transfer service (High value) by Satellite Communication.
- (iii) PC based multipurpose single window counter where the waiting time of the customer is reduced.

Panchayat Dak Sewak System

68. On 24.2.88, in a statement made in both the Houses of Parliament, the Minister of Communication had expressed the Government's desire to undertake a massive programme of providing postal facilities in all the remaining 74,000 panchayat villages in the next two years.

69. Subsequently, in response to the statement made in Parliament, the scheme of Panchayat Dak Sewaks was introduced in April, 1988 in selected Districts.

70. The Department of Posts, in a note furnished to the Committee in this connection stated that, the Panchayat Dak Sewaks were to be appointed in Gram Panchayat village where no Post Office existed. They were nominated by the Panchayats but selected and appointed by the Divisional Superintendents. An allowance of Rs. 150/- was paid to a Panchayat Dak Sewak by the Postal Department through the respective Panchayat authorities.

They performed the following duties:—

- (a) Sale of stamps and stationery;
- (b) Booking of registered articles;
- (c) Collection of unregistered articles from the villagers and clearance of articles posted in letter boxes in the villages.

71. Explaining the relative economics of the Panchayat Dak Sewak System vis-a-vis normal Post Office, the Department further stated that, the cost of running a normal rural Post Office would be Rs. 1776/- per month whereas in the Dak Sewak Scheme, a Sewak is to be paid Rs. 150/- per month.

72. When asked about the criteria followed for selecting Panchayat Villages for implementing Panchayat Sewak Scheme, the Department have stated that the Scheme was introduced in April, 1988 in district selected at random. It was planned to introduce the scheme progressively in all the districts depending on the work output of the Dak Sewaks and the response of the Gram Panchayat institutions. It was to be applicable to other forms of Panchayat organisations as well as Mandal Panchayats and Village councils. The scheme was operational in 2902 Gram Panchayats spread over 26 districts in 16 states on an experimental basis.

73. The Department further informed that the Panchayat Dak Sewak Scheme was discontinued based upon the reports called from the circles. In its meeting dated 9.11.89, the Postal Services Board had decided to call for a detailed survey of 120 centres to assess the functioning of Panchayat Dak Sewak Scheme and it was based upon these reports that the unsatisfactory nature of the service came to light leading to its being discontinued.

74. On being enquired as to why the Panchayat Dak Sewak System was discontinued, the representative of Department of Post stated during evidence:

“We had 3035 Panchayat Dak Sewaks Post Offices, and because the Panchayat Dak Sewak was appointed by the Panchayat and the Dak Sewak had to work under them. His main job was to deliver the mail and sell the postal stationery and collect the mail from the Post Offices. After a period of time it was found that the Panchayat Dak Sewaks were not doing their duty well. They were coming late to the Post Offices to collect their mail, they were not selling adequate amount of stamps and were not delivering the mail also regularly. It was found to be not working. The Scheme has been wound up in April or May, 1991.”

75. The Committee pointed out during evidence that this problem would not have arisen if village Panchayat had been selected properly. To this, the secretary, Department of Posts stated:

“We had given the guidelines to our PMGs who are on the field.....I understood the point that you have made.”

76. The Committee desired to know whether the Dak Sewak Scheme could not be made more effective based on experience gained and so as to meet the postal needs of the villages by and large even though it might not be an alternative till the opening of rural post offices. In reply, the Department of Posts have stated that:

“As the Panchayat Dak Sewak Scheme did not deliver the goods, it was discontinued w.e.f. 1:7.91. In its place the Department is considering an alternative scheme like Rural Postal Agency which will provide basic postal service to the villagers at reduced cost.”

77. The Committee enquired whether it would not be better to entrust the Panchayat Dak Sewak System with Postal function and additional functions like payment of Electricity bills, water cess, LIC premia, Bank agency functions etc. The Department of Posts in their reply stated that the idea of giving additional functions to the Dak Sewak could not have fetched better results as they would have worked in the same rural scenario. On the other hand giving the above additional functions to the Dak Sewaks would have affected the quality of Postal Services adversely.

Installation of Letter Boxes

78. According to the Audit Paragraph, against the target for installation of 25,000 letter boxes, only 9732 letter boxes were installed. According to the departmental norms, every villages with a population of 500 and above should be provide with a letter box facility and in villages with a population of less than 500, the facility should be provided on the basis of need and subject to the criteria that the nearest letter box is not nearer than one kilometre, and there is expectation of posting at least one letter per day.

79. The details of the number of villages without letter boxes and the number of villages having population of 500 and above with no letter boxes as furnished by Department of Posts is as under:

Sl. No.	Name of Circle	No. of villages without letter boxes	No. of villages having population of 500 and above with no letter box
1.	Punjab	1161	82
2.	Haryana	1158	771
3.	Himachal Pradesh	10593	Nil
4.	Delhi	Nil	Nil
5.	Rajasthan	1031	N.A.*
6.	Orissa	19265	7643
7.	West Bengal	22985	9535
8.	Assam	7146	3002
9.	Andhra Pradesh	10136	2289
10.	Karnataka	11720	2746
11.	Tamilnadu	2096	189
12.	Kerala	Nil	Nil
13.	J & K**	1621	457
14.	Bihar	24540	12521
15.	Uttar Pradesh	49919	27852
16.	North East	12303	404
17.	Madhya Pradesh	39893	14367
18.	Maharashtra	9703	2566
19.	Gujarat	603	Nil
	Total	225873	84424

*Latest figures not available

**Excluding Kashmir Valley and Laddakh Division for which information is being collected.

80. The Estimates Committee had recommended in April 1988* that the Department should initiate action on priority basis and install letter boxes to cover all the villages with a population of 500 and above within the Seventh Plan.

81. The Audit Para reveals that during 1988-89 and 1989-90 the boxes actually installed were only 3594 and 6138 against the target of 5000 and 20000 for the respective years.

82. It was further observed in Audit that indents for procurement and supply of letter boxes for the years 1988-89 and 1989-90 were placed by the Directorate on the Director General, Supplies and Disposals only during June 1988 and November 1989 while purchase orders were placed on private firms by the letter only between May 1989 and August 1990, i.e., nearly 10 months later. Thus, the Department had not taken advance action to ensure timely availability of the letter boxes.

83. The Audit para has also pointed out that while fixing the circle wise targets for providing letter boxes, even such basic factors like number of eligible villages remaining to be provided with letter boxes was not taken into account. In Goa, Himachal Pradesh and Punjab circles, targets fixed for providing letter boxes were in excess of the number of villages remaining to be provided with letter boxes. In Bihar, Orissa and Uttar Pradesh, targets fixed did not have correlation with the number of villages to be provided with the facility.

