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**STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2017-18)**

SIXTEENTH LOK SABHA

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

**DEMANDS FOR GRANTS
(2018-19)**

FORTY-EIGHTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2018/Phalguna, 1939 (Saka)

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(2018-19)**

Presented to Lok Sabha on 13.03.2018

Laid in Rajya Sabha on 13.03.2018



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2018/Phalguna, 1939 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY

(2017-18)

Shri Anurag Singh Thakur - Chairperson
Lok Sabha

2. Shri L.K. Advani
3. Shri Prasun Banerjee
4. Shri Harishchandra alias Harish Dwivedi
5. Dr. Sunil Baliram Gaikwad
5. Shri Hemant Tukaram Godse
6. Dr. Anupam Hazra
7. Smt. Hema Malini
8. Dr. J. Jayavardhan
9. Shri P. Karunakaran
11. Shri Virender Kashyap
12. Shri Harinder Singh Khalsa
13. Dr. K.C. Patel
14. Shri Raosaheb Danve Patil
15. Smt. R. Vanaroja
16. Shri Paresh Rawal
17. Dr. Bhartiben D. Shyal
18. Shri Abhishek Singh
19. Shri D.K. Suresh
20. Shri Ramdas C. Tadas
21. **VACANT**

Rajya Sabha

22. Shri Raj Babbar
23. Dr. Subhash Chandra
24. Shri Suresh Gopi
25. Shri K.G. Kenye
26. Shri Santiuse Kujur
27. Smt. Kahkashan Perween
28. Dr. K.V.P. Ramachandra Rao
29. Dr. Vinay P. Sahasrabuddhe
30. Shri Sachin Ramesh Tendulkar
31. Shri Beni Prasad Verma

SECRETARIAT

1. Shri R.C. Tiwari - Joint Secretary
2. Shri Y.M. Kandpal - Director
3. Smt. Geeta Parmar - Deputy Secretary
4. Smt. Rinku Awasthi - Executive Assistant

INTRODUCTION

I, the Chairperson, Standing Committee on Information Technology (2017-18), having been authorized by the Committee to submit the Report on their behalf, present this Forty-eighth Report on Demands for Grants (2018-19) of the Ministry of Communications (Department of Posts).

2. The Standing Committee on Information Technology (2017-18) was constituted on 1st September, 2017. One of the functions of the Standing Committee, as laid down in Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, is to consider the Demands for Grants of the Ministry/Department concerned and to make a Report on the same to the House.

3. The Committee considered the Demands for Grants pertaining to the Ministry of Communications (Department of Posts) for the year 2018-19 which were laid on the Table of the House on 9 February, 2018. The Committee took evidence of the representatives of the Ministry of Communications (Department of Posts) on 22 February, 2018.

4. The Report was considered and adopted by the Committee at their sitting held on 12 March, 2018.

5. The Committee wish to express their thanks to the officers of the Ministry of Communications (Department of Posts) for appearing before the Committee and furnishing the information that the Committee desired in connection with the examination of the Demands for Grants.

6. The Committee would also like to place on record their appreciation of the assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

7. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in bold letters in Part-II of the Report.

**New Delhi;
12th March, 2018
21st Phalguna, 1939 (Saka)**

**ANURAG SINGH THAKUR,
Chairperson,
Standing Committee on
Information Technology.**

REPORT

PART-I

I. INTRODUCTORY

The Department of Posts with its network of Post Offices, is the largest postal network in the world. Out of 1,54,965 post offices as on 31.03.2017, 1,39,067 (89.74%) are in the rural areas and 15,898 (10.26%) in the urban areas. Further, out of the 1,54,965 Post Offices, 1,29,380 are Gramin Dak Sewak Post Offices while 25,585 are Departmental Post Offices. The Department of Posts have 4,33,417 employees, which include 1,84,417 departmental employees and 2,49,000 Gramin Dak Sewaks. On an average, 7553 people are served by a Post Office in the country; in rural areas, a Post Office serves 595 people, and in urban areas, a Post Office serves 23720 people. Further, average area served by a Post Office is 21.56 Sq.Km. Post Offices in the country are categorized as Head, Sub and Branch Post Offices. Branch Post Offices are mostly located in rural areas and manned by Gramin Dak Sewaks. The Sub Post Offices are Departmental offices located in both rural and urban areas. The Head Post Offices are located in important towns and cities.

2. The mission of the Department of Posts is stated to be as under:

- To sustain its position as the largest postal network in the world touching the lives of every citizen in the country.
- To provide mail, parcel, money transfer, banking, insurance and retail services with speed and reliability.
- To provide value-for-money services to the customers.
- To ensure that the employees are proud to be its main strength and serve its customers with a human touch.
- To continue to deliver social security services and to enable last mile connectivity as a Government of India platform.

II. Implementation status of recommendations of the Committee contained in the Thirty Seventh Report on Demands for Grants (2017-18) of the Ministry of Communications and Information Technology (Department of Posts).

3. The Thirty-Seventh Report of the Standing Committee on Information Technology on Demands for Grants (2017-18) of the Ministry of Communications and Information Technology (Department of Posts) was presented to Parliament on 17 March, 2017. The Department of Posts furnished Action Taken Notes on the Observations/Recommendations contained in the Thirty-Seventh Report on 11 July, 2017. The Forty-First Report on Action Taken by the Government on the Thirty-Seventh Report was presented to Lok Sabha on 11 August, 2017. Out of the 17 recommendations contained in the said report, 15 recommendations were accepted by the Government. The Committee had reiterated on 02 recommendations. The final Action Taken Statement on the recommendations contained in the Forty-First Report was laid on the table of Parliament on 29 December, 2017.

4. The Department of Posts presented the Demand for Grants under Demand No. 13 to Parliament for the year 2018-19 on 9 February, 2018. The Revenue and Capital Expenditure under the voted and charged sections is as under:

(Rs. in Crore)

		Revenue	Capital	Total
Voted		28339.54	846.22	29185.76
		24.70	61.30	86.00
	Total	28364.24	907.52	29271.76
Charged		0.800	0	0.800
	Total	28365.04	907.52	29272.56

III Performance during Twelfth Five Year Plan

5. The Department of Posts has stated that the plan schemes of the 12th Plan were designed to address the challenges ahead due to globalization, competition from the private sector and other forms of communication. The focus was on growth and higher level of delivery standards. The developments in other postal administrations around the world were kept in view. The development of integrated computerization and networking, with process engineering, to meet rising customer

expectations were the priority areas, as also rationalization and optimal utilization of the network, enhanced productivity, greater accountability and transparency. In this context the plan also addressed the training requirements of the large workforce in the changing work environment.

6. A statement showing proposed allocation, Budget Estimates, revised Estimates and actuals during Twelfth Five Year Plan is as shown below:

Rs. In crore

	Annual Plan, 2012-13	Annual Plan, 2013-14	Annual Plan, 2014-15	Annual Plan, 2015-16	Annual Plan, 2016-17	Total
Proposed	1638.65	1859.99	3061.14	2631.30	2242.00	11433.08
BE	800	800	800	468.61	600	3468.61
RE	300	430	300	520	750	2300
Actuals	185.21	393.80	306.70	500.33	689.64	2075.68

7. As regards the areas of shortfalls and the reasons thereof, it has been stated that the programmes/schemes where there was shortfall during the 12th Plan Period were the 'IT Modernization Project', 'Mail Networking Optimization Project', 'Estates Management' and 'Project Arrow'.

8. Elaborating on the shortfall during the 12th Plan, it has been stated that as 2012-13 was the first year of the Plan period and approval of the 12th Plan outlay for the IT Modernization Project was received in October, 2012, action could be initiated only thereafter for obtaining approvals of the competent authority. Due to paucity of time, funds could not be utilized in 2012-13.

9. With regard to the IT Modernization Project, during the subsequent years the major activities under the Project could not materialize as anticipated due to delays in completing the codal formalities for finalizing RFPs. The delay arose partly due to the complex nature of RFPs which

resulted in several clarifications/ queries being raised which had to be sorted out to the satisfaction of all stake holders.

10. During the Financial year 2013-14 approval of the programmes/schemes 'Mail Networking Optimization Project', 'Estates Management', 'Project Arrow' were received only during the 3rd quarter & the activity "Setting up of Automated Mail Processing Centers' got approved in February, 2014, therefore the schemes/activities could not take off as anticipated.

11. During the financial year 2014-15 majority of funds were earmarked for IT Induction and Modernization Project. In order to reduce the dependence of the entire project on a single vendor so as to minimize risk, the Project was designed to be implemented through 8 streams by floating 8 RFPs. The 8 streams of the project were interdependent and finalization of all the RFPs in a synchronized manner was essential for acceptance of the deliverables and consequent expenditure of funds. In all cases, finalization of the RFPs took more time than anticipated due to the complex nature of RFPs and interdependencies in the project and time extensions sought by prospective bidders. With all the complexities involved in the procurement process, when the vendor was selected finally, in two cases, the selected vendor refused to execute the bid. This led to re-tendering and avoidable wastage of time which resulted in curtailment of funds at RE stage. Even where the implementation started, there were delays in acceptance of deliverables and consequent expenditure of funds due to complex interdependencies in the project.

