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**STANDING COMMITTEE ON  
INFORMATION TECHNOLOGY  
(2019-20)**

**SEVENTEENTH LOK SABHA**

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

**DEMANDS FOR GRANTS  
(2020-21)**

**SEVENTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*March, 2020/ Phalguna, 1941 (Saka)*

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**MINISTRY OF COMMUNICATIONS  
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**DEMANDS FOR GRANTS  
(2020-21)**

*Presented to Lok Sabha on 13-3-2020*

*Laid in Rajya Sabha on 13-3-2020*



**LOK SABHA SECRETARIAT**

**NEW DELHI**

*March, 2020/ Phalguna, 1941 (Saka)*

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## COMPOSITION OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY

(2019-20)

**Dr. Shashi Tharoor - Chairperson**

### **Lok Sabha**

2. Smt. Locket Chatterjee
3. Shri Karti P. Chidambaram
4. Shri Sunny Deol
5. Dr. Nishikant Dubey
6. Shri Vijay Kumar Dubey
7. Choudhary Mehboob Ali Kaiser
8. Smt. Raksha Nikhil Khadse
9. Dr. Sukanta Majumdar
10. Shri Dhairyasheel Sambhajirao Mane
11. Ms. Mahua Moitra
12. Shri P. R. Natarajan
13. Shri Santosh Pandey
14. Shri Nisith Pramanik
15. Col. Rajyavardhan Singh Rathore
16. Dr. Gaddam Ranjith Reddy
17. Shri M V V Satyanarayana
18. Shri Sanjay Seth
19. Shri L.S. Tejasvi Surya
20. Dr. T. Sumathy (A) Thamizhachi Thangapandian
21. Shri Bhanu Pratap Singh Verma

### **Rajya Sabha**

22. Dr. Anil Agrawal
23. Dr. Subhash Chandra
24. Shri Y. S. Chowdary
25. Shri Suresh Gopi
26. Shri Md. Nadimul Haque
27. Shri Syed Nasir Hussain
28. Dr. Narendra Jadhav
29. Shri D. Kupendra Reddy
30. Shri Ronald Sapa Tlau
31. Shri Beni Prasad Verma

### **Secretariat**

- |    |                       |   |                             |
|----|-----------------------|---|-----------------------------|
| 1. | Shri Ganapati Bhat    | - | Additional Secretary        |
| 2. | Shri Y.M. Kandpal     | - | Director                    |
| 3. | Shri Shangreiso Zimik | - | Deputy Secretary            |
| 4. | Smt. Rinku Awasthi    | - | Assistant Executive Officer |

## INTRODUCTION

I, the Chairperson, Standing Committee on Information Technology (2019-20), having been authorized by the Committee to submit the Report on their behalf, present this Seventh Report on Demands for Grants (2020-21) of the Department of Posts.

2. The Standing Committee on Information Technology (2019-20) was constituted on 13<sup>th</sup> September, 2019. 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 Department concerned and make a Report on the same to the Houses.

3. The Committee considered the Demands for Grants pertaining to the Department of Posts for the year 2020-21 which were laid on the Table of the House on 6<sup>th</sup> February, 2020. The Committee took evidence of the representatives of the Department of Posts on 10<sup>th</sup> February, 2020.

4. The Report was considered and adopted by the Committee at their sitting held on 11<sup>th</sup> March, 2020.

5. The Committee wish to express their thanks to the officers of the 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 for the assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

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

**New Delhi;  
11 March, 2020,  
21 Phalguna, 1941(Saka)**

**DR. SHASHI THAROOR,  
Chairperson,  
Standing Committee on  
Information Technology.**

## Report

### Part-I

#### I. Introductory

The Department of Posts, with its network of 1,56,600 Post Offices, is the largest postal network in the world. The beginnings of this vast postal network can be traced back to the year 1727 when the first Post Office was set up in Kolkata. Subsequently, General Post Offices (GPOs) were also set up in the then three Presidencies of Kolkata (1774), Chennai (1786) and Mumbai (1793). To bring some uniformity amongst the then Post Offices, the Indian Post Office Act of 1837 was enacted. This Act was followed by the more comprehensive Indian Post Office Act of 1854. The Act reformed the entire fabric of the postal system and its provisions granted the monopoly of carrying mail in the British territories in India to the Indian Post Offices. The present postal system in India thus came into existence with the Indian Post Office Act of 1854. In the same year, Railway Mail Service was introduced as also the Sea Mail Service from India to Great Britain and China. Thereafter, the India Post Office Act of 1898 was passed which regulated the postal services in the country.

2. The mission of the Department of Posts is 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 and 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 3<sup>rd</sup> Report on Demands for Grants (2019-20)

2. The Third Report of the Standing Committee on Information Technology on the 'Demands for Grants' (2019-20) relating to the Ministry of Communications (Department of Posts) was presented to the Lok Sabha/laid in the Rajya Sabha on 10 December, 2019. Under Rule 34(1) of 'Rules of Procedure of Departmentally

Related Standing Committees (DRSCs)', the Ministry/Department concerned is required to furnish a statement showing the action taken by them on the Observations/Recommendations contained in the Report of the Committee within three months from the date of the presentation of the Report. Accordingly, the Action Taken Notes by the Government on the Observations/Recommendations contained in Second Report on DFG (2019-20) is awaited.

### III. Budget Analysis: Overview of Demands for Grants for 2020-21

3. The Department of Posts presented the Demand for Grants under Demand No. 8 to Parliament for the year 2020-21 on 6 February, 2020. The Revenue and Capital Expenditure under the voted and charged sections is as under:

(Rs. in Crore)

		Revenue	Capital	Total
<b>Charged</b>		0.8	0	0.8
<b>Voted</b>		34056.42	1131.21	35187.63
	Total	34057.22	1131.21	35188.43

### IV. Revenue Section

4. A comparative analysis of the Demands for Grants 2020-21 in respect of the Department of Posts indicating the actual for 2016-17, 2017-18, 2018-19, Budget Estimate, Revised Estimate and Actual for 2019-20 along with BE for 2020-21 is as under-

(Rs. in crore)

Particulars	Actual 2016-17	Actual 2017-18	Actual 2018-19	BE 2019-20	RE 2019-20	Actual 2019-20 (Upto Dec'19)	Proposed 2020-21	BE 2020-21
Revenue Section								
Gross Expenditure	24211.85	26018.84	27994.35	30412.00	31715.88	22878.45	36745.61	34057.22
Deduct- Recoveries	730.90	770.25	821.29	857.35	857.35	548.54	953.00	953.00
Net Expenditure	23480.95	25248.59	27173.06	29554.65	30858.53	22329.91	35792.61	33104.22
Postal Receipts	11511.00	12832.06	13195.68	19203.29	19203.29	9003.82	19283.29	18710.05
Deficit	11969.95	12416.53	13977.38	10351.36	11655.24	13326.09	16509.32	14394.17
Capital Section								

Gross Expenditure	504.44	763.25	811.27	947.74	742.98	532.30	1450.54	1131.21
Deduct-Recoveries	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Expenditure	504.44	763.25	811.27	947.74	742.98	532.30	1450.54	1131.21

(i) **Gross Expenditure**

5. Gross Expenditure is arrived at with the expenditure related to salary, wages, pension, Rent, Rates & Taxes, Professional Services, Maintenance, etc. The Gross Expenditure includes Inter-Branch Adjustment (IBT) and does not include recoveries under the revenue segment. There has been increase in Gross Expenditure in BE to RE during 2019-20, which is due to Annual Increment, hike in DA, Leave Travel Concession, increase in cost price of Oil, Petrol & Diesel, operational expenses on mail conveyance by Mail Motor Service, Rail and Airlines etc. increase in rental, increase in Annual Maintenance Contract (AMC) on implementation of IT induction etc.

6. The Department further replied that there has been gap between the figure of BE 2019-20 & BE 2020-21 due to Annual Increment, hike in DA, Leave Travel Concession, increase in cost price of Oil, Petrol & Diesel, operational expenses on mail conveyance by Mail Motor Service, Rail and Airlines etc., increase in rental, increase in Annual Maintenance Contract (AMC) on implementation of IT induction etc. It is also to state that, it is not feasible for the Department to cut down the operational expenses of the Department due to the increasing cost on one hand and obligation to provide Universal Postal Services to the citizens at affordable costs throughout the country on the other hand.