84. The Committee desired to know the criteria adopted while fixing circle wise targets for providing letter boxes. In reply the Deptt. of Posts have stated that:

“Targets are fixed with the aim of progressively covering all the eligible villages. The Circle-wise distribution of targets is related to the stage of postal development of each Circle. For the year 1989-90, which was also the concluding year of the 7th Plan, the target of installing 20,000 letter boxes was fixed. The Circlewise distribution of this target was worked out on the basis of providing letter box for every existing 10 extra-departmental branch office/extra-departmented sub-office; 3 letter-boxes for every new extra departmental branch office proposed to be opened and 75 letter boxes for every district under the proposed Panchayat Dak Sewak Scheme.”

85. The Committee pointed out that the target for providing letter box in 7th Plan was 25000 whereas the Deptt. could achieve a figure of only 9,732 and desired to know how the Deptt. was going to meet the future demand. To this, Secretary stated:

*Vide para No. 1.40 of their fifty eighth Report (8th Lok Sabha).

"In the last three years our Budget has been less. Moreover we need staff to clear the letter boxes. Mere installation of them will not do.The major problem is that we do not have letter boxes also. We have to procure them through the D.G.S & D system. Due to some problems they were not able to supply the boxes for 3-4 years. We have not been able to receive any box from them till now."

86. He added:

"According to the Government of India stipulations, certain items have to be purchased only through the DGS&D. It has got a special inspection team for inspecting and seeing whether the prescribed quality is maintained or not. So, traditionally certain items are purchased only through the DGS&D. They call for tenders on behalf of us according to our requirement; inspect and then it is supplied. Over a period of time, they seem to have run into some kind of a problem and they have not been able to fulfil our requirements as a result of which we had been disappointed very badly in the supply of letter boxes."

87. The Committee desired to know why the supply through DGS & D was not ensured once the targets were fixed. The Deptt. of Posts in their note advanced the following reasons for the delay:

- (1) The items of stores were decentralised for along time and Circles were Placing orders on the DGS&D direct. They were just giving us a copy of their indent placed on DGS&D. Till then, the purchasing power of the Central Government was Rs. 50,000/- only.
- (2) In the meanwhile, it was felt that there were enough stock of surplus letter boxes lying idle at some PSDs and these can be utilised first. To affect this, a list of surplus letter boxes were prepared from the information obtained from circles. The same was circulated to all Circles and PSDs Action was initiated for planting these letter boxes first.
- (3) In the meanwhile, the Central Govt., revised the purchasing powers of the Department from Rs. 50,000/-to Rs. 1 lakh. Due to this, DGS&D started refusing the indents placed by Circles, stating that these were below Rs. 1 lakh. In view of this, it was considered to centralise the procuring of stores. Heads of Circles were also informed accordingly. Fresh indents were called for from Circles and the earlier indents placed by the Circles on DGS&D direct were cancelled to avoid duplicate coverage of indents so placed by the Circle on DGS&D for 1985-86. Till this stage, DGS&D, Kanpur was dealing with these cases. Afterwards the indent for 1987-88 and 1988-89 were called from the Circles.
- (4) Meanwhile, indents for 1989-90 (Plan targets) and regular indent were despatched to DGS&D Calcutta on 29th November, 1989 which have not been covered fully yet. This is due to the following reasons, mainly:—

- (a) Due to non-placing of orders for a long time the manufacturers specialised in this work left this area and shifted to other trades.
- (b) This case was transferred by DGS&D, Kanpur (specialising in this area) to the DGS&D Calcutta, who took this item probably for the first time. They had not technical specifications or other details which were vital for this item. This correspondence itself, spread over for a period of more than one year, consumed major portion of time. All the details were supplied by us to DGS&D authorities.
- (c) This item is fabricated mainly by hand, using labour and machines in part. Further, this item has been earmarked for small scale industries by the Department of Supply. In view of this, the manufacturers are not able to give desired output.

A part from this the manufacturers are situated in the industrial towns of Haryana, UP and Bihar which were under curfew or other disturbances, This had caused poor labour turnout which, in turn, played an adverse role in deciding the output. Due to this factor, the manufacturers have been pleading for extension of delivery periods.

88. In reply to a query the Deptt. of Posts have stated that the following remedial/corrective measures have been taken with a view to avoiding delay in procurement of letter boxes,

- (i) The matter was taken up at Secretary's level by our Secy.
- (ii) This item was centralised at DSD (Calcutta) till 1989-90. Uncovered quantity of 1988-89/1989-90 alongwith requirements against indents for the year 1990-91/1991-92/1992-93 have been placed at the Headquarters office, viz, DGS&D, New Delhi.
- (iii) Indents for the years 1990-91, 1991-92 and 1992-93 have been placed on DGS&D, New Delhi as indicated against each item as hereunder and action by DGS&D is in progress. The indent for the year 1993-94 has also been placed on DGS&D in Sept. 91 giving complete 18 months for supply.
 - 1990-91 on 18/6/90 1992-93 on 2/4/1991
 - 1991-92 on 14/2/91 1993-94 on 27/9/91
- (iv) Quarterly high level progress review meetings to discuss the coverage supply position of pending postal indents are held with DGS&D to push up the supplies of essential items of stores/uniforms. Emergent/informal meeting was held with DGS&D by Secy.(P) on 24/7/1990 and DDG(MMP) on 18/11/1991 in this regard.
- (v) Most of the supplies by DSD Calcutta have been completed. For balance quantity, Directorate of Supplies and Disposals, Calcutta is being pursued demi-officially at regular intervals. DGS&D, New

Delhi has covered most of our requirements, for the year 1990-91. For balance requirements, tenders are being finalised and orders are likely to be placed on the approved firms in due course.

89. Further explaining the position in this regard, the representative of Deptt. of Posts have stated during evidence that:

“We have got the discretion to place our order on local firms because we are not having any letter boxes in our stores. I have taken approval from our Member (Finance) for making purchase, without calling for tenders, at the rate fixed by the DGS&D. The suppliers are the DGS&D suppliers. Who are supplying this item. They have come forward to give at the same rate. I have got the approval. We are going to place our order. We hope to get it during this year. This will take care of our plan targets of 25,000 for planting and 33,000 which we will be able to give to different people as a sort of replacement.”

90. In a note furnished subsequently, Deptt. of Posts have stated:

“Orders have been placed for supply of 63,000 letter boxes by the department. This consists of immediate Plan requirements of 32,000 as well as ordinary requirement of 31,000 nos. Manufacturing had already started and supply is expected to be completed before December, 1992”.

91. According to the Audit para 75 per cent of the villages even without the basic facility of letter box are in five circles alone viz. Andhra Pradesh, Bihar, Madhya Pradesh, Orissa and Uttar Pradesh. When enquired about the steps proposed to be taken to provide the letter box facility on priority basis in these circles, the Deptt. furnished following details in respect of these five circles:

Andhra Pradesh

The position of Andhra Circle out of five mentioned above is satisfactory as out of 11,807 villages, 11,511 have already been provided with letter boxes. In respect of Bihar, Madhya Pradesh, Uttar Pradesh and Orissa who have got large number of villages, the steps taken are as follows:

Bihar

Bihar Circle have procured 1400 letter boxes. The Dtc. has ordered 845 more letter boxes for the circle and there is a plan to provide more letter boxes by diversion to this circle.