12. Other reasons for underutilization in the years for cut in outlay at the RE stage by the Ministry of Finance due to the slow pace of expenditure up to the end of the 3rd quarter of the respective financial years were as follows:

- a) Payment for goods and services became due only after receipt and acceptance of deliverables only in the later part of the financial year.

b) For construction activities, before incurring expenditure codal formalities are to be completed. This process usually takes up the first two quarters of the financial year and implementation commences thereafter. Therefore, expenditure was incurred only during the last quarter of the financial year, leading to cuts at the stage of RE.

IV Allocation during 2018-19

13. It has been informed that the revised scheme architecture for the Department of Posts was received from Ministry of Finance, Department of Expenditure communicating that w.e.f. 2017-18, in the Department of Posts, 4 Central Sector Schemes would be operational – Postal Operations, Human Resource Management, Estates Management and India Post Payments Bank. The details for the financial outlays during 2017-18 and 2018-19 are as under:

**(Rs. in
crore)**

Sl.No	Name of the Scheme	2017-18		2018-19	
		Proposed Outlay	Approved Outlay	Proposed Outlay	Approved Outlay
1.	Postal Operations	2243.81	442.56	2350.30	715.00
2	Human Resource Management	71.90	33.94	92.41	60.00
3	Estates Management	1092.00	73.50	489.50	85.00
4	India Post Payments Bank	300.00	500.00	585.00	300.00
	Grand Total	3707.711	1050.00	3517.21	1160.00

14. The Department of Posts had proposed a financial outlay of Rs. 3517.21 crore during 2018-19, however, Rs. 1160 crore has been approved by the Ministry of Finance. On being specifically asked about the priorities of the Department during 2018-19, it has been stated that each and every Scheme/activity being implemented by the Department is of

priority, however, the main emphasis is being on IT Induction and Modernization project, India Post Payments Bank and Mail Operations to effectively utilize the allocated funds without disturbing the productivity of the Department, it will be ensured that specific plans are drawn up along with activities and timelines by the beginning of the financial year so as to optimize planning, tasked with appraisal and approval of projects work within laid down timelines, so that implementation can commence early in the first quarter of the financial year of the project period. Constant monitoring of the projects will be done.

15. On being asked whether the budgetary provisions under various heads are adequate enough to undertake the different activities under those heads, the Department replied in negative. The schemes that would suffer due to less allocations are stated to be Mail Operations including Establishment of e-commerce/Parcel Booking/International Business Centres, IT Induction & Modernization projects, Business Promotion & Marketing Research and Product Development.

16. It has been added that the Department had proposed the funds to the tune of Rs. 3517.21 crore during the financial year 2018-19 in anticipation of the approval of the Umbrella scheme "Postal Operations", but the same was not approved. Some observations were made by the Ministry of Finance and the Department is working on the same. Once the EFC for the Umbrella scheme "Postal Operations" is duly approved by the Department, they may seek for additional funds during the coming stages.

17. It has been informed that "Postal Operations" is an umbrella Central Sector scheme of the Department of Posts w.e.f. 2016-17. There are 8 sub schemes in this scheme, which are all continuing from the 12th Plan period, which are as under:

SUB SCHEME I : RURAL BUSINESS & ACCESS TO POSTAL NETWORK

SUB SCHEME II : MAIL OPERATIONS

SUB SCHEME III : POST OFFICE SAVINGS BANK OPERATIONS

SUB SCHEME IV : POSTAL LIFE INSURANCE OPERATIONS AND PROMOTION

SUB SCHEME V : IT INDUCTION & MODERNISATION

SUB SCHEME VI : BUSINESS PROMOTION, MARKETING RESEARCH AND PRODUCT DEVELOPMENT

SUB SCHEME VII & VIII : PHILATELY OPERATIONS AND QUALITY OF SERVICE

18. Brief Summary of the Demands for Grants 2018-19 in respect of the Ministry of Communications (Department of Posts) is as indicated below:

(in Crore)

Particulars	Actuals 2015-16	Actual 2016-17	BE 2017-18	RE 2017-18	BE 2018-19	% Inc./Dec. of Col 5 over Col. 3	% Inc. /Dec. of Col 6 over Col. 5
1	2	3	4	5	6	7	8
Revenue Section							
Gross expenditure	19654.67	24211.85	25058.21	27312.42	28365.04	12.81	3.85
Deduct Recoveries	707.7	730.9	793.18	782.75	820.27	7.09	4.79
Net expenditure	18946.97	23480.95	24265.03	26529.67	27544.77	12.98	3.83
Postal Receipts	12939.79	11511.00	15210.03	15418.16	16956.11	33.94	9.97
Deficit	6007.18	11969.95	9055.00	11111.51	10588.66	-7.17	-4.71
Capital Section							
Gross expenditure	335.16	504.45	495.00	819.15	907.52	62.38	10.79
Deduct Recoveries							
Net expenditure	335.16	504.45	495.00	819.15	907.52	62.38	10.79

It may be seen from above that the gross expenditure of the Department of Posts is having an upward trend year after year. Further,

deficit has been increased during 2016-17 as compared to 2015-16 and Actual figures for the year 2017-18 is not available with the Department.

19. In this regard, the Department has admitted that there has been certain increase in the gross expenditure of Department of Posts over the past years and clarified that there are primarily two major components of Gross expenditure, viz. Salaries and Pensions, which constitute more than 90% of the gross expenditure. The gross expenditure regarding salaries has increased due to hike in D.A., encashment of leave during LTC, etc. India Post has the largest postal network with 1.55 lakh Post offices, out of which nearly 90% are in rural areas. In order to fulfill Universal Service Obligation, Post Offices in Rural areas are considered justified if they are able to cover 33.33% of the expenditure (15% in hilly/tribal areas) and to keep these offices operational, the necessary cost has to be incurred by the Department. Increase in cost of materials, hike in cost of carriage of Mails through Railways/Air /Road, Broad band connectivity, IT induction, AMC, fuel cost, increase in rental etc. have resulted in increase of expenditure. Therefore, it is not feasible to cut down the operational expenses of the Department due to the increasing costs on one hand and obligation to provide Universal Postal Services to the citizens at affordable costs throughout the country on the other hand.

20. The Committee enquired about the initiatives being taken by the Department to increase the revenue receipts in order to reduce the gap between expenditure and revenue. In reply, it has been stated that the revenue deficit of the department has shown an increase in the last year on account of two factors – first increase in expenditure and second decline in revenue. Business Development & Marketing Directorate offers a number of premium services like Speed Post, Express Parcel, Business Parcel, Logistics Post etc. to generate additional revenue for the Department. Further, the Department of Posts periodically reviews its services and products keeping in view the changing market scenario, customer needs, industry benchmarks etc. and takes steps/action to modify service features to improve the postal services and boost the

revenue growth of the Department. Technology integration and infrastructure upgradation is also being done in a systematic manner to increase the efficiency and throughput and reduce the cost of operation and thereby decreasing revenue deficit. The Department has focused approach to cater to the needs of the emerging markets viz. eCommerce to increase its revenue.

21. In this context, the Department has stated that low level of awareness, promotion & publicity has been seen as a challenge with the Department to increase its customer base and Department behind the market offerings/ strategies in this front. However, now Department is also taking parallel action to create more awareness amongst public and specific target groups with benefits of and also to promote the same so that more customers are attracted to avail the services of the Departments.

22. It has further been informed that the Post Office network is leveraged to provide third party products and services like sale of application forms of various educational institutions & recruiting agencies, sale of railway reservation tickets, passport related services, Aadhaar related services, sale of Rakhi envelopes etc. The Post Offices are being transformed into a 'one stop shop' to provide a range of utility services to the customers in association with third party. The following initiatives of the Department are expected to help increase its revenue outcomes and control the deficit:

- Department of Posts and UIDAI have agreed to provide Aadhaar Enrolment and Updation services through select Post Offices. Ministry of Finance has allotted Rs.200 crore as financial assistance for setting up of Aadhaar Enrolment and Updation Centres in 13,466 Post Offices. As on date, 4311 Aadhaar Enrolment and Updation Centres have been opened. Procurement of equipment through GeM and training of DoP manpower for opening of remaining Aadhaar Enrolment and Updation Centres is underway.

- In view of the mandate to utilize Head Post Offices as the front office for rendering passport services, the Ministry of External Affairs (MEA) and the Department of Posts have agreed to utilize the post offices in various parts of the country as Post Office Passport Seva Kendra (POPSK) for delivering passport related services to the citizens. Of the 251 POPSKs identified by MEA, 64 have been opened and 143 POPSKs are in different stages of readiness for inauguration. More than 5.69 lakh passport appointments have been processed till 31.01.2018 from these POPSKs.
- Passenger Reservation Tickets are being issued through post office counters under a MoU signed with the Ministry of Railways. Presently, India Post PRS are available in 330 post offices across the country.
- Government of India introduced Sovereign Gold Bond scheme (SGB) in the Union Budget 2015-16. During the nine tranches issued in last and current financial years, 142063 Sovereign Gold Bond applications worth Rs. 164.30 Crore were collected through Post Offices across the country during these tranches.
- Department since 10.07.2016 has started distribution of Gangajal sourced from Gangotri and Rishikesh through Post Office counters as well as through online portal 'ePostoffice.gov.in'.
- Philately stamps and e-IPO (Electronic Indian Postal Order) for payment of RTI Fee are also being sold online through portal 'ePostoffice.gov.in'
- Department of Posts has introduced a new initiative of 'Post Shoppe' which is aimed to generate additional revenue by utilizing the vacant space in Post Offices. Presently, around eighty 'Post Shoppe' are functional across the country and these have been well received and appreciated by the customers with increasing footfalls.
- Energy Efficient Services Limited (EESL) under the Government's first energy efficiency pan-India scheme UJALA (Unnat Jyoti by Affordable LEDs for All), sets up LED distribution centres across the nation to

provide people with affordable LED bulbs. EESL has distributed over 14.4 crore LEDs in 17 States and UTs and aims to sell about 77 crore LED bulbs across the country by 2019.