7. On the obstacles being faced in controlling expenditure, the Department have informed the Committee that the gross expenditure of the Department has been increasing during the last three years. It constitutes two major components i.e. salaries and pension. More than 90% of the gross expenditure is incurred on these two major components. Apart from this, the increase in gross expenditure is on the account of Annual Increment, hike in DA, Leave Travel Concession, cost price of Oil, Petrol & Diesel, operational expenses on mail conveyance by Mail Motor Service, Rail and Airlines etc., Annual Maintenance Contract (AMC) on implementation of IT



induction etc. Department provides obligatory services to the citizens at affordable costs and developing IT induction across the country and also facing market competition. Pension expenditure is being charged under Major Head 3201 - Revenue Expenditure instead of Major Head 2071 - Pensions and Other Retirement Benefits as booked in Civil Ministries.

8. Department of Posts has been making several efforts to reduce the gross expenditure. However, more than 90% of the expenditure of the Department are incurred on the payment of salaries and pensions, where the Department has limited control. The Department are able to restrict operational expenditure below 9% over several financial years in spite of increase in cost of oil, petrol, diesel, operational expenses of Mail Conveyance, annual maintenance contract on implementation of IT induction etc. The Department are vigorously using IT enabled services to optimize the operational costs.

**(ii) Revenue receipts**

9. The details of revenue receipts of the Department of Posts during the last four years i.e. 2016-17, 2017-18, 2018-19 and 2019-20 and also BE 2020-21 are as under:-

**(Rs. in crore)**

	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Proposed</b>	14742.24	17245.44	17301.46	18624.78	19283.29
<b>BE</b>	13827.05	15210.03	16956.11	19203.29	18710.05
<b>RE</b>	12558.52	15418.16	17301.46	19203.29	NA
<b>Actuals</b>	11511.00	12832.76	13195.68	9003.82	NA

*Note: Actual figure of 2019-20 upto Dec., 2019*

10. The Committee asked about the items in which there has been decrease in revenue receipts and the reasons accountable for the declining revenue under these heads to which the Department replied that there has been decrease in the revenue receipt of Business Post, Express Parcel Post, Bill Mail Service, e-Post, MNREGA etc. There is also increase in the revenue receipt of various services such as Speed Post, Business Parcel, sale of Stamps, Philatelic Ancillaries and other Citizen Centric Services (included in other activities) etc. in FY 2018 -19 over FY 2017-18. Some of the important reasons which are accountable for declining revenue in few services are

decrease in personal written communication, means of communication has shifted towards faster and instantaneous communication with the use of mobile phones and internet, introduction of online remittance services such as RTGS, NEFT, UPI, BHIM etc. which has resulted into decrease in traffic of money order and Indian Postal Orders, online payment of examination fees conducted by various agencies such as UPSC, SSC, Railways etc., which was earlier paid through Post offices and Go Green initiative introduced by the various Departments and Corporate Houses have reduced dispatch of physical bills / invoices / financial statements to the customers, which has resulted in decrease in Business Post, Bill Mail services etc.

11. The Department have informed the Committee that several initiatives have been taken to increase the source of income of the Department by leveraging its network. Some of the important new avenues are opening of 13,352 Aadhaar Enrolment cum Updation Centers to provide Aadhaar services at the neighborhood post offices. It is proposed to increase Aadhaar transactions through organizing special camps for which mobile kits have been given to Aadhaar centers, opening of 424 Post Office Passport Seva Kendras for processing passport applications. Attempts are also being made to increase the number of transactions and revenue of Post Office Passport Seva Kendras (POPSKs), tie up with Common Services Centers of MeitY for providing more than 100 citizen centric services through post offices, provision of issue of Digital Life Certificate for pensioners at around 800 post offices for pensioners, India Post Passenger Reservation System (IP-PRS) has not only enhanced the social relevance of the Department but also led to increase in revenue, digitization of payments services by using modern payment platform such as Aadhaar Enabled Payment Services and online payment of premiums of PLI and RPLI and electronic fund transfer in POSB accounts.

12. Post Offices are also being developed as one stop shop to provide a range of utility services to the customers providing convenience and affordability at their door steps. India Post is leveraging the vast network of Post Offices across the country by providing services under Retail Post which include collection of electricity bills, telephone bills, taxes and fees. Railway reservation tickets for all classes are being sold

at select Post Offices in association with the Ministry of Railways. The service is presently available at 341 Post Offices till the end of October, 2019 and the network is being further extended. Tie ups have also been made with various players for sale of third party products viz. sale of agricultural products, Energy Efficient LED Bulbs, Tube lights and Fans by EESL etc. Additionally, as part of Government of India initiative of sale of “Sovereign Gold Bond”, applications are accepted through all Head Post Offices of the Department as and when Tranches are opened by RBI. Arrangements have been made for distribution of “Gangajal” sourced from Gangotri across the country through more than 4000 Post Offices and through online portal i.e. e-commerce portal and e Post Office portal. Arrangements have also been made for door step delivery of “Gangajal” through Speed Post. “Gangajal” is available in bottles of 250 ml. The Post Office is playing an important role in extending the reach of the capital market of the country and also provides the common man an easy access to market based investment options. Presently, Mutual Funds of UTI MF are being retailed through selected Post Offices.

**(iii) Recoveries**

13. The Department informed that it is earning recoveries on the various services like collection of Custom Duty, commission on payment of pension to Railway, commission on disbursement of pension of DOT/ BSNL/ MTNL, share of spread margin received from Western Union Money Transfer, remuneration to the Deptt. of Posts for Postal Life Insurance (PLI), remuneration to the Deptt. of Posts for Rural Postal Life Insurance (RPLI) and Cenvat credit on GST for input services in respect of Dept. of Posts.

14. The details of recoveries of the Department of Posts during the last four years i.e. 2016-17, 2017-18, 2018-19 and 2019-20 and also BE 2020-21 are as under:-

**(Rs. in Crore)**

	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Proposed</b>	676.28	793.18	828.68	857.35	953.00
<b>BE</b>	676.28	793.18	828.68	857.35	953.00
<b>RE</b>	757.41	782.15	828.68	857.35	NA

<b>Actuals</b>	730.90	770.25	821.29	548.54	NA
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*Note: Actual figure of 2019-20 upto Dec.,2019*

15. On being asked about the status of outstanding dues and the time since when they have been pending, the Department replied that outstanding dues for Rs.313.50 Crores are pending since long with DOT/ BSNL/EPF on account of rent for Departmental buildings, telegram handling charges and P&T dispensary charges. This matter has already been taken up with the authorities from various levels including the level of Secretary (Posts). Besides, commission on disbursement of Pension through Post Offices amounts to Rs. 63.54 crore is also pending to be recovered from DOT/EPFO/CMPF/Railways. Efforts are being made to recover the same.

16. The Department further informed that out of Rs. 377.04 crores, Rs. 310 crores (approx.) is due from BSNL and MTNL authority as rent to be paid to the Department of Posts for using building space which are owned by the Department since 1985. The matter has been taken up with the Department of Telecommunications at Secretary level and meetings have been held at senior officers' level to resolve the issue. However, the dues are not received from DoT. The remaining outstanding dues are towards dispensary charges/telegram handling charges /commission on disbursement of Pension through Post Offices from DOT/BSNL/ EPFO/CMPF/Railways pending in the various circles for different periods. These dues are periodically received from other Department/Organization.

**V. Capital Section**

**(i) Gross Expenditure**

17. The details of capital expenditure of the Department of Posts during the last four years i.e. 2016-17, 2017-18, 2018-19 and 2019-20 and also BE 2020-21 are as under –

**(Rs. in crore)**

	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Proposed	1611.83	2414.20	2459.66	1252.73	1435.94
BE	396.26	485.00	895.52	932.74	1131.21
RE	546.26	809.15	812.38	728.25	Yet to be received

Actuals	495.54	749.91	808.9	532.30 (Dec 2019)	
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18. When asked about the shortfall in utilization of funds during 2019-20, the Department replied that the main item of capital expenditures was capital infusion in the IPPB corporate entity for Rs 335 cr which was completely utilized, Information technology projects and its infrastructure upgrade and maintenance amounting to Rs 154.26 cr till Dec 2019 out of Rs 310.3 cr. The main reason for less utilization was non receipt of bills for IT infrastructure and services from the service vendors concerned. The IT capital outlay will be completely paid and capital expenditure incurred by end of March 2020.

19. The Committee have been further informed that the Department has a capital outlay of Rs 1131.21 cr in Budget estimates for the year 2020-2021. The same is likely to be completely utilized by end of March 2021 by payment of bills received for IT infrastructure services, upgradation of Parcel and Mail Offices, maintenance of upgradation of Postal Buildings etc. during the current financial year and by capital infusion in India Post Payments Bank for its growth and operations.