Madhya Pradesh

766 letter boxes have been got diverted from Gujarat Circle to Madhya Pradesh. Another 436 letter boxes shortly are being procured.

Orissa

162 letter boxes were got diverted from Tamil Nadu Circle. Another 1925 letter boxes are being arranged to be supplied by the Directorate. Some more will also be supplied after getting a clear picture of the position of India.

Uttar Pradesh

4325 letter boxes were procured by the circles. 6702 letter boxes are being arranged by the Dtc. for the circle and after analysing the latest position, action will be taken for more letter boxes.

92. According to the Deptt. of Posts as per norms for installation of letter boxes there are 63,117 villages without letter boxes in 13 circles. When asked, by what time frame installation of letter boxes in such villages will be achieved, the Deptt. have stated that:

"In all the probability, the targets will be completed by the end of January 1993."

93. The Committee desired to know the target fixed for providing letter boxes during Eighth Plan. The Secretary Deptt. of Posts replied:

"In the 8th Plan we have not given any specific target for letter boxes."

He however stated,

"It will be our endeavour to provide letter box to every village where the population is more than 500."

94. Postal services constitute an essential infrastructure for the development of a country. In the rural areas, the postal system not only provides an unfailing link for communicating with the Government and the people in other parts of the country and abroad but it also serves the needs of the public in their educational, cultural and economic sphere. With this end in view as against the Seventh Plan outlay of Rs. 10.10 crores for expansion of postal Services in the rural areas, the budget allotment during the five years was Rs. 8.25 crores. As against the budget allotment of Rs. 8.25 crores, the total expenditure incurred during the entire plan period amounted to only Rs. 2.21 crores. The Committee are deeply distressed to note that nearly 75 per cent of the funds made available during the Seventh Five Year Plan for expansion of postal services in the rural areas had not been utilised, resulting in non-achievement of the physical targets fixed for the purpose, as discussed in the succeeding paragraphs.

95. The Committee note that during the Sixth Plan as against an anticipated outlay of Rs. 12.90 crores the actual expenditure had been of the order of Rs. 16.5 crores in total contrast to the reduced budget allocation of Rs. 8.25 crores to the Seventh Plan against which the utilisation had been as low as Rs. 2.21 crores. In terms of physical target the position was equally dismal with only 66% of the targeted post offices having been opened during the Seventh Plan period as against an achievement of 85% in

the Sixth Plan. With regard to installation of letter boxes the achievement during the Seventh Plan had been 39% while in the Sixth Plan the target were exceeded with an achievement of 128%. It is further distressing to note that no additional extra departmental delivery agent against a target of 1200 and no counter-facility at village post office against a target of 4000 were provided during the entire Seventh Plan period though the achievements made against the targets set had been 80% and 96% respectively during the Sixth Plan. Also no plan Monitoring Inspector was recruited though a target of 33 had been fixed for the Seventh Plan. The reasons for shortfall of physical and financial targets for opening of post offices during Seventh Plan have been attributed to the ban on the creation of posts since 1984, the time-consuming and cumbersome procedure of referring every case of opening of a post office to the Ministry of Finance and withdrawal of the power for creation of posts from D.G.(Posts). The Committee are not satisfied with the reasons cited above for non-achievement of physical and financial targets in the wake of the role the net-work of postal services provide as a means of communication to the large segment of population concentrated in the rural areas.

96. As per the existing norms and the survey based on population and distance criteria carried out by the circles about 30,000 villages qualified for opening of post offices during Seventh Plan. Taking financial aspect into consideration which the survey had not done the number eligible came down to 15,000. The Seventh Plan target for opening new post offices thereafter though proposed to be fixed at 12,000 was subsequently reduced to 6,000 on account of financial constraints. The Committee are concerned to note that the Department failed to achieve even the modest target of opening of 6,000 new post offices. Only 4,005 post offices were opened during the entire plan period. It is really disturbing to find that only 21 post offices were opened during the first two years of the Seventh Plan. Subsequently during the years 1987-88, 1988-89 and 1989-90; 933, 1809 and 1240 post offices were opened respectively. According to the Department of Posts, this poor achievement was on account of ban on creation of posts imposed by the Ministry of Finance on 3.1.1984. This ban is stated to have been extended from time to time in a piecemeal manner. Further, according to the Deptt. thereafter, any fresh proposal had to be considered and got vetted by the internal finance of the Deptt. before the submission to the Ministry of Finance for approval. The Committee are constrained to observe that the Deptt. of Posts failed to approach the Ministry of Finance for relaxation in the ban on creation of posts for expanding the postal network facilities and meet the target proposed. Secretary, Deptt. of Posts conceded during evidence. "I do not think we approached the Finance Ministry for any relaxation at this stage..., I am totally in agreement that we should have gone to the Finance Ministry at that particular time." The Committee consider that the entire scheme of opening post offices in rural areas during the Seventh Plan has been dealt with by the Department in a

lackadaisical manner and the priority that it deserved was completely overlooked. Further though the ban on creation of posts was relaxed from August, 1986, no concrete efforts have been made by the Deptt. to achieve the proposed target of opening of new post offices. What is even more deplorable is the fact that against the target of opening 3,000 post offices during the year 1988-89, the actual achievement was only 216.

97. The Committee find that broad time frame has not been prescribed in respect of the various levels for submission of new postal proposals to the Director and their processing in the Directorate. The result of the random sample survey, however, reveals that the time taken after receipt of proposals from the circles to the stage of reference to Ministry of Finance varied widely from 34 days (96 proposals) in case of Maharashtra to 90 days (128 proposals) in case of Orissa. Similarly the time taken in getting approval from Finance after reference to them varied from 13 days in case of Himachal Pradesh to 110 days in case of Orissa. According to the Department w.e.f. 23 April, 1992 the time gap has been considerably reduced with the powers for opening of new extra departmental post office being delegated to the circles. The Committee, however, feel that the time taken in the Department after receipt of proposals from circles has not only been unduly long but also widely varied from State to State which needs to be looked into. The Committee stress that in the interest of expediting the processing of the new proposals, broad guidelines therefor may be prescribed.

98. The Committee find that generation of rural employment was an additional feature of the scheme for expansion of postal services in the rural areas during the Seventh Plan. The Secretary, Department of Posts informed the Committee that with this end in view the provision for 1200 Extra Departmental Delivery Agents (Add. EDDA) was made for the first time in this particular plan. The Committee are distressed to find that not even a single Add. EDDA was appointed during the entire plan period. According to the Ministry, appointment of additional EDDA was not considered necessary as it was found possible to manage the work with the existing establishment of branch post offices. This is, however, not borne out by the annual plan and performance budgets where separate targets have been fixed for the purpose annually from 1986-87 onwards. Further, plea of the department is untenable as the specific plan provision for appointment of Additional EDDAs was made with the avowed purpose of strengthening the rural delivery mail conveyance system and such a provision was to be over and above the normal EDDAs sanctioned for rural post offices. The Committee are constrained to observe that due to Department's failure to appoint any extra EDDA during the Seventh Plan both the objectives of generating rural employment as well as strengthening the rural delivery and mail conveyance systems remained unfulfilled. The Committee stress that if any such provision has been made in the Eighth Plan, it should be scrupulously implemented.