- Madhya Pradesh, Karnataka, Odisha, Jharkhand, Uttarakhand & Delhi Circles have tied-up with EESL for distribution of said items under Circle Business Package. In order to further strengthen the distribution network and promote sale of energy efficient items in other State as well, Common Commission structure has been finalized with EESL and a draft of MoU to be signed with EESL is under finalization.
- Tie ups have also been made with Railway Recruitment Boards, CBSE and various universities/institutions etc. for collection of their examination fee through Post Offices.
- Organising seminars/Melas/Road Shows to open new accounts.
- Targeting the poor for opening of saving accounts with Rs. 20 as number of transactions is less in saving account in comparison to other schemes.
- Fixing targets for each post office right from the level of EDBOs for opening of new accounts.
- Targeting every depositor having RD and MIS account to open saving account and give standing instructions for transfer of monthly instalment /interest automatically from/to saving account.

23. The Committee also wanted to know the advance measures being taken by the Department to contain the expenditure at least at the proposed level of Rs. 28365.04 crore during 2018-19. In reply, it has been stated that the expenditure is monitored and reviewed continuously at various levels including the apex level. Regular Video Conferences are held by the Secretary (Posts) with all the Heads of Circles, so as to ensure that the expenditure is kept within the budgetary ceiling and it is emphasized that budget allocation is commensurate with the revenue. Any short fall in the revenue will have curtailment in the budgetary allocation by Ministry of

Finance. As such necessary guidelines and directions are issued in this regard from time to time by the Directorate. Letters were issued on regular basis at the level of JS & FA and Secretary (Posts) to all the heads of Circles to adhere to the instructions relating to budget and austerity measures of Ministry of Finance strictly. The authorities and field units holding and managing the funds and incurring expenditure are issued regular instructions to keep their expenditure within the Budget allotments under each head of accounts. Each postal circle also has a designated Internal Financial Advisor to ensure control over expenditure and budgetary management.

24. On being enquired, the details of revenue receipts of the Department of Posts under various heads/items during the last three years are given as under:

(Amount in Crore of

Rupees)

Year -->	2015-16			2016-17			2017-18		Actual Up to
	BE	RE	Actual	BE	RE	Actual	BE	RE	
Items of Revenue Receipt									31.01.2018
Speed Post	1487.17	1575.00	1605.25	1680.00	1825.00	1783.00	2420.00	2500.00	1502.60
Business Post	1019.59	935.00	735.93	1000.36	865.00	752.52	1320.00	1335.00	618.15
Bill Mail Post	77.61	100.36	99.04	109.55	119.55	77.15	165.00	166.00	46.00
Express Parcel Post	91.29	64.35	58.77	68.80	78.80	64.17	165.00	166.00	46.05
Business Parcel Post	0.00	84.00	90.22	92.01	157.01	94.80	275.00	275.00	61.53
Retail Post	71.50	90.25	76.87	96.60	80.00	67.68	110.00	70.00	61.35
Logistic Post	17.39	25.00	15.52	20.36	20.36	16.31	27.00	19.00	12.02
Sale of Postage & Service Stamps	735.74	529.76	441.75	559.54	567.40	470.90	610.00	660.00	327.40
Commission on Money	668.34	669.62	464.84	710.63	570.66	284.62	769.05	569.09	191.65

Orders & IPOs									
Others	1031.38	1326.66	1567.72	1442.16	1496.22	814.03	1770.34	1871.30	771.30
Total Revenue from P.O.(Including Commission from NERGA)	5200.00	5400.00	5155.91	5780.00	5780.00	4425.17	7631.39	7631.39	3638.05
SBCC									
Management of SB Govt. Securities	6358.29	6709.03	7190.82	7483.76	6304.02	6816.17	7048.14	7247.70	5992.43
Management of Saving Certificates	478.58	504.98	593.05	563.29	474.50	269.66	530.50	539.07	288.67
Total SBCC	6836.87	7214.01	7783.87	8047.05	6778.52	7085.83	7578.64	7786.77	6281.10
Total Revenue	12036.87	12614.01	12939.78	13827.05	12558.52	11511.00	15210.03	15418.16	9919.15

It may be seen from above that the revenue receipt of the Department of Posts during 2016-17 had decreased to Rs. 11511,00 crore from Rs. 12939.78 crore in 2015-16. However, RE, 2017-18 is Rs. 15418.16 crore.

25. As regards the initiatives being taken by the Department in the field of e-Commerce and the constraints, if any, being faced in this regard, it has been stated that the emerging e-Commerce market is being perceived as a business opportunity by the Department of Posts by way of offering supply chain management services including Cash-on-Delivery services to e-Commerce entities. With the growth in e-Commerce business, there is an increasing demand for delivery services as well as value addition services like Cash-on-Delivery etc. With the improvement in service quality i.e. timely delivery, safe and secure handling by augmentation of infrastructure, technology induction etc., Department of Posts is aiming to earn good revenue from e-Commerce business

26. Department of Posts has a focused approach to fulfill the needs of the e-Commerce sector to increase its revenue receipts. As a part of the strategy to provide logistic and payment solutions to such customers, it has rationalised its service offerings for Parcels and introduced Cash-on-Delivery facility. The Department has collected and remitted more than Rs.2700 crore under Cash-on-Delivery till January 2018 since its introduction in December, 2013 to the e/Tele commerce customers.

27. Department of Posts offers delivery as well as Cash-on-Delivery facility to the e-Commerce players to provide them last mile connectivity as well as payment/ remittance solutions. Department offers Express Parcel/ Business Parcel as well as Speed Post service to cater to the needs of e-Commerce companies. E-Commerce business has given a boost to Speed Post revenue which is showing an increase of 13% in the current year and total revenue earned under Speed Post till January 2018 is Rs.1502.60 crore.

28. In order to strengthen the position of India Post in the e-Commerce business, Department of Posts has taken a number of initiatives as follows:

- i) In order to be the first choice of the customers in this segment, Department is continuously reviewing its service offerings
- ii) Traditionally companies/ organizations having their mail/ parcel operation at more than one place had to enter into multiple agreements (BNPL) with the Department at different locations which had been causing inconvenience to the companies in availing services of the Department especially to the eCommerce companies which are operating multiple warehouses or operate in purely market place model as they have centrally controlled operation. In order to facilitate these businesses in availing distribution and delivery services of the Department with ease, following facilities are provided to customers under National Account facility:
 - a. Single agreement – no need of multiple agreements at each location

- b.** Bill generation at single point- all the bills are consolidated in the system and a single bill is generated
 - c.** Payment at single point
 - d.** Guidelines for volume based discount and value added services have been modified in a manner to attract more business from the customers giving a facility for consolidation of the volume for discount purpose as well. Further volume discount also introduced for walk – in customers also who offers good business volume at the time of booking
- iii) As the delivery plays the most crucial role in developing e-Commerce business, in order to improve the delivery performance Department of Posts has taken several other initiatives which will go long way to attract more business volumes for the Department in e-Commerce segment. Some of them are as follows :
 - a.** Outsourced Postal Agent scheme: Scheme has been introduced with a view to extend door pickup and delivery of various kinds of articles especially e-Commerce parcels. So far 235 such agents have been appointed. Department has recently reviewed the provisions of the scheme and same has been modified with a view to provide better support to the Department by extending the reach and better quality services to the customers. In order to ensure quality performance and enhanced visibility performance based remuneration system has been put in place and apart from individuals, firms have also been authorized to undertake these activities on behalf of the Department. This initiative will not only enable the Department to offer delivery services with more flexibility as desired by the customers but will also create huge employment opportunity.
 - b.** Mobile App for Postman: Department has also developed at 'Mobile App' to effect the delivery of articles and making provision for instant upload of the delivery information from the delivery location itself. Pilot for same is undergoing at select locations. Further Department is also supplying Rural ICT devices to the

Branch Post offices which will enable them to upload the delivery information from BO itself, thereby filling the biggest gap in the last mile delivery by Department,.