20. The Committee while observing difference between the amount proposed and the amount allocated at BE 2020-21, asked about the steps taken to ensure adequate availability of funds, to which the Department replied that the total capital outlay proposed for schemes for BE 2020-21 was Rs 1435.54 cr and revenue outlay was Rs 775.97 cr. The Department therefore had sought a total scheme allocation in BE 2020-21 for Rs 2211.51 cr but it has been indicated that the proposed final schemes allocation in BE 2020-21 would be Rs 1592.23 cr. Department has regularly taken up the matter to increase its capital and revenue outlay by representing at the highest levels in Ministry of Finance and Department of Expenditure at the time of BE exercise and at the time of RE meetings every year. The matter has also been escalated at the level of the Hon. Minister from time to time and through letters and meetings to Secretary Expenditure.

**VI. Overall status of implementation of schemes**

21. At present the Four Central Sector Schemes in the Department of Posts are Postal Operations, Human Resource Management, Estates Management and India Post Payments Bank. Budget Estimate, Revised Estimate and Actual for 2016-17 to 2019-20 along with BE for 2020-21 are as under-

**(Rs. in Crore)**

Sl. No	2016-17	2017-18	2018-19	2019-20	2020-21
Proposed	2184.31	3707.71	3517.21	1970.04	2211.51
BE	600.00	1050	1160	1205.63	1592.23
RE	750	1426.3	1071.77	883.07	-----
Actual	689.64	1347.1	1026.11	648.99 (Dec 2019)	-----
% of expenditure w.r.t RE	91.86	94.44	95.74	73.9( till Dec 2019)	-----

22. The details of allocation of funds for various schemes during 2019-20 and 2020-21 are as under-

**(Rs. in Crore)**

Sl. No	Particulars of Scheme/ Activity	Proposed 2019-20	BE 2019-20	RE 2019-20	Actual 2019-20 (upto Dec 2019)	Proposed 2020-21	BE 2020-21
1	Postal Operations	1805.04	773.47	497.61	290.86	1994.08	1204.53
2	Human Resource Management	71.50	34.46	10.46	6.51	67.43	47.20
3	Estates Management	93.50	62.70	40.0	16.61	150	120.50
4	India Post Payments Bank	335	335	335	335	0.0	220.0

23. When asked about the reasons for reducing the allocation of funds during 2019-20 from BE to RE, the Department have stated that the BE 2019-2020 scheme outlay of Rs 1205.63 cr was reduced to Rs 883.07 cr in RE 2019-2020. There was a fund reduction by Rs 322.56 crores. The department has been utilizing scheme funds

allotted to it very well in the years 2017-2019 but since RE allocations were revised by Ministry of Finance shortage of funds is being observed in IT Network infrastructure payments. The shortfall essentially has been in utilization of funds for development of road transportation works for which tenders have not matured and some of the activities are under submission for approval of EFC. Building works in North Eastern states where municipal approvals and IT connectivity in NE region are the other reasons for shortfalls in utilization of funds under Estates scheme and Postal Operation scheme.

24. Regarding schemes that have been prioritized during 2020-21, the Department have replied that in the year 2020-2021, they have prioritized IT projects and utilization of scheme funds for the IT infrastructure and Parcels. Both the activities form part of the Postal Operations scheme and funds amounting to Rs 1204.53 crores have been allocated as outlay in BE 2020-2021 to support these projects. IT projects proposed outlay for BE 2020-2021 has been kept at Rs784.43 cr and Rs 249 crores have been kept as outlay for Mails and Parcel infrastructure development. The Department has allotted Rs 85 cr for Post office Saving Bank account holders to be distributed secured chip enabled cards during 2020-2021. In the area of Estates Management, the outlay has been almost doubled to Rs 120.5 cr. In all these schemes, advance planning and activity approvals have been designed to efficiently utilize the funds in time.

## VII. Postal Operations

25. Budget Estimate, Revised Estimate and Actual for 2016-17 to 2019-20 along with BE for 2020-21 are as under-

(Rs. in crore)					
S. No.	2016-17	2017-18	2018-19	2019-20 ( upto Dec 2019)	2020-21
<b>Proposed BE</b>	366.97	442.56	715	773.47	1204.53
<b>RE</b>	363.46	808.61	661.66	497.61	-----
<b>Actual</b>	310.00	746.93	618.12	290.86	-----
<b>% of expenditure w.r.t RE</b>	85.24	92.37	93.42	58.45(Dec 19)	-----

26. According to the Department, the main reason for variation from BE to RE is reduction in RE allocations for Postal Operations by Rs 275.86 cr in comparison to the BE 2019-2020 figures of Rs 773.47 crores. The reduction has been partly due to general cut in scheme funds of the Department and partly due to slow utilization of scheme funds in the initial 4 months of the financial year due to vote on account issues. There has also been less utilization in the scheme due to non-receipt of bills and payments in IT projects and lack of EFC approvals for the Parcel and MNOP projects.

27. The Department further informed that they had sought Rs 1994.08 crores for the Postal Operations scheme but has been proposed to be allocated Rs 1204.53 cr for BE 2020-2021 which is less by Rs 789.55 crores. These funds were sought for support of IT projects and applications, upgrade of capacities and infrastructure for handling of domestic and international Parcels, e-commerce and provide chip enabled secured ATM cards to POSB SB account holders. The Department would be pitching for these funds at the time of RE and supplementary grants after showing 11utilizations in the beginning of the financial year 2020-2021.

a. **Rural Business and Access to Postal Network**

28. The objective of the scheme is to increase access of the postal network, keeping in view the Department's service obligation, customer satisfaction and infrastructure development to provide satisfactory and reliable services to the customers. The scheme also aims at rationalizing the existing postal network for serving the underserved areas of the country.

29. The details of allocation of funds as under-

(Rs. in crore)

Sl. No.	Particulars of Scheme/Activity	Proposed 2019-20	BE 2019-20	RE 2019-20	Actual 2019-20	Proposed 2020-21	BE 2020-21
1	Opening of Bos in high priority areas including LWE districts by creation of new Posts & Opening of Bos/Sos by redeployment/ relocation	30.55	10.00	1.500	5.000	33.14	13



3	Opening of Bos/Sos by redeployment/ relocation-NE	0.07	1.00	0.150		0.07	1.3
4	Opening of Franchisee Outlets in urban areas	0.1	0.10	0.100		0.1	0.1
5	Infrastructure for EDBOs	17.5	5.00	1.650		21	8.0
6	Infrastructure for EDBOs-NE	1.75	0.50	0.150		2.1	0.8
7	Installation of new letter boxes and signage LB in rural areas	3.70	3.50	1.500		3.70	2.0
8	Installation of new letter boxes and signages in rural areas-NE	0.40	0.35	0.100		0.40	0.2
9	Embedding of Iron Safes at rural Bos	6.75	4.75	1.200		7.5	3.5
10	Embedding of Iron Safes at rural Bos-NE	0.67	0.47	0.150		0.75	0.35
11	Study to explore business opportunities in rural areas	-	-	-		-	0.75
	<b>Total</b>	<b>61.49</b>	<b>25.67</b>	<b>6.5</b>		<b>68.76</b>	<b>30.00</b>

30. The details of physical targets at BE and RE and achievements made during 2019-20 are as under-

Sl. No.	Plan Activity	Physical targets 2019-20		Achievements 2019-20	Variation	Reason
		BE	RE			
1	Opening of BOs in high priority areas including LWE districts by creation of new Posts	2063	300	231	69	Will be achieved by 31.03.2020
3	Opening of BOs/SOs by redeployment/ relocation-NE	16	2	2	0	
4	Opening of Franchisee Outlets in urban areas	100	100	77	23	
5	Infrastructure for EDBOs	1571	518	398	120	
6	Infrastructure for EDBOs-NE	143	47	36	11	
7	Installation of new letter boxes and signage LB in rural areas	10770 LBs and 10770 Signage	2307 LB and 2307 Signage	1774 LBs and 1774 Signage	533 LBs and 533 Signage	
8	Installation of new letter boxes and signages in rural areas-NE	1077 LBs & 1077 Signage	153 LBs & 153 Signage	117 LBs & 117 Signage	36 LBs and 36 Signage	
9	Embedding of Iron Safes at rural BOs	3178	878	675	203	
10	Embedding of Iron Safes at rural BOs-NE	302	76	58	18	

29. In the case of opening of Branch Post offices in Left Wing Extremism affected areas, which is an activity undertaken as per the mandate given by the Cabinet Committee on Security, set targets could not be met during 2019-20, due to non-clearance of the proposal for creation of posts by Ministry of Finance. It is proposed to take up the case for 2020-21, in advance during this financial year itself, to avoid such a contingency next year.