99. The Committee also note with dismay that not a single Plan Monitoring Inspector was appointed during the 7th Plan against the proposed target of 33 for this purpose. The Department of Posts have advanced contradictory arguments explaining the non appointment of Plan Monitoring Inspectors. According to them these Inspectors could not be appointed because of the ban on the creation of posts and when the ban was relaxed the existing number of plan monitoring inspectors was considered adequate. It is pertinent to note in this regard that Plan Monitoring Inspector's posts were created in June, 1979 for strengthening the supervision of branch offices by making surprise visits in addition to what is being done by the regular sub-divisional heads. The role of plan monitoring inspector gains more significance in the context of abolition of several posts of mail overseers who were expected to supervise 25 branch offices each every month. The Committee are constrained to observe that this is yet another instance which proves the perfunctory manner in the functioning of the Department of Posts in scrupulously implementing the provisions made in the Seventh Plan for augmenting the postal services in the rural areas.

100. The guidelines for opening rural post offices have been modified from time to time and there have been atleast 7 reviews since independence perhaps reflecting inherent difficulties in evolving the requisite necessary norms. The latest norms recommended by the National Institute of Rural Development (NIRD), in their first report regarding opening of branch post offices have been accepted by the Department of Posts w.e.f. 1.4.1991. As per NIRD's recommendation the population norms for opening post offices in rural areas is 3,000 in a group of villages (1,000 in case of hilly and tribal areas), minimum distance from the nearest post office should be 3 Km and anticipated income should be $33\frac{1}{3}$ per cent of the cost (15 percent in case of hilly and tribal areas). These norms are stated to have been devised by the institute with a thrust on rural orientation and after close interaction with the Planning Commission. The Committee emphasize that these norms should be scrupulously followed with the underlying intention of rapidly extending the postal facilities to the villages, which have remained deprived of this facility so far. The Committee recommend that these norms should not be so frequently revised as such frequent revisions are bound to affect the long term plans for providing these basic facilities.

101. The Committee have been given to understand that Department of Posts would assess the demand for new rural post offices after examining the recommendations in respect of departmental sub offices to be opened in rural areas contained in the second report of the National Institute of Rural Development. A firm projection for opening of new rural post offices is likely to be made available only after finalisation of norms for opening of departmental sub offices in rural areas as also after getting complete information about the number of villages where opening of post

offices may be justified as per norms but no post office exists at present. The Department has informed that a sample study of information received from 13 circles has revealed that there are approximately 8,976 villages which do not have a post office in the radius of 3 km at present but where opening of a post office may be justified as per norms. Further, there are 1,11,259 panchayat villages which did not have a post office as on 31.3.91 and were being served through the visits of extra departmental delivery agents/Branch post masters/postman. Out of these 1,11,259 panchayat villages there are 18,472 gram panchayat headquarters and 11,195 gram panchayats without post offices, though they fulfil the norms of having post offices. The Committee view with serious concern the fact that even village panchayats which fulfil the prescribed norms but yet to be provided with a post office are so numerous. What has caused more concern to the Committee is the fact that post offices are not likely to be opened in these panchayat villages in the near future as only a meagre target of opening 3,500 new post offices (500 DSOs & 3,000 EDBOs) has been fixed for the Eighth Plan. The Committee strongly urge the Department of Posts to examine the entire question of opening of new post offices de novo so as to ensure that post offices are opened in all the eligible villages without any further loss of time. The Committee also desire that a time bound comprehensive perspective plan be drawn up by the Department and the Committee apprised of the steps proposed to be taken by the Department towards this end.

102. According to the Department, the Branch offices are running at a loss since the revenue of the post offices increases in arithmetic progression whereas their cost is increasing in Geometric progression. The Committee are of the firm view that while all efforts are to be made to increase the revenue generated by the post offices, this should not impede the process of opening the new post offices in all the eligible villages in the rural areas, a social obligation to be discharged by the Deptt. The Committee desire that the Govt. should continue to make all sincere efforts to augment the earnings of the post offices by extending additional public facilities from these Branches to compensate for the increasing cost of establishment and operation.

103. A proposal is stated to be under active consideration of the Department for opening of Post Offices in the rural areas on a contract basis by payment of commissions to the agency undertaking this contract. This scheme can be tried on an experimental basis provided the agency undertakes all the functions of rural post offices and the Commission paid is less than the average loss incurred by the Deptt. in running rural post offices. The scheme if found successful can be extended in a phased manner.

104. In a statement made by the Minister of Communications in both the Houses of Parliament on 24.2.1988 Government expressed its desire to

undertake a massive programme of providing postal facilities in all the then remaining 70,000 Panchayat villages in the next two years. In pursuance of this statement, the scheme of appointing Panchayat Dak Sewaks was introduced in April, 1988 in selected districts. The Dak Sewaks were nominated by the Panchayats, but selected and appointed by Divisional Superintendents. The scheme was operational in 2902 Gram Panchayats spread over 26 districts in 16 States on an experimental basis. The functions assigned to Gram Panchayat Sewaks were sale of stamps and stationery; booking of registered articles; and collection of unregistered articles from the villagers and clearance of articles posted in letter boxes in the villages. This scheme which was introduced with much fanfare was eventually discontinued w.e.f. 1.7.91 based on the feedback received from the circles. It is surprising to note that instead of rectifying the loopholes noticed in the scheme the Department chose to wind up the scheme. The Committee are of the view that in the wake of past experience particularly the failure of the Panchayat Dak Sewak Scheme, sufficient planning will have to go into the new alternative that is pending consideration to enable the Deptt. to take a conscious decision and gear up its efforts to ensure that the new scheme meets the programmed postal requirements of the rural population.

105. Yet another aspect proving the lack of serious attention is the poor achievement in the matter of installation of letter boxes. As against Seventh Plan target of 25,000 the No. of letter boxes installed stood at 9732. The plea of the Deptt. in non-achieving the target being traced to the DGS&D not being able to provide the required number of letter boxes over the last 3-4 years is hardly convincing. This undoubtedly proves the lack of planning by the Department in meeting their urgent requirements. It is in fact a matter of deep concern that inspite of the recommendations made by the Estimates Committee of Parliament in April, 1988 that the Deptt. should initiate action on priority basis and instal Letter Boxes to cover all the villages with a population of 500 and more within the Seventh Plan the Department failed to take any timely and effective steps to meet their requirements of letter boxes. For instance, the indents for procurement and supply of letter boxes for the years 1988-89 and 1989-90 were placed by Directorate on the DGS&D only during June, 1988 and November, 1989 while purchase orders were placed on private firms by the letter only between May, 1989 and August, 1990 i.e. nearly 10 months later. What has surprised the Committee is the fact that Department did not resort to procurement of letter boxes from local suppliers in a big way for the years 1988-89 onwards if the DGS&D were facing some kind of a problem. The Committee have now been informed that un-covered quantity of 1988-89/1989-90 alongwith requirements against indents for the years 1991-92 to 1992-93 have been placed at the head-quarters office viz. DGS&D, New Delhi. Quarterly review meetings to discuss the progress in the supply position of pending postal indents are being held with DGS&D as have

been informed to the Committee. The Committee hope that this monitoring will continue on a regular basis and enable the Deptt. to take timely advance action in placement of orders with DGS&D and in the event of shortages approach local suppliers, if necessary.