- c.** Nodal Delivery System: Department has established Nodal delivery system in the identified cities with a view to mechanise the delivery of parcel and have an efficient delivery of the heavy articles. 204 vehicles (Maruti Omni and Eeco) also have been supplied to the Circles in this regard. This has helped Department in providing same day/ next day assured delivery of the consignments in certain segments.
- d.** Technological improvements: Department is reviewing its all the parameters on a regular manner and also takes steps to improve same. In this context Department has modified its Meghdoot software to provide more visibility to the articles in the supply chain. Further Department is in process of roll out of 'Core System integrator' (CSI) as part of India Post IT Modernization project which will provide an online platform for mail operations and real time visibility for the articles status which is being seen as a big challenge at present with the Department while serving e-Commerce customers.
- e.** Engagement of Consultant: Department of Posts has engaged a consultant to prepare road map for the Department identifying short, medium and long term strategies and will also suggest the network optimization to increase the output and ensure optimum utilization of available wherewithal.
- f.** Automatic Parcel Booking Kiosks: In order to provide convenience to the customers, with a facility of 24x 7 booking facility, without any manual interface, Department plans to provide Automatic Parcel Booking Kiosks. An RFP has already been issued in this regard which is under evaluation.
- g.** Return Management Solution: Apart from doing the operational and technological improvements, Department is also identifying potential and new areas related with e-Commerce business to

generate additional revenue for the Department and reduce the deficit. In this context, Department has issued guidelines for 'Return Management Service' which will be implemented w.e.f. 01.04.2018. Under this facility, Department will facilitate e-Commerce companies to collect the returned/ refused consignments from the premises of customers. This sector is having promising opportunity and Department is already having a pilot with Amazon in this regard.

29. Apart from above, Department is having a continuous delivery and performance monitoring system at various levels to examine the gaps and take necessary action to fill them. It is assured that above actions will enable the Department to have a better focus on the potential areas and also get greater market share in e-Commerce market. So far it has been a successful business initiative, which is evident from the revenue generated:

Year	Revenue from e-Commerce business Rs. in crore
2014-15	172
2015-16	310
2016-17	345

V IT Induction & Modernization

30. The Committee have been informed that "IT Modernization Project" of Department of Posts was approved by the Government in November 2012 with a total outlay of Rs. 4909 crore. The Project involves computerization and Modernization and networking of 1,55,000 Post Offices in the country, including 1, 30,000 Branch Post Offices in rural areas run by the Gramin Dak Sevaks. The project involves providing Central Server based integrated, modular and scalable solution for all the operations of Department of Posts including Mails, Human Resource,

Banking, Insurance and Finance & Accounts. It also involves creation of IT Infrastructure like Data Centre, Disaster Recovery Centre, setting up of a Wide Area Network (WAN) and providing solar powered and portable hand-held computing devices(Micro ATM compliant) to all the Branch Post Offices.

31. It has further been informed that the Project is being implemented through eight different segments. Brief scope of work for each segment is given below:

- i) Data Centre Facility (DCF): Hosting of Primary Data Centre and to build & operate the Disaster Recovery Centre at Department of Posts (DoP) facility.
- ii) Network Integrator (NI): Provisioning of Wide Area Network (WAN) at all DoP's Departmental offices, Data Centre (DC) and Data Recovery Centre (DRC), Network management & operations. The vendor shall also manage and maintain the complete network infrastructure as deployed till the completion of the project.
- iii) Financial Services System Integrator (FSI): Implementation of Core Banking solution (CBS), Insurance, and Enterprise content management system (ECMS) solutions in all Post offices, Data Migration, ATMs and Operations and Maintenance (O&M) support for the period of contract.
- iv) Core System Integrator (CSI): Implementation of Mail, F&A, HR, Customer Interaction solutions in all Post offices, Data migration, Coordination, Overall integration, centralized 24x7 Service desk operation and O&M support over the contract period.
- v) Change Management (CM): Creating awareness for all employees of the Department about the changes in working environment on implementation of IT Project through training, workshops etc.
- vi) Mail Operations Hardware (MOH): Supply of hardware for Postal and Mail Processing offices such as in-facility desktop computers, printers, scanning devices and postman handheld devices

- vii) Rural ICT – Hardware (RH): Supply of RICT Hardware devices for all 1,30,000 Rural Post Offices, Network Connectivity to the devices & support and maintenance during the contract period.
- viii) Rural ICT – System Integrator (RSI): Implementation of MGNREGS application, electronic Money Order (eMO) application for RICT Hardware Devices & Deployment of the complete Rural ICT solution in 1,30,000 Rural post offices (BOs),O&M Support over the contract period.

32. The Committee wanted to know the financial targets vis-à-vis achievements on the project during each of the 5 years of the 12th Plan. In reply, the details are given as under:-

(Rs. In Crore)

Sl. No.	Year	Allocation at BE stage	RE	Actuals	%age of achievement
1	2012-13	516.00	109.36	26.13	5.06
2	2013-14	532.21	295.74	254.78	47.87
3	2014-15	506.39	86.80	88.85	17.54
4.	2015-16	276.40	331.10	306.98	111.06
5.	2016-17	176.61	188.37	188.41	106.68
	Total	2007.60	1011.37	865.15	85.54

33. The year-wise details with regard to slow progress of work are detailed as under:

- 2012-13: As this was the first year of the Plan period and the outlays were communicated by Planning Commission in October, 2012, the activities could not take off as anticipated.
- 2013-14: Due to non materialization of RFPs in some of the activities and time taken for finalization of agreements with the selected bidders the activities could not take off as anticipated.
- 2014-15: Due to non materialization of RFPs in some of the activities and time taken for completion of codal formalities with the selected bidders, the activities could not take off as anticipated.

- 2015-16: Additional funds were provided by Ministry of Finance during 2nd Batch of Supplementary Demands for Grants 2015-16 which resulted higher allocation and therefore higher expenditure with regard to BE.
- 2016-17: Fund utilization is 106.68% of BE

34. Further, out of an allocation of Rs. 435.08 crore, Rs. 264.55 crore (60.80%) have been utilized till 31.01.2018. It has been stated that more funds have been sought at RE stage and the progress is fast. Rs. 375 crore has been allocated for the scheme during 2018-19.

35. The details with regards to the proposal to optimally utilize the allocated funds of Rs. 375 crore during 2018-19 are given as under:

Name of the central sector Scheme / Sub Scheme	Financial Outlay 2018-19	Output/deliverables against the outlay 2018-19	Projected Medium-Term outcomes
IT Induction and Modernization	375 (300 Crores for Payment of committed expenditure of Contracts and 75 Crore for procurement of hardware by Technology Division)	(i) Digitization of 1.29 Lakh rural post offices under DARPAN Project and maintenance of the same thereafter, (ii) Implementation of ERP based IT in all the 430 Divisions across the country under CSI Project	(i) To create an integrated network of 154000 post offices by integrating them with the data center through Single Wide Area Network to provide an efficient core banking and insurance system in about 23000 urban post offices through FSI and CIS Project and 1.29 Lakh rural post offices through DARPAN Project. (ii) To contribute in the

		<p>and maintenance of the same thereafter,</p> <p>(iii) Maintenance of Data Centre (DC and DRC), Network connectivity(NI), and the Financial Services Integrator (FSI) Project</p>	<p>mission of Financial Inclusion by provision of banking, insurance, remittances, pensions.</p> <p>(iii) Effective delivery of postal services by strengthening the mail office hardware and complete implementation of Core Systems Integrator Project.</p>
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VI Estates Management

36. The Committee have observed that Rs. 175.86 crore was allocated on the Scheme during the 12th Five Year Plan, however, only Rs. 118.50 crore (67.38%) could be utilised. When asked about the reasons for under-utilisation of funds, it has been stated that the projects of Estates Management are subject to certain uncertainties of site specific problems of pile foundation, congested sites and delays on account of regulatory factor such a non-availability of sand and mud required for landfills. There are some projects which suffered delays on account of Municipal approvals required for buildings. Despite that 34 building projects were completed. Of a total of 28 spill over projects, nine building projects have been completed till date and nine would get completed by July 2018 and remaining by the end of the year. The details of spill over building projects including their expected date of completion are as under:

Sl. No.	Name of Circle	Name of project	Completed/expected time
1	AP/Telangana	Re-construction of Machilipatnam HO	September 2018
2		Kukatpalli PO	Completed
3		Amadavatsala PO	March
4	Bihar	Sitamarhi Bazar PO	Completed
5		Begusarai HO	February
6	Gujarat	Halol (MDG)PO	6 month
7		Rankuva PO	Oct-Nov
8	Himachal Pradesh	Amb (Una) LSG PO	March
9	Karnataka	Jyothinagar PO	March
10	MP	Pandhurna PO	July
11		Alirajpur (Indore) PO	July
12	Maharashtra	EDC Goa	July
13		Mahur PO	Completed
14		Hingoli PO	Completed
15	Rajasthan	Hiran Magri PO	Completed
16		NagarPO	Completed
17		Pudhucherry Bazar PO, DO & Customer care centre.	CPWD congested area
18		Re-construction of deptt. bldg at Kuzhithurai PO	July-Aug
19	UP	Fatehgarh HO	July
20		Tetri Bazar (Siddarth Nagar) PO	April
21	West Bengal	New Town PO, Rajarhat, Kolkata	Upto Dec (4 Years drawing and pile foundation site congested)
22		Oral Katcha (Baratang) PO A&N Island	Completed
	North East Region		
23		Dimapur MDG	
24	Bihar	DA (P) Patna	Sand requirement
25	TN	RO Coimbatore	Foundation 1 ½ years IIT madras drawing and design
26	WB	Lift at Yogayog Bhawan	Completed
27	AP	Lift at Visakhapatnam	Completed
28	Telangana	Lift at Dak Sadan	-

37. With regard to the precautionary measures being taken to avoid such shortfalls in the coming years, it has been informed that for timely execution it is proposed to outsource the pre-construction activity of preliminary, detailed drawing and municipal approvals through Consultants/architects. This will be done to fast pace the project work as there is shortage of in-house staff that hampers the progress of pre-construction works, thus delaying the projects.