30. The Committee further asked that whether any study has been conducted by the Department to find out the overall requirement of Post Offices in these priority areas including LWE districts to which the Department replied that the target set for opening 2000 BOs in 2019-20 in Left Wing Extremist Districts as per the mandate given by Cabinet Committee on Security could not be achieved because Ministry of Finance did not accord permission for creation of posts of Branch Post Masters/Assistant Branch Postmasters required for these BOs. These Post Offices are being opened in those Gram Panchayats of Left Wing Extremist districts where there is no Post Office. It was further informed that steps have been taken by the Department to achieve the BE targets of opening 2355 BOs during 2020-21. Ministry of Finance has already been requested for sanction of the requisite posts for opening of 2000 Branch Post Office in LWE districts. Circles have also been requested to start the preparatory work for opening of these Post Offices.

31. The DoP have further informed that POPSKs in 65 Aspirational districts have been opened against the proposed no. of 115. For the opening of POPSKs in remaining 50 aspirational districts, the matter has already been taken up with MEA and remaining POPSKs will be opened subject to feasibility of space and concurrence of MEA.

**b. Universal Access Levy for opening of post offices**

32. The Department had enquired that since private courier services are also providing Postal services, Universal Access Levy as existing in telecom sector should also be levied on DoP so as to help in expansion of postal services in rural areas to which the Department replied that the Department of Posts has a Universal Service Obligation (USO) to provide mail services at the doorsteps of the citizens irrespective

of geography, income level or any other consideration. Couriers and private postal service providers are free to choose their target demography and geographies making it easier to make profit. Therefore, the idea of levying Universal Access Levy has merit for ensuring equitable development of postal sector across the country. However, this needs to be examined at greater depth to understand the implications of such a levy.

**c. IT Induction and Modernisation**

33. IT Modernization Project of Department of Posts is being undertaken with a total outlay of Rs 4909 crore. The Project involves computerization and Modernization and networking of approximately 1,55,000 Post Offices in the country, including 1, 30,000 (approximately) 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.

34. The details of allocation of funds for various schemes are as under-

Sl. No.	Particulars of Scheme/ Activity	Proposed 2019-20	BE 2019-20	RE 2019-20	ACTUAL 2019-20 (As on Jan 2020)	Proposed 2020-21	BE 2020-21 Not yet received( Proposed allocation)
1	Data Centre and DRC (DCF)	15.45	12.00	12.00	7.765	33.82	32.00
2	Network Integration (NI)	205.00	112.00	112.00	108.78	407.00	275.00
3	Supply of MOH and RH	209.75	112.00	112.00	92.4561	305.00	110.00
4	RICT Solution RSI	9.52	4.40	4.40	4.3626	13.00	10.00
5	Banking& PLI solution (FSI)	72.72	44.50	44.50	43.3372	113.00	88.00
6	Core System Integrator (CSI) & Change Management (CM)	275.58	163.00	107.41	5.5615	191.46	209.93
7	PMU	9.50	4.50	4.50	3.1538	14.50	14.50

8	Hardware for Post offices and other offices	100	55.50	30.00	12.6	234.36	45.00
	Total	897.53	507.9	426.81	278.02	1312.14	784.43

35. The Committee wanted to know the steps being taken to ensure adequate availability of funds in case of massive gap between amount proposed and amount allocated at BE 2020-21 to which the Department replied that the IT projects had a demand of Rs 1312.14 cr in BE 2020-2021. Against the demand, a proposed outlay allocation of Rs 784.43 cr has been proposed to be provided. For support of IT projects and the additional demand, the matter has been escalated to Department of Expenditure and meetings have been held with them. Letters have also been issued at the highest levels projecting the demand and requirement to support IT projects in 2020-2021 and the probable payments and investments likely to be incurred during the financial year.

36. To a query about the impediments encountered in the implementation of the project and the measures taken to address the problems, it has been stated that during 2019-20, for IT Modernization Project, the allotted Budget Estimate (B.E) was Rs. 507.90 Crore and Revised Estimate (R.E) is Rs. 426.81 Crore. Keeping in view of committed liabilities, though Rs. 1267 crore was asked for in RE, however, only Rs. 426.81 crore has been received. For Network Integrator Project, Financial Services Integrator Project and DARPAN (“Digital Advancement of Rural Post Office for A New India”) Project, no additional funds have been received under RE stage. The issue of increased allocation for Network Integrator project have been taken up with Department of Expenditure, Ministry of Finance for meeting committed and anticipated liabilities.

**c (i) Issues related to internet connectivity**

37. On the issue of internet connectivity, the Department replied as follows-

“The Department of Posts has a closed / secured network and does not use open internet connectivity. 27431 locations are connected on Wide Area Network; out of which 24865 are that of post offices. Three types of network connectivity are mainly used by post offices viz. MPLS / Wireless, VPN

Broadband and Dongle. Each location has two service providers i.e. Primary NSP and Secondary NSP. The locations shift to Secondary Network connectivity as and when Primary Network Connectivity is down/not working. The Department of Posts has a full-fledged Network Monitoring System (NMS) and Service Desk to address problems of connectivity. The month-wise incidents reported are as below:

Month	Total Incident in a Month	Daily Average	Incident in proportion to Number of networked locations
Apr'19	7605	304.2	1.1%
May'19	8974	358.96	1.3%
June'19	8812	352.48	1.3%
July'19	10731	429.24	1.6%
Aug'19	10576	423.04	1.5%
Sep'19	8835	353.4	1.3%
Oct'19	9112	364.48	1.3%
Nov'19	9080	363.2	1.3%
Dec'19	9727	389.08	1.4%
Jan'2020	9709	388.36	1.4%
Feb'2020	5214	208.56	0.8%”

38. The Department monitors performance of the links through Service Level Agreement (SLA) and penalty is charged wherever there is a failure to achieve the required SLA. The Network Integrator is fully responsible for providing links according to the agreed bandwidth. Alternatives in certain locations wherein network is technically not feasible include NOFN (Bharat Net), V-SAT and FTTH Solutions.

39. During the evidence, in response to a query by a Member, the Department stated that in the rural post offices, they take the internet connection of the service provider which works best and it is not necessary that the connection is taken from BSNL.

#### **VIII. Estates Management**

40. The objective of Estates Management Scheme is to fulfill Universal Service Obligation (USO) for providing suitable infrastructure for easy access to postal services from the buildings owned by the Department for efficient postal operations, with optimal utilization of the assets. Government is mandated to provide own building facilities for all Departmental Post Offices which include Head Post Offices

and Sub- Post Offices. The key objective of the Estates Management Scheme is to ensure development of an appropriate infrastructure to provide a congenial work environment and improve the delivery of postal services in a cost effective way for the benefit of the customers. The Scheme includes construction of postal buildings including Post Offices, mail offices, administrative offices, staff quarters, besides preservation and conservation of heritage buildings and reconstruction of dilapidated buildings. The Scheme also includes construction of toilets, installation of Roof Top Solar Power Packs and Rain Water Harvesting structures so as to contribute to Swachhata and sustainable development. Providing ramps and rails under the Sugamya Bharat Abhiyan for improving the accessibility of Post Offices for differently abled persons is also a part of this scheme.

41. The details of allocation of funds for Estates Management Scheme (EMS) are as under:-

(Rs. in crore)

S.No.	Particulars of Scheme/Activity	Proposed 2019-20	BE 2019-20	RE 2019-20	Actual 2019-20 (as on 31.12.2019)	Proposed 2020-21	BE 2020-21
1.	Estates Management	87.00	62.70	40.00	17.63	150.00	-

42. The details of targets and achievements of Estates Management Scheme during the year 2019-20 (till December 2019) are as under:-

Activity	Target at BE	Target at RE	Achievement till 31.12.2019
Construction of postal buildings	10	10	7
Renovation of Postal Buildings	55	35	6
Preservation of Heritage Buildings	11	11	2
Installation of Solar Power Packs	60	33	3
Construction of Rain Water Harvesting Structure	110	31	14
Construction of ramps & rails	248	31	13
Construction of ladies toilets	47	21	5

43. The Committee has been informed that the major impediments being encountered in the implementation of the project are (a) not getting timely approval

from Municipal Corporations and other State Government authorities for starting construction process, (b) cancellation of tendering process due to single/high bidding, (c) non-settlement of litigation process/court cases pertaining to the land owned by the Department and (d) encroachment of Departmental vacant lands. The Circles have been advised to personally visit the offices of local authorities and State Government authorities to expedite the approval. The Circles have been instructed to have the administrative approvals of the projects before the start of the financial year 2020-21 so that once the fund is allocated at the beginning of the financial year, preliminary estimate can be prepared, expenditure sanctions can be issued and tender can be floated timely, resulting in availability of sufficient time for construction/maintenance activities. The Circles have been advised to personally monitor the court cases and resolve the pending issues as early as possible.