106. The Committee are unhappy to note lack of unrealistic approach on the part of the Department in fixing the targets for installation of letter boxes. It is regretable that while fixing the circle-wise targets for providing letter boxes even the basic factor like number of eligible villages remaining to be provided with letter boxes was not taken into account. For instance, in Goa, Himachal Pradesh and Punjab circles, targets fixed for providing letter boxes were in excess of the number of villages remaining to be provided with letter boxes. On the other hand in other States such as Bihar, Orissa and Uttar Pradesh targets fixed did not have any relation with the number of villages which remained to be provided with the facility. The Committee urge the Department to adopt a realistic approach in this regard in future.

107. The Committee are deeply concerned to note that the Department of Posts miserably failed to achieve both the financial and physical targets fixed in the Seventh Five-year Plan for expansion of Postal services in rural areas. Against the budget allocation of Rs. 8.25 crores for this scheme, actual expenditure incurred by the Department was only to the extent of Rs. 2.21 crores. Achievements in respect of physical targets have been no better. As against the target of opening 6000 new post offices only 4003 post offices were opened. As regards the installation of additional letter boxes against the proposed target of 25000 only 9732 such boxes could be installed. Not even a single extra departmental delivery agent was appointed against the target of appointing 1200 such agents. Similarly, not even a single plan monitoring inspector was appointed against the provision for 33 such inspectors. Non appointment of Extra-Departmental Delivery Agents and Inspectors will have to be seen particularly in the context of generation of rural employment have been an additional feature of the scheme in the Seventh Plan. All this abundantly prove the lack of perspective planning and zeal for concerted approach on the part of the Department in meeting the essential needs of the rural population of the country. The Committee cannot but deprecate such a casual approach of the Department. The Committee strongly recommend that the Department should thoroughly examine the reasons for their utter failure in achieving the targets fixed during the Seventh Plan and take all remedial steps so that the targets fixed in the Eighth Plan for expansion of postal services in the rural areas are strictly achieved. The Committee would like to be apprised to the concrete steps taken in the regard.

NEW DELHI;
22 April, 1993

2 Vaisakha, 1915 (Saka)

ATAL BIHARI VAJPAYEE,
Chairman,
Public Accounts Committee.

APPENDIX I

(Vide para 4)

AUDIT PARAGRAPH

Postal Services in Rural Areas

Nearly 75 per cent of the funds available during the Seventh Five Year Plan for expansion of postal services in the rural areas had not been utilised, resulting in non-achievement of the physical targets fixed for the purpose.

While formulating proposals for the Seventh Five Year Plan (1985-90), the Department had estimated that 12000 post offices would be needed to be opened in the rural areas. Keeping in view the past experience and resources (Rs. 10.10 crores) available for the purpose during the plan period, post offices and other supportive aids proposed to be added/ provided and actually provided during Seventh Plan were as under:

Item	Seventh Plan		Percentage of achievement
	Target Achievement	achievement	
(i) Opening of Post Offices	6000	3007	50.12
(ii) Appointment of Additional extra departmental delivery agents	1200	—	Zero
(iii) Installation of letter boxes	25000	9732	38.93
(iv) Provision of counter facilities at village post offices (dispensed with from Feb. 1987)	4000	—	Zero
(v) Appointment of plan monitoring inspectors	33	—	Zero

Against the Seventh Plan outlay of Rs. 10.10 crores, the budget allotment during the five years was Rs. 8.25 crores and the actual expenditure amounted to only Rs. 2.21 crores, a shortfall of 73 per cent over the budget and 78 per cent over the plan outlay. This resulted in consequential shortfall, as indicated above, in physical achievement of targets.

The Ministry stated, in January, 1991, that the shortfall in the provision of funds over the outlay for the Seventh Plan was due to the proposals for respective years being scaled down by the Planning Commission on the basis of availability of funds and priorities. The Ministry added that the

shortfall in financial and physical achievement was a result of the following factors:

- (i) ban on creation of posts (relaxed from August, 1986);
- (ii) time consuming and cumbersome procedure of referring every case of opening of post office to the Ministry of Finance for their concurrence;
- (iii) late receipt of concurrence from that Ministry which, while giving concurrence in 1988-89, had desired that the norms being followed for opening of post offices in rural areas, being quite liberal, should be revised in consultation with some independent autonomous expert agency. (Consequently, the task was assigned to the National Institute of Rural Development, Hyderabad, whose report was awaited — December, 1990);
- (iv) withdrawal of powers for creation of posts from the Director General, Department of posts.

It was also mentioned that a less costly system of postal service through the Panchayat Dak Sewaks was introduced in 1988 and 3035 such Sewaks were provided during the Seventh Plan.

But such Sewaks were to be only supplementary and not alternative, to the rural post offices. Moreover, the targets for even 1987-88 to 1989-90, *i.e.* for the years following the relaxation of the ban on creation of posts, and the introduction of the system of Panchayat Dak Sewaks, were only partly achieved, as indicated below:

Year	Opening of Post Offices		
	Target	Achievement	Shortfall
1987-88	880	849	31
1988-89	3000	216	2784
1989-90	2120	1942	178

As for non-appointment of any additional extra-departmental delivery agent (EDDA), the Ministry replied, in January, 1991, that the posts were not sanctioned separately because they formed part of establishment of branch post office and added that since during the entire Plan period, 4371 post offices were sanctioned (only 3007 were actually established) and assuming that each such post office had at least one EDDA, the number of EDDAs thus appointed far exceeds the targeted number.

The Plan provision was for "additional" EDDAs for strengthening of the rural delivery system and mail conveyance and they were to be over and above the normal EDDAs sanctioned for rural post offices. The Ministry's reply did not indicate how far these functions were actually discharged by the normal EDDAs at the above post offices. Further, according to the Annual Plans and the performance Budgets for the years 1986-87 onwards, a separate target was fixed for this purpose every year.

As for non-appointment of any Plan Monitoring Inspector, the Ministry stated that the reason was the ban on creation of posts. But the ban was relaxed from August, 1986, whereafter also no progress in this respect was made, though the scheme of such inspectors was introduced from the Seventh Plan, not being therein in the Sixth Plan.