38. It has been observed that as against the allocation of Rs. 73.50 crore allocated under the Scheme during 2017-18, the utilization of funds up to December, 2017 has been to the tune of Rs. 25.03 crore.

39. As regards likely utilization upto 31 March, 2018, it has been stated that entire funds allocated during the year will be utilized as the projects such as establishment of 660 counters for India Post Payment Bank, construction of 1066 toilets including 418 differently abled toilets and installation/replacement of LED lights for 1639 Departmental Post Offices have been accorded the highest priority of the Department to be completed by 31st March, 2018. However, a shortfall of Rs. 2-3 crore of financial target for the North East might occur due to topographical and operational constraints arising out of landslides and law and order problems.

40. The Committee have observed that Rs. 85 crore have been allocated for the scheme during 2018-19. As stated, the thrust of the scheme is to provide critical infrastructure for easy access to postal services by completing 22 projects, including major activities like construction of offices and related activities. It is also planned to construct 45 small post offices and Mail Offices with locally available material; Face lifting of 23 Postal Buildings and assets Purchase of 1 plot; Construction activities to address Gender concerns (40 projects) is also included; Training for modern building techniques is also planned. To a query, it has been informed that there are 1750 vacant plots of the Department. Further, the

Department has paid Rs. 137.94 crore on hiring buildings on rent for running post offices.

VII Human Resource Management

41. With the growth and development of Information Technology, skill based training has become a pre-requisite for the success of any organization. Department of Posts in order to hone the skills of its employees prepared a comprehensive scheme for the 12th Plan. The scheme included imparting of Institutional in service training, technology training, business orientation programme, capacity building and development of infrastructure. Department has set up training centres for officials belonging to Group 'A' and other officials such as Group 'B' and Inspectors/ASP, Postal Assistants, Sorting Assistants, Postmasters, Accounts Personnel, Postmen, Mail Guard, Mail Overseer, MTS and Gramin Dak Sewaks etc.

42. To manage this large scale implementation which impacts a large number of users directly or indirectly, a comprehensive and well-structured training approach has been planned. Training approach ensures that the required user groups receive sufficient training to equip them with the skills and knowledge required to efficiently use or be aware of the new processes and/or systems. It will also identify who needs to be trained, training delivery methods, training development and delivery resource. During 12th Plan 464040 officers/officials were covered under various training programmes.

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

(Rs. in crore)

Sl. No.	year	Allocation at BE stage	Achievement	Percentage of achievement
1	2012-13	28.20	23.81	84.43
2	2013-14	27.00	22.72	84.14
3	2014-15	31.30	22.33	71.34
4.	2015-16	20.66	25.13	121.64

5.	2016-17	39.62	30.00	75.72
	Total	146.78	123.99	84.47

44. The year-wise details on the reasons for slow progress are given as under:

2012-13: Maximum funds were utilized, however physical targets achieved in respect of all the activities.

2013-14: Maximum funds were utilized, however physical targets achieved in respect of all the activities.

2014-15: The allocation was reduced at RE stage due to the curtailment of funds by Ministry of Finance at RE stage. The RE outlay was fully utilized.

2015-16: Additional funds were provided at FG stage, hence the funds were utilized to the maximum extent.

2016-17: Some of the activities did not materialize as anticipated, therefore, the allocations were subsequently reduced at RE / FG stages.

45. The Committee have further observed that during 2017-18, against BE and RE of Rs. 33.94 crore, Rs. 6.19 crore have been utilized till December, 2017. Further, during 2018-19, BE of Rs. 60 crore has been fixed. As regards the plan of action during the year, it has been informed that the thrust of the scheme HRM is to nurture human capital in the form of highly trained man power skilled in technology systems and oriented towards the customer. 46000 officials are to be trained in 2018-19. The activities include setting up of 1 Postal Training Centre (PTC), 2 other Building projects, 3 Regional Training Centres (RTCs), and upgradation of 55 existing Work Place Training Centres (WTCs).

46. In response to a specific query with regard to the public response to the Jan Suraksha Schemes viz. Pradhan Mantri Suraksha Bima Yojna (PMSBY) and Pradhan Mantri Jeevan Jyoti Bima Yojna (PMJJBY) and Atal Pension Yojana, etc., it has been informed that Pradhan Mantri Suraksha Bima Yojna (PMSBY) and Pradhan Mantri Jeevan Jyoti Bima Yojna (PMJJBY) in post offices have been launched w.e.f. 07.09.2015 in all CBS post offices

for all post office saving bank account holders and Atal Pension Yojna (APY) has been launched in post offices w.e.f. 01.012.2015. Public response to these schemes is given as under:

S.No	Financial year	PMSBY Accounts	PMJJBY Accounts	APY Accounts	Total Suraksha Scheme Accounts
1	2015-16	343934	23650	84677	452261
2	2016-17	1168897	75278	109064	1353239
3	2017-1 (Till 11.02.2018)	1828615	96013	43521	1968149
	Consolidation (Up to 11.02.2018)	3341446	194941	237262	3773649

47. It has been added that response of the public towards all the tree Jan Suraksha Schemes has been encouraging, however, low publicity, low visibility, non-aggressive marketing, low pension slabs etc. are some of the reasons for decline in APY enrollments. Department of Financial Services is placing promotional advertisement of the PMSBY and PMJJBY in the national and local newspapers across country. Though in the said advertisement there is mention of bank branch, insurance office or BANK MITRA/Insurance agents, there is no mention of Post offices. Exclusion/non mention of the post offices /DOP as one of the prominent drivers of these schemes will not only adversely affect the performance of DOP towards the various social security schemes provided by the India Post across the country but, also down the morale of postal officials engaged in making PMSBY & PMJJBY enrollment in the field. Department of Financial Services is being requested to include DOP in all its advertisement in the electronic media and also enhance staff incentive.

VIII India Post Payment Bank(IPPB)

48. The vision, mission, mandate and objectives of the payments bank have been stated to be as follows:-

- Mandate - Financial Inclusion through the extensive postal network.
- Vision - Building the most accessible, affordable and trusted bank for the common man.
- Mission - Catalysing easy access to formal financial services by removing the barriers for the unbanked and reducing the opportunity cost for the underbanked populace.
- Objective - To set up a nation-wide financial architecture that will be able to deliver all kinds of payments, remittances, basic banking and access to loans, insurance, etc. not only at the village post offices but at the doorstep of the citizen

49. The Committee have been informed that the Department of Posts was granted In-Principle approval by RBI on 07/09/2015 with a pre-condition to complete all codal formalities and apply for license within 18 months from the date of issue of In-Principle approval i.e. by March 2017. Public Investment Board (PIB) recommended in its minutes dated 18/02/2016 that the Payments Bank may be set up as a Public Limited Company under the Department of Posts with 100% Government of India Equity with a project cost of Rs. 800 crores (Rs. 400 crore equity and Rs.400 crore grant). Cabinet approved the proposal of Setting up of India Post Payments Bank in its meeting held on 01/06/2016 with the direction to complete the proposed roll out of all 650 branches and linkage of all post offices by September 2017.

50. On being asked, the status of implementation of IPPB for 2017-18 is given as under:-

a.) Two pilot branches of IPPB at Raipur and Ranchi with additional six access points have already been launched on 30.01.2017 and the remaining 650 branches will be launched by April 2018.

b.) The preparatory works for roll out of 650 branches including the civil, electrical, branding and furniture are in final stages.

c.) M/s HPGS renamed as M/s EIT Services India Pvt. Ltd. has been engaged as System Integrator (SI) for setting up of IPPB on 14.08.2017. The work for development of technology platform is in advanced stage and user acceptance test (UAT) will start soon.

d.) Training of banking personnel and DoP employees is undergoing in Indian Institute of Corporate Affairs (IICA), Gurgaon and at various postal training centres across India.

e.) Recruitment of personnel for banking operations from various sources is going on. As on date, 80 officers in IPPB corporate office and 159 officers in IPPB branches have been on-boarded.

51. As regards the achievements during 2017-18 in respect of the scheme, it has been informed that as against the target fixed during 2017-18 for setting up of IPPB and roll out of 650 branches by September 2017, two pilot branches of IPPB at Raipur and Ranchi with additional six access points have already been launched on 30.01.2017 and the remaining 650 branches will be launched by April 2018.