44. During the evidence, the Department submitted the reason for lagging behind in Estate Management as under-

“Sir, the honest answer is that we have civil and electrical wing of our own which does most of this work. The cadre control of that particular section of the Officers and staff is not with the Department of Posts. It is with the Department of Telecom. So, when it comes to postings and other things, we always get a little less, much less than what we deserve. Our vacancies are so huge that we are unable to manage our day to day work also. One Executive Engineer is holding at least the charge of two or three States. One Superintending Engineer is in charge of three or four Southern States. So, our manpower is a little less. We are not blaming anybody. We should be doing a little more work on that and set our house in order. We will definitely do that.”

**IX. Setting up of India Post Payments Bank**

45. India Post Payments Bank (IPPB) has been setup with the vision to build the most accessible, affordable and trusted bank for the common man in India. The fundamental mandate of India Post Payments Bank is to remove barriers for the unbanked & underbanked and reach the last mile leveraging the vast reach of the postal network. The bank wishes to achieve Digital Financial Inclusion, Digital Financial Literacy, Doorstep Digital Banking services and Comprehensive Banking Ecosystem to POSB customers except loans and advances.

46. The details of allocation of funds for various schemes are as follows-

(Rs. in crore)

Sl. No.	Particulars of Scheme/ Activity	Proposed 2019-20	BE 2019-20	RE 2019-20	Actual 2019-20	Proposed 2020-21	BE 2020-21
1	Capital Infusion in India Post Payments Bank	335	335	335	335	0.00	220* ( subject to RCE approvals)

47. The Committee had asked about the measures taken by the Department to roll out IPPB services to 18000+ Post Offices classified as technically not feasible and the main reasons due to which services cannot be rolled out to these Post Offices. The Department replied that IPPB is using the backbone Network Infrastructure of Department of Posts for providing these services. However, as on date there are many Post offices including many Village Level Branch Post offices which are not rolled out with IPPB services due to no Network Connectivity. These post offices have been identified as Technically Not Feasible (TNF) locations with respect to Network Connectivity. In TNF locations service providers have expressed inability to provide network connectivity due to non-viability of such infrastructure. Many of these TNF locations are in the North East, geographically remote islands such as Lakshadweep Islands and Andaman & Nicobar Islands or in mountainous terrain such as Jammu & Kashmir and Ladakh.

**X. Miscellaneous**

**i. Dormant /Dead Accounts in Post Office Savings Bank**

48. There are 1.61 crore Unclaimed Accounts (including Post Office Savings Certificates) in Post Office Savings Bank with a total deposit of Rs. 12037.21 Crore as on 30.09.2019. The Ministry of Finance which controls these funds has issued Senior Citizen Welfare Fund Rules to utilize the unclaimed amount lying in Banks & Post offices for the welfare of Senior Citizens. The rules were circulated to the Circles. All the accounts falling under the prescribed criteria have also been published on India Post website for information of all concerned. The Standard Operating Procedure



(SOP) for settlement of such cases has also been circulated to the Circles. The list of such accounts has also been shared with Circles (Post Office wise). The Circles have also been instructed to advertise in local newspapers for wide publicity. They have also been asked to notify it on office notice boards in Post Offices and to make door to door campaign through Postman, Gramin Dak Sevaks & Small Savings agents. Regular monitoring is being done and a google spreadsheet has also been shared with the Circles to furnish weekly reports thereon. Regular advisories and reminders are being sent to the Circles/ field units. Till now, 201 accounts have been settled for Rs 55.99 lakh.

49. The Department provided the following information about dormant/inactive accounts-

Year	No. of dormant/inactive accounts lying with DoP (unclaimed) (in lakh)	Value /Amount of deposits (unclaimed) in dormant/inactive accounts lying with DoP (in crore)
<b>Upto 2014-15</b>	159.05	11612.03
<b>2015-16</b>	0.25	75.50
<b>2016-17</b>	0.23	68.97
<b>2017-18</b>	0.14	63.91
<b>2018-19</b>	0.36	82.40
<b>2019-20</b>	1.08	134.40
<b>Total</b>	<b>161.10</b>	<b>12037.21</b>

50. When asked about the matured unclaimed certificates lying with the Department, they provided the following information-

Kisan Vikas Patra and National Savings Certificates		
Year	No. of matured unclaimed certificates lying with DoP (in lakh)	Value /Amount of matured unclaimed certificates lying with DoP (in crore)
<b>Upto 2014-15</b>	101.46	5432.01
<b>2015-16</b>	0.08	5.67
<b>2016-17</b>	0.12	7.30
<b>2017-18</b>	0.00	0.19
<b>2018-19</b>	0.21	14.19
<b>2019-20</b>	0.47	16.56
<b>Total</b>	<b>102.33</b>	<b>5475.93</b>

51. The Committee asked whether DoP takes any suo-moto measures to contact the beneficiaries of such unclaimed/ dormant saving accounts/certificates and the details of the number of beneficiaries/legal heirs/nominees contacted during the last three years and the amount repaid to them. The Department replied that they have

taken suitable necessary steps as per the Senior Citizen Welfare Fund (SCWF) Rules to notify and contact the beneficiaries of the unclaimed accounts. Details of such accounts have been published on DOP's website and also shared with the field formations for wide publicity through notice boards & newspapers. A Standard Operating Procedure has also been formulated & implemented for handling such cases by the Post Offices. The Circles have also been asked to launch door-to door campaign through Postman, GDS & SAS/ MPKBY agents for settlement of such accounts. Till Now, 201 accounts have been settled for a total of Rs 55.99 lakh.

**ii. Opening of CSCs in Post offices**

52. The Committee asked the Department about the key focus areas during the next five years and the efforts undertaken to achieve the same to which the Department replied that the aim of the Department are to extend citizen centric service delivery through Post offices as being done for Post Office Passport Seva Kendras, Aadhaar Enrolment and Updation Centres, India Post-Passenger Reservation System Counters etc. on a sustainable basis through tie ups with Government agencies. The Department are initiating technology integration and service delivery through Common Service Centres' (CSCs) digital seva portal using initiatives of MeitY e-governance programmes. To extend the availability of identified postal services using the outreach of the CSC and offer citizen centric services in collaboration with CSC-SPV (MeitY) through the postal network, the following salient options is being explored for integration: -

- Postal services, Logistics, Insurance, PAN, Election Card, Ayushman Bharat, State Government citizen centric services and any other services mutually agreed upon by Department and CSC – SPV under MeitY will be offered through Common Service Centres and designated post offices.
- All other commercial and utility services presently offered by CSCs, which do not have a conflict of interest with the products and services offered by the DoP will also be provided through the Post Offices
- Department will establish technology tie ups for delivery of CSC-SPV services in 6100 large post offices by 2023.

53. The Department, during oral evidence, submitted as under-

“Sir, we are going to introduce Common Service Centres in our post offices. The Ministry of IT has got the CSC concept where they are providing different kind of

facilities through the private vendors in rural areas and also in towns. We will also provide all kinds of services like the State Government services. Of course, bill payment services are already there with our India Post Bank. Some more services are also going to be provided through CSCs.”

54. The Department, during oral evidence, further submitted as under-

“Madam, it would be possible through the Common Service Centres that we are going to start in our Post Offices. They will be able to provide this FASTag also. Basically, they will not provide it but they will register the request and it will come from the service provider concerned. So, they will be able to accept the amount in the Post Office.”

**Part-II**  
**Observations/Recommendations**

**Gross Expenditure**

1. The Department of Posts (DoP) have laid the Demands for Grants (2020-21) in Lok Sabha on 6 February, 2020 for a total amount of Rs. 35187.63 crore consisting of Rs. 34056.42 crore under Revenue and Rs. 1131.21 crore under Capital. An analysis of the budgetary allocation during 2019-20 indicates that under Gross Expenditure, an amount of Rs. 30412 crore had been set at BE which was increased to Rs. 31715.88 crore at RE and the actual upto December 2019 was Rs. 22878.45 crore. Under Capital section during the same period, an amount of Rs. 947.74 crore had been allocated at BE which was decreased to Rs. 742.98 crore and the actual utilization made upto December 2019 was Rs. 532.30 crore only. The Committee note that the gross expenditure of the Department has been gradually increasing over the years. The Gross expenditure during 2016-17 was Rs. 24211.85 crore which increased to Rs. 26018.84 crore in 2017-18 and to Rs. 27994.35 crore during 2018-19. The Committee note that salaries and pensions are the two major components and constitute more than 90 per cent of the gross expenditure. The Department have stated that it is not feasible for them to cut down the operational expenses due to increasing cost on one hand and obligation to provide Universal Postal Services to the citizens at affordable costs throughout the country on the other hand. The Committee have been informed that the Department are able to restrict operational expenditure below 9 percent over several financial years in spite of increase in cost of oil, petrol, diesel, operational expenses of Mail Conveyance, annual maintenance contract on implementation of IT induction etc. and the Department are vigorously using IT enabled services to optimize the operational costs.