Even in comparison to the Sixth Five Year Plan (1980-85) achievements, those during the Seventh Five Year Plan were far lower both in absolute terms and as a percentage, despite availability of funds. The details are given below:

Items	Sixth Five Year Plan (Outlay Rs. 13.47 crores Budget Rs. 15.03 crores Expenditure Rs. 17.51 crores)			Seventh Five Year Plan (Outlay Rs. 10.10 crores Budget Rs. 8.25 crores Expenditure Rs. 2.21 crores)		
	Target	Achievement	Percentage of achievement	Target	Achievement	Percentage of achievement
(i) Opening of post offices	8000	6820	85.25	6000	3007	50.12
(ii) Appointment of additional extra departmental delivery agents	10000	8040	80.40	1200	—	Zero
(iii) Installation of letter boxes	10000	12832	128.32	25000	9732	38.93
(iv) Provision of counter facilities of village post offices	10000	9625	96.25	4000	—	Zero
(v) Appointment of Plan monitoring Inspectors	—	—	—	33	—	Zero

According to the departmental norms, every village with a population of 500 and above should be provided with a letter box facility and in villages with a population of less than 500, the facility should be provided on the basis of need and subject to the criteria that the nearest letter box is not nearer than one kilometre, and there is expectation of posting at least one letter per day.

The Estimates Committee (8th Lok Sabha) in its fifty eighth Report presented to Parliament in April, 1988 had also recommended that the

Department should initiate action on price to cover all the villages with a population under the Seventh Plan.

It was, however, observed in Audit that there were 74,275 villages with a population yet to be provided with a letter box. Circles were in five circles alone, viz., Punjab, Pradesh, Orissa and Uttar Pradesh.

While fixing the circlewise targets for providing letter boxes, basic factors like number of eligible villages and population were not taken into account. In Punjab Circles, targets fixed for providing letter boxes, the number of villages remaining to be provided with letter boxes in Bihar, Orisa and Uttar Pradesh, targets fixed for providing letter boxes, the number of villages to be provided with letter boxes.

During 1988-89 and 1989-90 the boxes were provided against the target of 5000 and 2000 respectively. The Ministry stated, in January, 1991, that the delay was due to non-availability, in adequate quantity in the market, of receipt of supply through the Director General of Supplies.

It was observed in Audit that tenders for the supply of letter boxes for the years 1988-89 and 1989-90 were placed by the Directorate on the Director-General, Supplies, in June 1988 and November 1989 while private firms by the latter only between November 1988 and nearly 10 months later. Thus, the Department should take action to ensure timely availability of the boxes.

APPENDIX II

(Vide para 43)

Recommendations made by NIRD, Hyderabad

A. As far as the branch post offices are concerned, NIRD has recommended the following:

- (i) Factors such as population growth, literacy increase, migration and social and commercial developments will contribute to increasing demand for postal services;
- (ii) During the Eighth Plan, removal of regional disparities and improving the performance of rural post offices should figure as an important objective of the Department alongwith expansion of the postal network;
- (iii) An analysis of regional imbalances shows the existance of following types:
 - (a) High Population—Low Area: Kerala, West Bengal
 - (b) High Population—Medium Area: Uttar Pradesh, Bihar, Assam
 - (c) High Population—Large Area: Rajasthan, Madhya Pradesh
 - (d) Low Population—Large Area: Himachal Pradesh, Jammu & Kashmir and North eastern states (other than Assam)
 - (e) Medium Population—Medium area: Other States/Union Territories;
- (iv) Perspective plans should be prepared on the basis of long term communication needs of the consumers and different areas of the country.

Till an approach based upon perspective plans becomes operational, the present norms may be continued with the following modifications:

- (a) Discontinuation of the area classification rural backward and treating these areas at par with rural normal areas.
- (b) Maintenance of minimum income-cost ratio of 33-1/3% in case of *normal areas* and 15% in case of tribal and hilly areas.
- (c) Differential norms for population and distance according to type classification of States.
- (d) Need to improve the work ethos in rural post offices as well as consumer satisfaction.
- (e) Concerted efforts should be made to increase the income of rural post offices.
- (f) Extension of the letter-box facility to the further areas of jurisdiction of post offices.

- (g) Need to give due importance to expansion of postal network in the Eighth Plan as it benefits the disadvantaged rural sectors.
- (h) Need to initiate action to improve the postal statistics.
- (i) Need to review rule 547 of the Postal Manuals keeping in view the changes since 1982 and of costing principles underlying.
- (j) Need to maintain district-wise maps and their regular updating for proper planning.
- (k) Need to identify the reasons for the failure of PDS Scheme as Panchayati Raj institutions can play a useful role not only in postal services but also in mobilising of rural savings.

B. As for the Departmental Sub Post-offices, the NIRD has recommended the following:

- (i) No urban-rural distinction as several rural DSOs tend to cover areas and population with urban characteristics.
- (ii) The population related norm is not relevant in opening DSOs as the composition of population in terms of economic status, literacy and occupational structure is more appropriate for determining the postal traffic.
- (iii) There should be a minimum distance of 2 Kms. from the nearest post office with powers to the Circle Authorities to sanction DSOs at a shorter distance, if warranted.
- (iv) DSOs in normal rural areas, project areas and urban agglomerations should be having an income/expenditure ratio of 100% with provision for NRC system. In tribal and hilly areas, the ratio suggested in 75%.

APPENDIX III

Observations and Recommendations

Sl. No.	Para No.	Ministry/ Deptt. concerned	Observations/Recommendations
1	2	3	4
1	94	Posts	Postal services constitute an essential infrastructure for the development of a country. In the rural areas, the postal system not only provides an unfailing link for communicating with the Government and the people in other parts of the country and abroad but it also serves the needs of the public in their educational, cultural and economic sphere. With this end in view as against the Seventh Plan Outlay of Rs. 10.10 crores for expansion of postal services in the rural areas, the budget allotment during the five years was Rs. 8.25 crores. As against the budget allotment of Rs. 8.25 crores, the total expenditure incurred during the entire plan period amounted to only Rs. 2.21 crores. The Committee are deeply distressed to note that nearly 75 per cent of the funds made available during the Seventh five Year Plan for expansion of postal services in the rural areas had not been utilised, resulting in non-achievement of the physical targets fixed for the purpose, as discussed in the succeeding paragraphs.
2	95	-do-	The Committee note that during the Sixth Plan as against an anticipated outlay of Rs. 12.90 crores the actual expenditure had been of the order of Rs. 16.5 crores in total contrast to the reduced budget allocation of Rs. 8.25 crores to the Seventh Plan against which the utilisation had been as low as Rs. 2.21 crores. In terms of physical target the

position was equally dismal with only 66% of the targeted post offices having been opened during the Seventh Plan period as against an achievement of 85% in the Sixth Plan. With regard to installation of letter boxes the achievement during the Seventh Plan had been 39% while in the Sixth Plan the target were exceeded with an achievement of 128%. It is further distressing to note that no additional extra departmental delivery agent against a target of 1200 and no counter-facility at village post office against a target of 4000 were provided during the entire Seventh Plan period though the achievements made against the targets set had been 80% and 96% respectively during the Sixth Plan. Also no plan Monitoring inspector was recruited though a target of 33 had been fixed for the Seventh Plan. The reasons for shortfall of physical and financial targets for opening of post offices during Seventh Plan have been attributed to the ban on the creation of posts since 1984, the time-consuming and cumbersome procedure of referring every case of opening of a post office to the Ministry of Finance and withdrawal of the power for creation of posts from D.G. (Posts). The Committee are not satisfied with the reasons cited above for non-achievement of physical and financial targets in the wake of the role the net-work of postal services provide as a means of communication to the large segment of population concentrated in the rural areas.