52. The Committee have observed that Rs. 500 crore was allocated during 2017-18 for the scheme, however, the allocation during 2018-19 has been downsized to Rs.300 crore. When asked about the reasons, it has been informed that the Revised Cost Estimate proposal was submitted to

Public Investment Board for consideration on 24/11/2017. The PIB chaired by the Secretary, Department of Expenditure appraised the proposal in its meeting held on 14th December 2017 and arrived at its recommendations considering the viewpoints of all stakeholders. The PIB recommended that the total project cost of India Post Payments Bank be revised to Rs. 1,435 crore to enable accelerated rollout of 650 branches by end March 2018 and recommended sanction of a sum of Rs. 635 crore as equity. Further it has stated that the amount of Rs. 635 crore may be provided in BE 2018-19 and released based on expenditure made by IPPB. The allocation for BE 2018-19 of Rs. 300 crore has been made by Ministry of Finance and Department did not propose for downward revision of the allocation for 2018-19.

53. Asked how do the Department strategies to spend the allocation of Rs.300 crore during the year, it has been replied that PIB in its minutes has recommended that a sum of Rs. 635 crore may be sanctioned as equity. Hence the funds of Rs. 300 crore allocated will be utilized as capital infusion into India Post Payments Bank which will be further used to incur the pre-operationalisation expenses related to technology and Human Resource costs. Further, it is proposed to roll out all the 648 branches of IPPB along with their linkage to all 1.55 lakh post offices which will operate as access points.

IX. Budgetary Allocations for North-Eastern Region

54. The Committee enquired about the schemes/activities being undertaken in North-Eastern Regions during the last three years and also the allocation for funds vis-à-vis utilization of funds thereon. In reply, it has been informed as under:

- (i) National Address Database Management Project
- (ii) Mail Network Optimisation Project
- (iii) Upgradation of Speed Post Centres
- (iv) Publicity of Insurance Products
- (v) Opening of Bos/Sos by redeployment/ relocation

- (vi) infrastructural equipment for EDBOs
- (vii) Installation of new improved letter boxes in rural areas
- (viii) Installation of signages for rural Bos
- (ix) Embedding of cash chests at rural Bos
- (x) Improving environment and ergonomics - Project Arrow
Establishment and upgradation of Parcel & logistics centres/hubs/warehouses
- (xi) Marketing function of the department
- (xii) IT Induction & Modernisation project
- (xiii) Development Programmes
- (xiv) In Service Institutional Programme in India & Abroad
(Developmental Programme)
- (xv) Expansion of training facilities
- (xvi) Building Projects
- (xvii) Construction of Post Offices/Mail Offices/boundary walls/
Staff Quarters
- (xviii) Installation of Solar Power Packs; and
- (xix) Construction of Roof Top Rain water harvesting structure

55. It has been observed from the details of allocation for funds viz-a-viz utilization of funds in respect of the activities in NER for the financial year 2014-15, 2015-16 and 2016-17 that against the allocation at RE stage of Rs. 23.46 crore, Rs.52.00 crore and 47 crore, respectively, the utilization remained at the level of Rs. 17.75 crore, Rs.34.72 crore and 34.51 crore, respectively.

56. As regards the reasons for this shortfall, it has been stated that the Departmental network in the North Eastern Region is four percent of the total network of the Department in the country, which has been set up as per the norms. Therefore, the capacity to absorb funds in the North Eastern Region is not to the extent of the mandatory allocation of 10% of the total Plan funds, which leads to underutilization of mandatory 10 % allocation for NE Region.

X. My Stamp

57. When asked about the cost of each stamp under the scheme "My Stamp" , the representative of the Department replied as under:

" Sir in "My stamp", there are two categories. One is "My Stamp" for an individual and another is corporate "My Stamp". In the case of corporate "My Stamp", the cost is Rs. 300 per sheet of stamp and minimum is 5000 sheets. It comes to Rs. 15 lakhs. However, we give 20 percent discount to the corporate customer and we earn a revenue of Rs. 12 lakhs"

58. When enquired specifically about revenue earned by the Department under this scheme in the current year, the representative of the Department replied as :

XX XXX XX This year it is Rs. 2.67 crore only on account of
Customized stamp ...X x X
XXX"

RECOMMENDATIONS/OBSERVATIONS

PART-II

Performance during Twelfth Five Year Plan

The Committee note that the 12th Five Year Plan priorities of the Department of Posts had been development of integrated computerization and networking, with process engineering, to meet rising customer expectations and optimal utilization of the network, enhanced productivity, greater accountability and transparency. To achieve these objectives, the Department had proposed an outlay of Rs. 11433.08 crore. However, it was progressively downsized to Rs. 3468.61 crore at BE stage, and to Rs. 2300.00 at RE stage. Out of the same, the Department could utilise Rs. 2075.68 crore i.e. a shortfall of Rs. 225 crore. There were shortfalls in achievement of the projects in respect of the schemes, viz. 'IT Modernization Project', 'Mail Networking Optimization Project', 'Estates Management' and 'Project Arrow'. The Committee are dismayed to observe that there was substantial reduction of outlays for the schemes during first three years of the Plan to more than half of what was allocated at BE, because of late approval of the 12th plan outlay besides delays in finalisation of RFPs in some of the major schemes of the Department and time taking codal formalities in construction activities, etc. The Committee feel that the plan schemes should have been approved well in advance to enable the Department to

proceed with the execution of the schemes with the availability of the allocated outlays. The resultant downsizing of the plan outlays puts the plan priorities of the Department out of gear which leads to non-achievement of the targets and hence utmost care should be taken in this regard.

Budgetary Allocations during 2018-19

2. The Committee are not happy to note the downsizing of the proposed allocation for various schemes of the Department of Posts. During 2017-18, the Department had proposed an allocation of Rs. 3707.711 crore for its four central sector schemes, viz. Postal Operations, Human Resource Management, Estates Management and India Post Payments Bank. However, the same had been reduced to Rs. 1050.00 crore. Also, during 2018-19, against the proposed allocations for its various schemes to the tune of Rs. 2350.30 crore, Rs. 92.41 crore, Rs. 489.50 crore and Rs. 585.00 crore, respectively, the Department has been allocated funds to the tune of Rs. 715.00 crore, Rs. 60.00 crore, Rs. 85.00 crore and Rs. 300.00 crore, respectively. According to the Ministry, Mail Operations including Establishment of e-commerce/Parcel Booking/International Business Centres, IT Induction & Modernization projects, Business Promotion & Marketing Research and Product Development will suffer due to the less allocations. The Committee are aware that the Department had proposed the allocations for its various schemes keeping in mind their physical targets, and with the reduced budget allocations, the

physical targets will have to be revised downwards. The Committee are of the view that the reduced outlays will adversely affect the progress and growth of various schemes/sub-schemes undertaken by the Department. They, therefore, strongly recommend that the allocations be stepped up suitably at the RE stage and if necessary matter may be taken up at an appropriate level with the Ministry of Finance.

3. The Committee are further informed that higher allocations were proposed in anticipation of the approval of the Umbrella scheme "Postal Operations" having eight sub-schemes, but the same has not been approved as yet by the Ministry of Finance(MoF). After getting EFC for the scheme approved by the MoF, the Department may seek for additional funds. The Committee would like to be informed of the development in the matter.

4. The Committee feel that the plan schemes should have been approved well in advance to enable the Department to proceed with the execution of the schemes with the availability of the allocated outlays. The resultant downsizing of the plan outlays puts the plan priorities of the Department out of gear which leads to non-achievement of the targets and hence this must be avoided.

5. The Department of Posts under Demand No. 13 for the year 2018-19 proposed the budgetary allocation of Rs.29272.56 crore, which comprises of expenditure of Rs. 28365.04 crore under revenue section and Rs. 907.52 crore under capital section. The Committee

observe that there has been a continuous increase in expenditure by the Department over the years. The Department's expenditure has increased from Rs.18946.97 crore in 2015-16 to Rs.23480.95 crore in 2016-17 and then to Rs. 26529.67 crore at RE, 2017-18.

The Committee appreciate the various measures being taken by the Department to control their growing expenditure. However they caution that there should not be let up in their efforts and it should be in a continuous manner.

6. Further, the Committee are concerned that the deficit of the Department has increased to Rs. 11969.95 crore during 2016-17 as compared to Rs. 6007.18 crore in 2015-16. The deficit at RE, 2017-18 has increased to Rs. 11111.51 crore as compared to BE, 2017-18 of Rs 9055.00 crore. With this trend of increasing deficit, the Committee apprehend further increase in deficit during 2018-19. The reason advanced by the Department for increase in the revenue deficit is increase in expenditure of the Department and also decline in revenue. The Committee are made to understand that it is not feasible to cut down the operational expenses of the Department due to the increasing costs on one hand and obligation to provide Universal Postal Services to the citizens at affordable costs throughout the country on the other hand.

In view of the foregoing, the Committee are of the opinion that higher revenue realisation is the ultimate solution to reduce the revenue deficit in the coming years. The Committee hope that the

Department would make concerted efforts to strengthen its Business Development activities especially Speed Post, Express Parcel, Business Parcel, Logistics Post etc. and give a focused approach to cater to the needs of the emerging markets viz. eCommerce to improve the position of the Department with respect to revenue receipt.

7. The Committee are constrained to note that the Department of Posts is facing the problem of low level of awareness, promotion & publicity to increase its customer base and Department is lagging behind the market offerings/strategies in this front. The Committee are of the considered opinion that this is one of the important factor in raising the revenue of the Department and therefore require focused and urgent attention. The Committee would like to be informed of the allocation vis-à-vis utilization for this activity of the Department during the last three years and reasons for the shortfalls, if any and steps taken in this regard. They further recommend that an Inter-Departmental Committee be formed to look into this matter and suggest ways and means to increase level of awareness , promotion and publicity needs to increase the customer base.