The Committee are of the view that the mounting gross expenditure of the Department is a cause for concern as it may not be practical for the Government to continue to bear the growing expenditure of the Department through budgetary support. It is high time that the Department should re-invent

themselves by taking into consideration the changes taking place in the country and by studying various international experiences. The Committee desire that the Department while functioning as a Government Department should also try to emerge as an efficient organization by applying some of the best business practices in its functioning. The Committee hope that the Department would look forward to enhance the overall operational efficiency as a service provider and help rationalize gross expenditure.

### **Revenue Receipts**

2. The Committee note that the revenue receipts of the Department for the past years is encouraging and shows that the Department have been able to sustain growth in revenue receipts every year. The corresponding revenue receipts have increased from Rs. 11511 crore in 2016-17 to Rs. 12832.06 crore in 2017-18 and Rs. 13195.68 crore in 2018-19. The figure for the year 2019-20 as on December, 2019 stands at Rs. 9003.82 crore which, the Committee hope would reach a respectable high at the end of the financial year. The Committee appreciate the efforts of the Department to increase revenue by taking various measures like increasing the number of transactions and revenue of POPSKs, Passenger Reservation System, opening of more Saving bank accounts, premium services like Speed Post, Business Parcel, Logistics Post, providing Digital Life Certificate, etc. The Committee are however concerned to note that the increase in revenue has not been able to contain the burgeoning deficit. During 2017-18, the revenue deficit of the Department was Rs. 12416.53 crore which was increased to Rs. 13977.38 crore during 2018-19. The revenue deficit upto December, 2019 for the year 2019-20 stands at Rs. 13326.09 crore. During 2020-21, Revenue Deficit at BE is Rs. 14394.17 crore. From the above, it is clear that the increasing revenue receipts of the Department have not been able to offset the increasing Gross Expenditure resulting in mounting revenue deficit over the years.

While the Committee do recognize the constraints faced by the Department in curtailing the operational expenditure of such a vast postal network, they are of

the considered view that the Department should look for opportunities for growing business and increasing efficiency so as to realize increased revenue and bridge the revenue deficit. The Committee note that Post Offices are being developed as One Stop Shop to provide a range of utility services to the customers providing convenience and affordability at their door steps. India Post are leveraging the vast network of Post Offices across the country by providing services under Retail Post which include collection of electricity bills, telephone bills, taxes and fees, railway reservation tickets. The Committee are of the view that the above initiatives are steps in the right direction. The Committee desire that the Department should give emphasis to delivery of prompt and efficient Citizen-centric services so as to attract more customers. Considering the grotesque revenue deficit of the Department, the Committee are of the view that out of the box solution must be explored by the Department to achieve increase in revenue receipts in the coming years.

### Recoveries

3. The Committee note that the Department are earning revenues in the form of Recoveries. Recoveries is the revenue earned by the Department from rendering various services like collection of Custom Duty, Commission on payment of pension to Railway, Commission on disbursement of pension of DOT/ BSNL/ MTNL, share of spread margin received from Western Union Money Transfer, remuneration to the Dept. of Posts for Postal Life Insurance (PLI) and Rural Postal Life Insurance (RPLI) etc. The Committee note that the Department had earned an amount of Rs. 770.25 crore in 2017-18, Rs. 821.29 crore in 2018-19 and Rs. 548.54 crore upto December, 2019 in 2019-20. The recoveries during the fiscal year 2020-21 are estimated at Rs. 953.00 Crore which would be an increase of 11.16% over the BE 2019-20. The Committee have also been informed that an amount of Rs. 377.04 crores are pending as dues with different Central Govt Departments/Organisations out of which 310 crores (approx.) is owed by BSNL and MTNL as rent. This is despite meetings at senior level. The remaining outstanding dues are towards dispensary charges / telegram handling charges /commission on disbursement of Pension

through Post Offices from DOT/BSNL/ EPFO/CMPF/Railways pending in the various circles for different periods.

The Committee are concerned to note that such a huge amount is still due from BSNL and MTNL. The Committee would like to know the reasons for this. It certainly reflects on the mismanagement of funds on the part of BSNL and MTNL that they have owed the unpaid dues to such a huge amount. The Committee desire that all the pending dues must be cleared without any further delay. The concern of the Committee in this regard may be communicated to the Department of Telecommunications and all efforts may be made to recover the amount from them. The Committee further recommend that the Department should also make further efforts to include more Government Departments/ Organisations so that revenue earning through Recovery will increase.

#### Capital Section

4. The Committee note that during 2019-20, an amount of Rs. 947.74 crore had been allocated at BE which was reduced to Rs. 742.98 crore at RE and actual utilization made till December, 2019 was Rs. 532.30 crore. The under utilization of funds has been largely attributed to non receipt of bills for IT infrastructure and services from the service vendors concerned. The Department have stated that the IT capital outlay will be completely paid and capital expenditure incurred by end of March 2020. For the year 2020-21, the Committee observe difference between the amount proposed and the amount allocated at BE. It is noted that for the year 2020-21, against an amount of Rs 1450.54 crore sought by the Department, they have been allocated Rs 1131.21 crore at BE. The Department has informed that the amount is likely to be completely utilized by end of March, 2021 by payment of bills received for IT infrastructure services, upgradation of Parcel and Mail Offices, maintenance and upgradation of Postal Buildings, etc. during the current financial year and by capital infusion in India Post Payments Bank for its growth and operations.

The Committee recommend that the Department may take up the matter to increase its capital outlay by representing at the highest levels in Ministry of Finance and Department of Expenditure. The Department must also firm up their planning process for optimal utilization of allocated funds and inform the Committee about the progress made in this regard.

#### **Overall status of implementation of Schemes**

5. The Committee note that the Department of Posts are presently implementing four Central Schemes viz. Postal Operations, Human Resource Management, Estate Management and India Post Payments Bank. During 2019-20, an amount of Rs. 1205.63 Crore had been allocated at BE which was reduced to Rs. 883.07 Crore and actual utilization till December, 2019 was Rs. 648.99 crore only. The Committee note that there have been massive reduction of funds from BE to RE in all schemes during 2019-20 except in India Post Payment Bank. The Committee hope that the Department will at least be able to completely utilize the funds allocated at RE for implementation of various Schemes by the end of the current financial year. For the year 2020-21, the Committee note that against the proposed amount of Rs. 2211.51 crore, an amount of Rs. 1592.23 crore only has been allocated at BE. The Committee have been informed that advance planning and activity approvals have been designed to efficiently utilise the funds in time.

The Committee are of the view that the status of modernization in the Department of Posts is still very low and this is affecting their overall performance. There is an urgent need for the Department to implement the plan Schemes proactively so as to meet the rising consumer expectations, achieve greater productivity, greater accountability and transparency. To achieve these goals, the Committee feel that the progress of implementation of various Schemes of the Department of Posts be expedited and therefore reduction of funds from BE to RE is truly undesirable and unwarranted. It is the utmost desire of the Committee that such reduction of funds from BE to RE should not be allowed to be repeated during 2020-21 and funds allocated at BE during 2020-21 is fully utilized.



## Postal Operations

6. The Committee note that Postal Operations is an umbrella Central Scheme of the Department of Posts and has 8 sub schemes, such as Rural Business and Access to Postal Network, Mail Operations, Postal Life Insurance Operations and Promotion, IT Induction and Modernisation, Business Promotion, Marketing Research and Product Development, Philately Operations and Quality of Services. During 2019-20, an amount of Rs. 773.47 crore had been allocated at BE which was reduced to Rs. 497.61 crore at RE. Actual utilization till December, 2019 has been Rs. 290.86 crore only. The Department have stated that the reduction of funds has been partly due to general cut in Scheme funds of the Department and partly due to slow utilization of fund in the initial 4 months of the financial year due to Vote on Account issues. For the year 2020-21, against the proposed amount of Rs. 1994.08 crore, an amount of Rs. 1204.53 crore has been allocated at BE mainly for IT projects and applications, upgradation of capacities and infrastructure for handling of domestic and international Parcels, e-Commerce etc.

The Committee note that Postal Operations is the biggest Scheme being implemented by the Department. Out of an amount of Rs. 1592.23 crore allocated for implementing various Schemes during 2020-21, an amount of Rs. 1204.53 crore, i.e. 75.65 percent of the allocation is for Postal Operations. Since most of the important Schemes of the Department such as IT Induction and Modernisation, Post Office Saving Bank Operations, Postal Life Insurance Operations and Promotion etc, are a part of Postal Operations, the Committee desire that the Department should give proper attention and implement the scheme seriously. The Committee, therefore, recommend the Department to ensure that poor utilization of funds during the initial four months which leads to reduction at RE allocation should not be repeated during 2020-21.