3 96 Posts

As per the existing norms and the survey based on population and distance criteria carried out by the circles about 30,000 villages qualified for opening of post offices during Seventh Plan. Taking financial aspect into consideration which the survey had not done the number eligible came down to 15,000. The Seventh Plan target for opening new post offices

thereafter though proposed to be fixed at 12,000 was subsequently reduced to 6,000 on account of financial constraints. The Committee are concerned to note that the Department failed to achieve even the modest target of opening of 6000 new post offices. Only 4003 post offices were opened during the entire plan period. It is really disturbing to find that only 21 post offices were opened during the first two years of the Seventh Plan. Subsequently during the years 1987-88, 1988-89 and 1989-90, 933, 1809 and 1240 post offices were opened respectively. According to the Department of Posts, this poor achievement was on account of ban on creation of posts imposed by the Ministry of Finance on 3.1.1984. This ban is stated to have been extended from time to time in a piecemeal manner. Further, according to the Deptt. thereafter, any fresh proposal had to be considered and got vetted by the internal finance of the Deptt. before the submission to the Ministry of Finance for approval. The Committee are constrained to observe that the Deptt. of Posts failed to approach the Ministry of Finance for relaxation in the ban on creation of posts for expanding the postal network facilities and meet the target proposed. Secretary, deptt. of Posts conceded during evidence "I do not think we approached the Finance Ministry for any relaxation at this stage. I am totally in agreement that we should have gone to the Finance Ministry at that particular time." The Committee consider that the entire scheme of opening post offices in rural areas during the Seventh Plan has been dealt with by the Department in a lackadaisical manner and the priority that it deserved was completely overlooked further though the ban on creation of posts was relaxed from August, 1986, no concrete efforts have been made by the Deptt. to achieve the proposed target of opening of new post offices. What is even more deplorable is the fact that against the target of opening 3000

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post offices during the year 1988-89, the actual achievement was only 216.

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4	97	Posts	
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The Committee find that broad time frame has not been prescribed in respect of the various levels for submission of new postal proposals to the Directorate and their processing in the Directorate. The result of the random sample survey, however, reveals that the time taken after receipt of proposals from the circles to the stage of reference to Ministry of Finance varied widely from 34 days (96 proposals) in case of Maharashtra to 90 days (128 proposals) in case of Orissa. Similarly the time taken in getting approval from Finance after reference to them varied from 13 days in case of Himachal Pradesh to 110 days in case of Orissa. According to the Department w.e.f. 23 April, 1992 the time gap has been considerably reduced with the powers for opening of new extra departmental post office being delegated to the circles. The Committee, however, feel that the time taken in the Department after receipt of proposals from circles has not only been unduly long but also widely varied from State to State which needs to be looked into. The Committee stress that in the interest of expediting the processing of the new proposals, broad guidelines therefor may be prescribed.

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The Committee find that generation of rural employment was an additional feature of the scheme for expansion of postal services in the rural areas during the Seventh Plan. The Secretary, Department of Posts informed the Committee that with this end in view the provision for 1200 Extra Departmental Delivery Agents (Add. EDDA) was made for the first time in this particular plan. The committee are distressed to find that not even a single Add. EDDA was appointed during the entire plan period. According to the Ministry, appointment of additional EDDA was not considered necessary as it was found possible to manage the work with the

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existing establishment of branch post offices. This is, however, not borne out by the annual plan and performance budgets where separate targets have been fixed for the purpose annually from 1986-87 onwards. Further, plea of the department is untenable as the specific plan provision for appointment of Additional EDDAs was made with the avowed purpose of strengthening the rural delivery mail conveyance system and such a provision was to be over and above the normal EDDAs sanctioned for rural post offices. The Committee are constrained to observe that due to Department's failure to appoint any extra EDDA during the Seventh Plan both the objectives of generating rural employment as well as strengthening the rural delivery and mail conveyance systems remained unfulfilled. The Committee stress that if any such provision has been made in the Eighth Plan, it should be scrupulously implemented.

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Posts

The Committee also not with dismay that not a single Plan Monitoring Inspector was appointed during the 7th Plan against the proposed target of 33 for this purpose. The Department of Posts have advanced contradictory arguments explaining the non appointment of Plan Monitoring Inspectors. According to them these Inspectors could not be appointed because of the ban on the creation of posts and when the ban was relaxed the existing number of plan monitoring inspectors was considered adequate. It is pertinent to note in this regard that Plan Monitoring Inspector's posts were created in June, 1979 for strengthening the supervision of branch offices by making surprise visits in addition to what is being done by the regular subdivisional heads. The role of plan monitoring inspector gains more significance in the context of abolition of several posts of mail overseers who were expected to supervise 25 branch offices each every month. The Committee are constrained to observe that this is yet another

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7	100	Posts	<p>instance which proves the perfunctory manner in the functioning of the Department of Post in scrupulously implementing the provisions made in the Seventh Plan for augmenting the postal services in the rural areas.</p> <p>The guidelines for opening rural post offices have been modified from time to time and there have been atleast 7 reviews since independence perhaps reflecting inherent difficulties in evolving the requisite necessary norms. The latest norms recommended by the National Institute of Rural Development (NIRD), in their first report regarding opening of branch post offices have been accepted by the Department of Posts w.e.f. 1.4.1991. As per NIRD's recommendation the population norms for opening post offices in rural areas is 3,000 in a group of villages (1,000 in case of hilly and tribal areas), minimum distance from the nearest post office should be 3 Km and anticipated income should be 33$\frac{1}{3}$ per cent of the cost (15 percent in case of hilly and tribal areas). These norms are stated to have been devised by the Institute with a thrust on rural orientation and after close interaction with the Planning Commission. The Committee emphasize that these norms should be scrupulously followed with the underlying intention of rapidly extending the postal facilities to the villages, which have remained deprived of this facility so far. The Committee recommend that these norms should not be so frequently revised as such frequent revisions are bound to affect the long term plans for providing these basic facilities.</p>
8	101	-do-	<p>The Committee have been given to understand that Department of Posts would assess the demand for new rural post offices after examining the recommendations in respect of departmental sub-offices to be opened in rural areas contained in the second report of the National Institute of Rural Development. A firm projection for opening of new rural post offices is</p>