8. The Committee note with some satisfaction that post offices are being transformed into 'one stop shop' to provide a range of utility services to the customers in association with third party which will help to increase the Department's revenue outcomes. The DoP and Unique Identification Authority of India(UIDAI) have agreed to

provide Aadhaar Enrolment and Updation services through select Post Offices. The Ministry of Finance has allotted Rs.200 crore of financial assistance to set up Aadhaar Enrolment and Updation Centres in 13,466 Post Offices, out of which 4311 Aadhaar Enrolment and Updation Centres have already been opened. Further, the MEA and the DoP would utilize the post offices in various parts of the country as Post Office Passport Seva Kendra (POPSK) for delivering passport related services to the citizens. Of the 251 POPSKs identified by MEA, 64 have been opened and 143 POPSKs are in different stages of readiness for inauguration. The Committee consider these steps in right direction and desire that the Department would continue to play pro-active role in this direction.

9. In this regard, the Committee would like to emphasize that whenever the Department of Posts launch any of the Government welfare schemes or inaugurate Aadhaar Enrolment and Updation Centres and Post Office Passport Seva Kendra, they should invariably invite/associate the local MPs/MLAs who by virtue of being local representatives and enjoying public support and trust make public aware of the benefits of the schemes/enhancement of the various facilities available for them. Further, local units of Doordarshan, AIR and other media units of Ministry of I & B may be approached to get the postal schemes publicized.

10. The analysis of the heads/items-wise details of revenue receipts of the Department of Posts reveals that during 2017-18, in the heads,

viz. Speed Post, Business Post, Sale of Postage & Service Stamps, Commission on Money Orders & IPOs, other items, Management of Saving Certificates, the achievements up to 31.01.2018 is far below the targets. Against RE of Rs. 2500 crore, Rs. 1335 crore, Rs. 660 crore, Rs. 569.09 crore, Rs. 1871.30 crore and Rs. 539.07 crore for the abovementioned schemes respectively, the achievement up to 31.01.2018 has been only Rs. 1502.60 crore(60%), Rs. 618.15 crore(46.30%), Rs. 660 crore(49.61%), Rs.569.09 crore(33.68%), Rs. 1871.30 crore(41.22%) and Rs. 539.07 crore(57.55%), respectively. The Committee are quite apprehensive with regard to achievement of targets in the remaining period of the current financial year in respect of these postal services. The Committee feel that these areas of postal services warrant Department's urgent attention and therefore Department needs to take all necessary steps to give a boost to these postal services.

11. The Committee learn that the Department of Posts perceives the emerging e-Commerce market as a business opportunity by way of offering supply chain management services including Cash-on-Delivery services to e-Commerce entities. With the improvement in service quality i.e. timely delivery, safe and secure handling by augmentation of infrastructure, technology induction etc., the Department is aiming to earn good revenue from e-Commerce business. Further, in order to strengthen the position of India Post in the e-Commerce business, a number of initiatives are being taken.

Also, the Department is having a continuous delivery and performance monitoring system at various levels to examine the gaps and take necessary action to fill them. The Committee are satisfied to find the revenue earned by the Department through e-Commerce business during 2014-15, 2015-16 and 2016-17 which is to the tune of Rs. 172 crore, Rs.310 crore and Rs. 345 crore, respectively.

Keeping in view the tremendous potential and scope in the e-Commerce business, the Committee desire that the Department should continue making serious efforts to provide best services to the public. The India Post must acquire the competitive parity/edge over the privately operated courier service by virtue of faith and trust earned by the Department with masses over the years. The Committee hope that with focused attention and with the initiatives so far taken/proposed to be taken, the Department would have a quantum jump in their revenue receipts. The Committee recommend that more ambitious targets should be fixed in this direction and a road map be prepared to tap the vast potential in e-commerce segment.

IT Induction & Modernization

12. As informed, the scheme "IT Modernization Project" of Department of Posts has suffered a lot due to less allocation than proposed for the scheme during the 12th Plan. However, the Committee are not happy to see the progress in respect of the utilization of funds under this scheme during the 12th Plan. The

Committee can understand the delays in the first year of the 12th Plan due to late approval of the outlays by the Planning Commission. However, they deplore the less utilization of funds during second and third years of the 12th Plan i.e. during 2013-14 and 2014-15 which was to the level of 47.87% and 17.54% only. Though the Department claim for higher expenditure during 2016-17 and 2017-18 with regard to BE of Rs. 276.40 crore and Rs. 176.61 crore, respectively, they cannot misinform the Committee without comparing these allocations with the higher allocations made at BE during the previous years which were Rs. 516.00 crore, Rs. 532.21 crore and Rs. 506.39 crore during 2012-13, 2013-14 and 2014-15, respectively. The Committee are of the opinion that the sanctity of plan should be maintained at all cost and recommend that while preparing budgetary estimates, original targets should be kept in view to avoid any subsequent reduction in the budgetary outlays.

13. The Committee further observe that the achievement in terms of utilization of funds allocated under this Head for financial year 2017-18, the achievements up to 31.01.2018 have been far below the targets. Out of the allocation of Rs.435.08 crore, Rs. 264.55(60.80%) have only been spent till January, 2018.

The Committee feel that the timely completion of the IT induction and modernization projects of the Department is imperative as the adoption of the modern technology in the

present competitive scenario would definitely assist the Department to come over their revenue deficit which is increasing every year. Hence the Committee impress upon the Department to take adequate measures without further loss of time to achieve physical and financial targets during the year. The Committee would like to be apprised of the Actual Expenditure incurred on the scheme as on 31.03.2018.

Estates Management

14. The Committee observe that there was a major shortfall in utilization of funds allocated during the 12th Plan. Out of Rs. 175.86 crore allocated under the Scheme, only Rs. 118.50 crore (67.38%) could be utilised. This is not a satisfactory performance. The Committee are not convinced with the reasons for under-utilisation of funds like certain uncertainties of site specific problems, congested sites and delays on account of regulatory factor such as non-availability of sand and mud required for landfills besides delays on account of Municipal approvals required for buildings. The Committee are of the firm view that all these delays could have been avoided by taking advance measures for timely execution of the projects. Consequently, there is a spill over of 28 projects. The Committee would like the Department to make sincere efforts so that these projects are completed within the revised timelines, without further delay in making their services available to the people.

15. The Committee observe that during 2018-19, Rs. 85 crore has been allocated to the Department of Posts to carry out its various activities under "Estate Management". The targets set are to provide critical infrastructure for easy access to postal services by completing 22 projects, including major activities like construction of offices and related activities, construction of 45 small post offices and Mail Offices with locally available material; Face lifting of 23 Postal Buildings and assets Purchase of 1 plot; etc. The Committee further learn that it is planned to outsource the pre-construction activity of preliminary, detailed drawing and municipal approvals through Consultants/architects to fast pace the project work in order to combat the problem of shortage of in-house staff hampering the progress of pre-construction works, resulting in delays of the projects. The Committee hope that with the advance measures for construction activities, the Department would be able to optimally utilize the funds allocated to them and there will not be any downsizing of the outlay at RE stage.

16. The Committee are constrained to note that on the one hand the Department of Posts have 1750 vacant plots whereas, on the other hand they, have paid Rs. 137.94 crore on rental buildings for running post offices. Considering that a huge amount of the Department's revenue is wiped out on rents, it is high time the Department should come out with concrete plans to utilize vacant

plots available with them. The Committee are of the opinion, the Department may approach local MPs/MLAs and the Government, with concrete plans and strategy in this regard and ask for funds to materialize the projects.

Human Resource Management

17. The Committee are apprehensive of the achievement in respect of the financial target fixed for the scheme during 2017-18. As against RE of Rs. 33.94 crore, the Department has been able to utilise funds to the tune of Rs. 6.19 crore till December, 2017. During 2018-19, BE of Rs. 60 crore has been fixed. The projections are made to nurture human capital in the form of highly trained man power skilled in technology systems and oriented towards the customer. A total of 46000 officials are to be trained in 2018-19, besides setting up of 1 Postal Training Centre (PTC), 2 other Building projects, 3 Regional Training Centres (RTCs), and upgradation of 55 existing Work Place Training Centres (WTCs).

India Post being a service oriented Department, the Committee desire that training modules should be devised in such a way to focussing on reducing the number of complaints. Besides, the Committee are of the opinion the major portion of Rs. 60 crore allocated for the scheme during 2018-19 should be on training programmes and trainers engaged for them rather than investing on the building projects for conducting training programmes, as arrangements for trainings can be done by hiring space on rent.

Therefore, the Committee desire the Ministry to give a sincere thought in this direction and revised the targets accordingly.