### A. Opening of BOs in high priority areas including LWE districts

7. The Committee are perturbed to note that the target set for opening 2000 BOs in 2019-20 in Left Wing Extremist Districts as per the mandate given by Cabinet

Committee on Security could not be achieved because Ministry of Finance did not accord permission for creation of posts of Branch Post Masters/Assistant Branch Postmasters required for these BOs. The Committee note that the Ministry of Finance have already been requested for sanction of the requisite posts for opening of 2000 Branch Post Offices in LWE districts but the proposal has not been cleared by them. The Department have been able to open only 231 post offices in LWE districts against a BE target of 2063 and 2 post offices in the North-East against a BE target of 16 which is lamentable. The target set for LWE areas in BE 2020-21 is 2355 and NE areas is 18. The situation pinpoints to a neglect of the LWE areas and the North Eastern States.

The Committee are unable to understand why the Ministry of Finance had not accorded permission for creation of posts relating to the project, mandate of which had already been given by the Cabinet Committee on Securities. This has not only led to a delay in implementing the project for expansion of postal services in LWE areas and North East region which are deprived areas, but also completely set aside the decision of the Cabinet Committee on Security. Considering that both LWE and NER suffer from various disabilities, the Committee desire that opening of 2373 Post Offices in these areas should be implemented at the earliest. Accordingly, the concern of the Committee in this regard may be communicated to the Ministry of Finance so that approval for creation of requisite posts shall be given at the earliest.

The Committee also desire that all the Post Offices which are located at disadvantageous locations may be relocated at more suitable locations and adequate care should be taken while opening new Post Offices about the locational advantages for one and all.

**B. Universal Service Levy for providing Postal services**

8. The Committee note that various Universal Service Obligation Fund (USOF) Schemes are being implemented by the Department of Telecommunications for expansion of telecom services in rural areas. Funds for implementation of these

Schemes are made available from the collections of Universal Service Levy for all the Telecom Service Providers. The Committee note that the Department of Posts have a Universal Service Obligation (USO) to provide mail services at the doorsteps of the citizens irrespective of geography, income level or any other consideration. Couriers and private postal service providers are free to choose their target demography and geographies making it easier to make profit. The Department have informed the Committee that the idea of levying Universal Access Levy has merit for ensuring equitable development of postal sector across the country. However, this needs to be examined at greater depth to understand the implications of such a levy.

Considering the importance of taking different services to the doorsteps of the people living in rural and geographically isolated areas and prohibitive costs, the Committee impress upon the Department to explore the idea of UAL to ensure adequate funds for providing postal services to rural and uncovered villages.

#### **IT Induction and Modernisation**

9. The Department have informed the Committee that the IT Modernisation project is being undertaken with a total outlay of Rs. 4909 crore. The Project, inter alia, involves computerization, modernization and networking of approximately 1,55,000 Post offices in the country, Central server based integrated, modular and scalable solution for all the operations of the Department, including Mails, Human Resource, Banking, Insurance and Finance and accounts, etc. An analysis of utilization of funds indicates that during 2019-20, an amount of Rs 507.9 crore had been allocated at BE, but this was reduced to Rs. 426.81 crore at RE and actual utilization made till Jan 2020 was only Rs. 278.02 crore. The Committee have been informed that no additional funds have been received at RE for Network Integrator project, financial Services Integrator project and Digital Advancement for Rural Post office for a new India. For the year 2020-21, against the proposed amount of Rs. 1312.14 crore, an amount of Rs. 784.43 crore has been allocated at BE. The

Committee note that for support of IT projects, the matter has been escalated to the Department of Expenditure and meetings have been held with them by the Department of Posts.

The Committee are of the view that IT modernization has become a vital and integral part of every business plan of any Department or organization. Department of Posts with its vast network and multifarious services, the importance of IT Induction and Modernisation can hardly be overemphasized. In order to provide the best customer services and improve operational efficiencies, the Committee desire that the Department must ensure proper utilization under this Scheme and complete all IT Induction and Modernisation projects at the earliest. The Committee would like the Department to ensure that reduction at RE should best be avoided by speeding up the project implementation from the beginning.

#### Issues of internet connectivity in IT Induction and Modernisation

10. The Committee note that the nagging problem of internet connectivity has hit post office operations adversely. The Department has stated that there are three types of network connectivity mainly used by post offices viz. MPLS/Wireless, VPN Broadband and Dongle. Each location has two service providers i.e. Primary NSP and Secondary NSP. The locations shift to Secondary Network connectivity as and when Primary Network Connectivity is down/not working. The Department of Posts has a full-fledged Network Monitoring System (NMS) and Service Desk to address problems of connectivity. The Committee note that the Department monitor performance of the links through Service Level Agreement (SLA) and penalty is charged wherever there is a failure to achieve the required SLA and the Network Integrator is fully responsible for providing links according to the agreed bandwidth. Alternatives in certain locations wherein network is technically not feasible include NOFN (Bharat Net), V-SAT and FTTH Solutions. The Committee recognize that the various services of the Department including financial services will be seriously affected in the absence of a dependable supply of internet

connectivity. The Committee recommend that instead of fire-fighting by taking penal action against the Service Provider(s), the Department should move to pre-emptive action and migrate to reliable service providers for uninterrupted supply. The Committee would like to be informed about the criteria for granting the tenders to the primary and secondary NSPs along with the bandwidth supplied and details of the penalties levied on the existing providers. To overcome the nagging problem of internet connectivity, the Committee desire that provisioning of internet connectivity should not be limited to two service providers only. The Committee also recommend that effort should also be made by the Department to increasingly utilize the network created under BharatNet.

### Estates Management

11. The Committee note that the objective of the Estates Management Scheme is to fulfill Universal Service Obligation for providing suitable infrastructure for easy access to postal services. The Scheme also includes construction of toilets, installation of Roof Top Solar Power Packs and Rain Water Harvesting structures and providing ramps and rails under the Sugamya Bharat Abhiyan. The BE for the year 2019-20 was Rs. 62.7 crore which was further reduced to Rs. 40 crore in RE 2019-20 and the actual utilization was Rs. 17.63 crore till December, 2019. Some of the reasons cited by the Department for poor utilization are inadequacy of staff, administrative delays, cancellation of tenders, non-settlement of litigation process/court cases pertaining to the land owned by the Department, etc. The Committee have noted poor performance under activities like construction and renovation of postal buildings, construction of ramps for disabled, construction of ladies toilets, etc. Another issue which has come to the notice of the Committee is the issue relating to cadre control and existence of huge vacancies. The Committee have been informed that civil and electrical wing come under Department of Telecommunications. For the year 2020-21, against the proposed amount of Rs. 150 crore, an amount of Rs. 120.50 crore has been allocated at BE. To speed up, the Circles have been instructed to have the administrative approvals of the projects

before the start of the financial year 2020-21 so that once the fund is allocated at the beginning of the financial year, preliminary estimate can be prepared, expenditure sanctions can be issued and tender can be floated timely, resulting in availability of sufficient time for construction/maintenance activities. The Circles have been advised to personally monitor the court cases and resolve the pending issues as early as possible.

The Committee are of the view that many of the Post Office buildings are in dilapidated condition and call for urgent renovation and construction of new buildings. Also, to increase the look and image of Post Offices, renovation of the Post Offices needs to be carried out at the earliest. Considering that numerous difficulties are being faced by the Department due to posting of inadequate officers/staff relating to civil and electrical wing which has hampered progress of project implementation, the Committee further desire that the Department should take up the matter with Department of Telecommunications for posting of adequate officers/staff and the officers/staff should be brought under the administrative control of Department of Posts.

#### **India Post Payments Bank (IPPB)**

12. The Committee note that there are 18000+ Post offices including many Village Level Branch Post offices which are not rolled out with IPPB services due to no Network Connectivity and have been identified as Technically Not Feasible (TNF). IPPB is using the backbone Network Infrastructure of Department of Posts for providing banking services. In TNF locations, service providers have expressed inability to provide network connectivity due to non-viability of infrastructure. Many of these TNF locations are in the North East, geographically remote islands such as Lakshadweep Islands and Andaman & Nicobar Islands or in mountainous terrain such as Jammu & Kashmir and Ladakh. The share of TNF locations is a sizeable 11.5 percent of the 1,56,600 post offices in the country.