likely to be made available only after finalisation of norms for opening of departmental sub offices in rural areas as also after getting complete information about the number of villages where opening of post offices may be justified as per norms but no post office exists at present. The Department has informed that a sample study of information received from 13 circles has revealed that there are approximately 8976 villages which do not have a post office in the radius of 3 kms. at present but where opening of a post office may be justified as per norms. Further, there are 1,11,259 panchayat villages which did not have a post office as on 31.3.91 and were being served through the visits of extra departmental delivery agents Branch post masters/postmen. Out of these 1,11,259 panchayat villages there are 18,472 gram panchayat headquarters and 11,195 gram panchayats without post offices, though they fulfil the norms of having post offices. The Committee view with serious concern the fact that even village panchayat which fulfil the prescribed norms but yet to be provided with a post office are so numerous. What has caused more concern to the Committee is the fact that post offices are not likely to be opened in these panchayat villages in the near future as only a meagre target of opening 3,500 new post offices (500 DSOs & 3000 EDBOs) has been fixed for the Eighth Plan. The Committee strongly urge the Department of Posts to examine the entire question of opening of new post offices de novo so as to ensure that post offices are opened in all the eligible villages without any further loss of time. The Committee also desire that a time bound comprehensive perspective plan be drawn up by the Department and the Committee apprised of the steps proposed to be taken by the Department towards this end.

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			<p>the post offices increases in arithmetic progression whereas their cost is increasing in Geometric progression. The Committee are of the firm view that while all efforts are to be made to increase the revenue generated by the post offices, this should not impede the process of opening the new post offices in all the eligible villages in the rural areas, a social obligation to be discharged by the Deptt. The Committee desire that the Govt. should continue to make all sincere efforts to augment the earnings of the post offices by extending additional public facilities from these Branches to compensate for the increasing cost of establishment and operation.</p>
10	103	Posts	<p>A proposal is stated to be under active consideration of the Department for opening of Post Offices in the rural areas on a contract basis by payment of commissions to the agency undertaking this contract. This scheme can be tried on an experimental basis provided the agency undertakes all the functions of rural post offices and the Commission paid is less than the average loss incurred by the Deptt. in running rural post offices. The scheme if found successful can be extended in a phased manner.</p>
11	104	Posts	<p>In a statement made by the Minister of Communications in both the Houses of Parliament on 24.2.1988 Government expressed its desire to undertake a massive programme of providing postal facilities in all the then remaining 70,000 Panchayat villages in the next two years. In pursuance of this statement, the scheme of appointing Panchayat Dak Sewaks was introduced in April, 1988 in selected districts. The Dak Sewaks were nominated by the Panchayats, but selected and appointed by Divisional Superintendents. The scheme was operational in 2902 Gram Panchayats spread over 26 districts in 16 States on an experimental basis. The functions assigned to Gram Panchayat Sewaks were sale of stamps & stationery;</p>

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			<p>booking of registered articles; and collection of unregistered articles from the villagers and clearance of articles posted in letter boxes in the villages. This scheme which was introduced with much fanfare was eventually discontinued w.e.f. 1.7.91 based on the feedback received from the circles. It is surprising to note that instead of rectifying the loopholes noticed in the scheme the Department chose to wind up the scheme. The Committee are of the view that in the wake of past experience particularly the failure of the Panchayat Dak Sewak Scheme, sufficient planning will have to go into the new alternative that is pending consideration to enable the Deptt. to take a conscious decision and gear up its efforts to ensure that the new scheme meets the programmed postal requirements of the rural population.</p>
12	105	Posts	<p>Yet another aspect proving the lack of serious attention is the poor achievement in the matter of installation of letter boxes. As against Seventh Plan target of 20,000 the No. of letter boxes installed stood at 9732. The plea of the Deptt. in non-achieving the target being traced to the DGS&D not being able to provide the required number of letter boxes over the last 3-4 years is hardly convincing. This undoubtedly proves the lack of planning by the Department in meeting their urgent requirements. It is in fact a matter of deep concern that in spite of the recommendations made by the Estimates Committee of Parliament in April, 1988 that the Deptt. should initiate action on priority basis and instal Letter Boxes to cover all the villages with a population of 500 and more within the Seventh Plan the Department failed to take any timely and effective steps to meet their requirements of the letter boxes. For instance, the indents for procurement and supply of letter boxes for the years 1988-89 and 1989-90 were placed by Directorate on the DGS&D only during June 1988 and November, 1989 while</p>

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purchase orders were placed on private firms by the latter only between May, 1989 and August, 1990 i.e. nearly 10 months later. What has surprised the Committee is the fact that Department did not resort to procurement of letter boxes from local suppliers in a big way for the years 1988-89 onwards if the DGS&D were facing some kind of a problem. The Committee have now been informed that un-covered quantity of 1988-89/1989-90 alongwith requirements against indents for the years 1991-92 to 1992-93 have been placed at the headquarters office viz. DGS&D, New Delhi. Quarterly review meetings to discuss the progress in the supply position of pending postal indents are being held with DGS&D as have been informed to the Committee. The Committee hope that this monitoring will continue on a regular basis and enable the Deptt. to take timely advance action in placement of orders with DGS&D and in the event of shortages approach local suppliers if necessary.

13 106 Posts

The Committee are unhappy to note lack of unrealistic approach on the part of the Department in fixing the targets for installation of letter boxes. It is regrettable that while fixing the circle-wise targets for providing letter boxes even the basic factor like number of eligible villages remaining to be provided with letter boxes was not taken into account. For instance, in Goa, Himachal Pradesh and Punjab circles, targets fixed for providing letter boxes were in excess of the number of villages remaining to be provided with letter boxes. On the other hand in other States such as Bihar, Orissa and Uttar Pradesh targets fixed did not have any relation with the number of villages which remained to be provided with the facility. The Committee urge the Department to adopt a realistic approach in this regard in future.

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The Committee are deeply concerned to note that the Department of Posts miserably failed to

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achieve both the financial and physical targets fixed in the Seventh Five-Year Plan for expansion of Postal services in rural areas. Against the budget allocation of Rs. 8.25 crores for this scheme actual expenditure incurred by the Department was only to the extent of Rs. 2.21 crores. Achievements in respect of physical targets have been no better. As against the target of opening 6000 new post offices only 4003 post offices were opened. As regards the installation of additional letter boxes against the proposed target of 25000 only 9732 such boxes could be installed. Not even a single extra departmental delivery agent was appointed against the target of appointing 1200 such agents. Similarly, not even a single plan monitoring inspector was appointed against the provision for 33 such inspectors. Non-appointment of Extra-Departmental Delivery Agents and Inspectors will have to be seen particularly in the context of generation of rural employment having been an additional feature of the scheme in the Seventh Plan. All this abundantly prove the lack of perspective planning and zeal for concerted approach on the part of the Department in meeting the essential needs of the rural population of the country. The Committee cannot but deprecate such a casual approach of the Department. The Committee strongly recommend that the Department should thoroughly examine the reasons for their utter failure in achieving the targets fixed during the Seventh Plan and take all remedial steps so that the targets fixed in the Eighth Plan for expansion of postal services in the rural areas are strictly achieved. The Committee would like to be apprised of the concrete steps taken in this regard.