Jan Suraksha Schemes

18. The Committee learn that Pradhan Mantri Suraksha Bima Yojna (PMSBY) and Pradhan Mantri Jeevan Jyoti Bima Yojna (PMJJBY) in post offices have been launched w.e.f. 07.09.2015 in all CBS post offices for all post office saving bank account holders and Atal Pension Yojna (APY) has been launched in post offices w.e.f. 01.012.2015. Also the response of the public towards all the three Jan Suraksha Schemes has been encouraging, however, low publicity, low visibility, non-aggressive marketing, low pension slabs etc. are few of the reasons for decline in APY enrollments. The Committee are informed that though Department of Financial Services is placing promotional advertisement of the PMSBY and PMJJBY in the national and local newspapers across country, there is no mention of Post offices in the advertisements, which not only is adversely affecting the performance of the Department towards the various social security schemes provided by them but also loose the morale of postal officials engaged in making PMSBY & PMJJBY enrollment in the field.

The Committee endorse the opinion of the Department in this regard. As informed, the Department of Financial Services is being requested to include DOP in all its advertisement in the electronic media and also enhance staff incentive. The Committee would like to be informed of the progress in this regard. The Committee would

like to impress upon the Department to include a large number of Gramin Dak Sewaks engaged in India Post into the Atal Pension Yojana. They would like to be apprised of the measures taken in this regard.

India Post Payment Bank(IPPB)

19. The Committee are satisfied to note that as against the target fixed for IPPB during 2017-18, two pilot branches of IPPB at Raipur and Ranchi have been opened on 30.01.2017 with additional six access points and the remaining 650 branches will be launched by April 2018. The preparatory works for roll out of 650 branches including the civil, electrical, branding and furniture are in final stages. The Committee trust that Rs. 300 crore allocated during 2018-19 will be fully utilised to roll out all the 648 IPPB branches along with their linkage to all 1.55 lakh post offices which will operate as access points.

Budgetary Allocations for North-Eastern Region

20. The Committee are unhappy to note the under-utilisation of funds in respect of the postal activities in NER during the last three years. During 2014-15, 2015-16 and 2016-17, against the RE allocations of Rs. 23.46 crore, Rs.52.00 crore and 47 crore, respectively, the utilization remained at the level of Rs. 17.75 crore, Rs.34.72 crore and 34.51 crore, respectively.

As stated, the Departmental network in the North Eastern Region is four percent of the total network of the Department in the country, which has been set up as per the norms. Therefore, the capacity to absorb funds in the North Eastern Region is not to the extent of the mandatory allocation of 10% of the total Plan funds, which leads to underutilization of mandatory 10 % allocation for NE Region. The Committee feel that the Department should explore various other possibilities for optimum utilization of funds in the NE Region viz expansion of postal networks in the region, increasing of e-commerce activities in the region and various other schemes/activities/incentives which may be introduced specially for the region and if found appropriate, a committee may be constituted for the purpose.

My Stamp

21. The Committee are unhappy to note that the Department has earned a meagre amount of Rs. 2.67 crore only this year on account of Customized Stamp which has defeated the very purpose of this scheme. They feel that the Department has seriously failed in making this scheme popular amongst masses as there appears to be some serious lacuna with the planning, promotion and publicity of this new venture of the Department which could have become one of the key revenue drivers for the Department. The Committee , strongly recommend that the Department should not only take all possible steps to popularize this scheme but also

make it cost affective for the people so that more and more people resort to this scheme and the Department's volume of business increases. The Committee would like to be apprised of initiatives taken by the Department in this regard.

22. The Committee while taking note of the fact that both post man and post woman are serving the Department, feel that there is a need to change the nomenclature of this post as "Post Person" by making it gender neutral. The Department may , therefore, take appropriate action in this regard and apprise the Committee.

**New Delhi;
12th March, 2018
21st Phalguna, 1939 (Saka)**

**ANURAG SINGH THAKUR,
Chairperson,
Standing Committee on
Information Technology.**

**STANDING COMMITTEE ON INFORMATION TECHNOLOGY
(2017-18)**

MINUTES OF THE ELEVENTH SITTING OF THE COMMITTEE

The Committee sat on Thursday, the 22nd February, 2018 (afternoon) from 1230 hours to 1420 hours in Committee Room No. '2', Extension to Parliament House Annexe, New Delhi.

PRESENT

Shri Anurag Singh Thakur-Chairperson

MEMBERS

Lok Sabha

2. Shri Prasun Banerjee
3. Dr. Sunil Baliram Gaikwad
4. Dr. Anupam Hazra
5. Shri Harish Dwivedi
6. Shri Virender Kashyap
7. Shri Harinder Singh Khalsa
8. Smt. R. Vanaroja
9. Shri Abhishek Singh

Rajya Sabha

10. Shrimati Kahkashan Perween
11. Shri Santiuse Kujur
12. Dr. Vinay P. Sahasrabuddhe
13. Dr. K.V.P. Ramachandra Rao

SECRETARIAT

- | | | | |
|----|-------------------|---|---------------------|
| 1. | Shri R.C. Tiwari | - | Joint Secretary |
| 2. | Shri Y.M. Kandpal | - | Director |
| 3. | Dr. Sagarika Dash | - | Additional Director |
| 4. | Smt. Geeta Parmar | - | Deputy Secretary |
| 5. | Shangreiso Zimik | - | Under Secretary |

Representatives of the Department of Posts (Ministry of Communications)

1.	Shri Anant Narayan Nanda	Secretary (Posts)
2.	Ms. Meera Handa	Member (Plg.)
3.	Shri Tilak De	Additional DG (Coordination)
4.	Ms. Achla Bhatnagar	Member(P)
5.	Ms. Usha Chandra Sekhar	Member(O)
6.	Shri Udai Krishna	Member (Banking & H RD)
7.	Dr. Y.P. Rai	Member (PLI)
8.	Shri Salim Haque	Member (Tech)
9.	Ms. Neelam Sanghi	JS&FA
10.	Shri Dilip Padhye	Sr. DDG (PAF)

2. At the outset, the Chairperson welcomed the Secretary, Department of Posts and other officials accompanying him to the sitting of the Committee convened for examination of the Demands for Grants (2018-19) relating to the Department of Posts (Ministry of Communications) . The Secretary, DoP, then made a power point presentation highlighting the financial performance during 2017-18, revenue receipts, revenue deficit, details of major schemes, new initiatives for revenue generation, financial inclusion schemes, demand for grants for Central Sector Schemes of the Department during 2018-19, e-commerce initiatives, etc.

3. The Members, then, sought clarification on issues relating to computerization of post offices, public response of Jan Suraksha schemes, Estate Management, opening of Passport Seva Kendras and Aadhar Enrolment and Updation Centres, opening of new post offices, complaint redressal mechanism, training requirement, progress with regard to India Post Payment Bank, measures to strengthen e-Commerce business, My Stamp initiatives, etc. The representatives of the Department of Posts replied to some of the queries raised by the Members. The representatives assured the Committee that the written replies to the queries raised which remained unanswered would be furnished at the earliest.

4. The Chairperson, then, thanked the representatives of the Department of Posts for deposing before the Committee.

The witnesses then withdrew.

Verbatim Proceedings of the sitting have been kept on record.

The Committee, then, adjourned.

Appendix-II

**MINUTES OF THE THIRTEENTH SITTING OF THE STANDING COMMITTEE ON
INFORMATION TECHNOLOGY (2017-18) HELD ON 12TH MARCH, 2018**

The Committee sat on Monday, the 12th March, 2018 from 1000 hours to 1030 hours in Committee Room No. '3', First Floor, Extension Parliament House Annexe Building, New Delhi.

PRESENT

Shri Anurag Singh Thakur - Chairperson

MEMBERS

Lok Sabha

2. Shri Lal Krishna Advani
3. Shri Prasun Banerjee
4. Dr. Sunil Baliram Gaikwad
5. Dr. Anupam Hazra
6. Dr. J. Jayavardhan
7. Shri Virender Kashyap
8. Dr. K. C. Patel

Rajya Sabha

9. Shri Suresh Gopi
10. Shri Santiuse Kujur
11. Dr. Vinay P. Sahasrabuddhe

SECRETARIAT

- | | | |
|--------------------------|---|---------------------|
| 1. Shri R.C. Tiwari | - | Joint Secretary |
| 2. Shri Y.M. Kandpal | - | Director |
| 3. Dr. Sagarika Dash | - | Additional Director |
| 4. Smt. Geeta Parmar | - | Deputy Secretary |
| 5. Shri Shangreiso Zimik | - | Under Secretary |

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee convened to consider and adopt the following Draft Reports on 'Demands for Grants (2018-19)':-

- (i)XXXX....XXXX...XXXX...XXXX...XXXX....XXXX...XXXX...XXXX...;
- (ii)XXXX....XXXX...XXXX...XXXX...XXXX....XXXX...XXXX...XXXX...;
- (iii)XXXX....XXXX...XXXX...XXXX...XXXX....XXXX...XXXX...XXXX...;
- (iv) Forty-eighth Report on Demands for Grants (2018-19) relating to the Ministry of Communications (Department of Posts); and
- (v)XXXX....XXXX...XXXX...XXXX...XXXX....XXXX...XXXX...XXXX...

3. The Committee, thereafter, adopted the Forty-eighth Report without any modification.

4. The Committee, then, authorized the Chairperson to finalize the draft Reports arising out of factual verification, if any, and present the Reports to the House during the current session of Parliament.

The Committee, then, adjourned