It is unfortunate to note that more than 18000 + post offices mainly located in NER, geographically remote islands such as Lakshadweep Islands and Andaman

& Nicobar Islands or in mountainous terrain such as Jammu & Kashmir and Ladakh are still classified as Technically Not Feasible. It clearly reflects the digital divide and existing imbalances in the country. The Committee are also of the view that due to remoteness of these areas, there will be near absence of any financial institutions in these areas. The Committee desire the Department to walk an extra mile to ensure that the much needed financial inclusion endeavour of the Department is also made available to them. In this regard, the Committee recommend that the Department should work in tandem with the Department of Telecommunications for providing connectivity in these areas. The Committee are of the view that the goal of Digital India will remain incomplete as long as different services of the Government are not brought at their doorsteps. Any locations which are not feasible for providing connectivity may be connected on alternate media like satellites and other means of communication. The Committee would like to be apprised of the progress made in this regard.

#### **Miscellaneous**

##### **A. Dormant Accounts in Post office savings bank**

13. The Committee note that as on 30.09.2019, there are 1.61 crore dormant/inactive Accounts (including Post Office Savings Certificates) in Post Office Savings Bank with a total deposit of Rs. 12037.21 Crore. Out of these, 1.02 crore are matured unclaimed certificates holding a value of Rs. 5475.93 crore. The Committee have been given to understand that the Ministry of Finance which controls these funds has issued Senior Citizen Welfare Fund Rules to utilize the unclaimed amount lying in Banks & Post offices for the welfare of Senior Citizens. All the accounts falling under the prescribed criteria have also been published on India Post website for information of all concerned. The Standard Operating Procedure (SOP) for settlement of such cases and list of such accounts has also been shared with Circles (Post Office wise) and the Circles have also been instructed to advertise in local newspapers for wide publicity. They have also been

asked to notify it on office notice boards in Post Offices and to make door to door campaign through Postman, Gramin Dak Sevaks & Small Savings agents. Regular monitoring is being done and a Google spreadsheet has also been shared with the Circles to furnish weekly reports thereon. However, nothing seems to be farther from the truth as till now, a measly 201 such accounts have been settled for Rs 55.99 lakh. The figure is abysmally low.

The Committee find it completely unfair and morally wrong on the part of the Department that such a huge number of dormant accounts are still existing. The effort made by the Department is too little too less as mere 0.001 percent of the total number of dormant accounts has been settled so far. The Committee, therefore, recommend that efforts should be made to contact the living account holders and/or their legal heirs/nominees through advertisements/legal notices in newspapers and other means of communications to restore the funds to the rightful owners. The Committee wonder why such huge number of dormant accounts are existing even now and to ensure that this is not repeated again, pre-emptive action needs to be considered at the time of opening any account or issuing such certificates through stringent KYC norms and designation of nominees on a regular basis. In addition, the Committee expect the Department to make some perceptible headway in the matter and would like to be apprised of the progress made in restoring the unclaimed funds to the rightful owners.

**B. Opening of CSCs in post offices**

14. The Committee note that a pilot project for launch of Common Service Centres has been started in 100 post offices which is a major strategic decision to eliminate the digital divide gap that exists between the rural and urban areas. The Committee were informed that Postal services, Logistics, Insurance, PAN, Election Card, Ayushman Bharat, State Government citizen centric services and any other services mutually agreed upon by Department and CSC – SPV under MeitY will be offered through Common Service Centres and designated post offices. All other



commercial and utility services presently offered by CSCs, which do not have a conflict of interest with the products and services offered by the DoP will also be provided through the Post Offices. Department will establish technology tie ups for delivery of CSC-SPV services in 6100 large post offices by 2023. The Committee are of the view that opening of CSCs in post offices is a welcome initiative. The Committee, however, desire that apart from providing various services and selling above products, effort must be continuously made by the Department to increase the basket of goods and services provided including items like FASTag, etc. The Committee emphatically feel that this initiative will help Department in their overall growth. The Committee further recommend that focus should also be given for extending this initiative to rural and unreached areas and geographically challenged States/UTs with little or no presence of financial institutions.

**New Delhi;  
11 March, 2020,  
21 Phalguna, 1941(Saka)**

**DR. SHASHI THAROOR,  
Chairperson,  
Standing Committee on  
Information Technology.**

**STANDING COMMITTEE ON INFORMATION TECHNOLOGY  
(2019-20)**

**MINUTES OF THE FIFTEENTH SITTING OF THE COMMITTEE**

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The Committee sat on Monday, the 10 February, 2020 from 1650 hours to 1750 hours in Committee Room 62, Parliament House , New Delhi.

**PRESENT**

**Dr. Shashi Tharoor -Chairperson**

**MEMBERS**

***Lok Sabha***

2. Smt. Locket Chatterjee
3. Shri Karti P. Chidambaram
4. Dr. Nishikant Dubey
5. Choudhary Mehboob Ali Kaiser
6. Smt. Raksha Nikhil Khadse
7. Dr. Sukanta Majumdar
8. Dhairyasheel Sambhajirao Mane
9. Mahua Moitra
10. Shri P. R. Natarajan
11. Shri Santosh Pandey
12. Shri Nisith Pramanik
13. Dr. Gaddam Ranjith Reddy
14. Shri Sanjay Seth
15. Shri L.S. Tejasvi Surya
16. Dr. T. Sumathy (A) Thamizhachi Thangapandian
17. Shri Bhanu Pratap Singh Verma

***Rajya Sabha***

18. Shri Y. S. Chowdary
19. Shri Suresh Gopi
20. Shri Md. Nadimul Haque
21. Shri Syed Nasir Hussain

**SECRETARIAT**

1. Shri Y.M. Kandpal - Director
2. Dr. Sagarika Dash - Additional Director
3. Shangreiso Zimik - Deputy Secretary

## **Representatives of the Department of Posts, Ministry of Communications**

<b>Sl. No.</b>	<b>Names</b>	<b>Designation</b>
1.	Shri Pradipta Kumar Bisoi	Secretary (Posts)
2.	Shri Salim Haque	Director General (Post)
3.	Shri Vishvapavan Pati	Additional DG (Coordination)
4.	Col Suhkdev Raj	Member (Planning & HRD)
5.	Shri Vineet Pandey	Member (Technology)
6.	Dr. Santosh Kumar Kamila	Member (Personnel)
7.	Smt. Arundhati Ghosh	Member (Operation)
8.	Shri Alok Sharma	Member (PLI)
9.	Shri Ashok Pal Singh	Member (Banking & DBT)
10.	Shri Ashish Upadhyaya	AS & FA
11.	Shri G.K.Padhy	Sr. DDG (PAF)

2. At the outset, the Chairperson welcomed the representatives of the Department of Posts (DoP) to the sitting of the Committee convened to hear the views on Demands for Grants (2020-21) of the Department. He drew their attention to various issues concerning the Department viz. poor status of utilization of funds during 2019-20 especially under Capital Section, achievements made under Recovery and Revenue Receipts, increasing gross expenditure and revenue deficit, expanding business opportunities of Post offices by taking up non-postal activities citing examples of other developed countries, leveraging huge post office network for Government's benefit and public convenience, e- money orders and measures taken to prevent money laundering, lack of utilization of funds under various Schemes including Estate Management, rationalization of post offices, etc .

3. The Members also sought clarifications on issues such as rationalization of post offices, opening of Post Office Common Service Centre, relocation of post offices to accessible places, opening of more Aadhaar enrolment centres and post offices for booking of railway tickets, issuing of FASTag in Post offices, popularizing My Stamp project under philately scheme, publicity of Post office schemes, problems of internet connectivity, providing facilities for payment of bills through India Post Payments Bank, utilization of MPLAD funds for building of Post offices, etc.

4. Thereafter, the representatives of Department of Posts made a brief power point presentation highlighting postal network in the country, socio-economic benefits of Post offices, digital platform of the Department, digital advancement of rural post offices, measures taken to improve access to postal network during 2019-20, major initiatives in Speed post, strategies for e-Commerce and parcel business, cross border e-Commerce through Post Offices, status of Post office Savings Bank and India Post Payments Bank, financial inclusion through PLI and RPLI, operating Post office Passport Sewa Kendra, Aadhaar enrolment cum updation center from Post office premises, opening of Post office Common Services Center, customer centric Grievance Redressal mechanism of India Post, financial performance of DoP, scheme expenditure trend in last five years, expenditure in FY 2019-20, budget proposal 2020-21, the Five year action plan of the Department, etc. The Members then raised queries about various issues arising from the Powerpoint presentation which were then replied to by the representatives of the Department.

5. 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.**

**STANDING COMMITTEE ON INFORMATION TECHNOLOGY  
(2019-20)**

**MINUTES OF THE EIGHTEENTH SITTING OF THE  
COMMITTEE**

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The Committee sat on Wednesday, the 11 March, 2020 from 1500 hours to 1620 hours in Committee Room '62', First Floor, Parliament House, New Delhi.

**PRESENT**

**Dr. Shashi Tharoor -Chairperson**

**MEMBERS**

***Lok Sabha***

2. Smt. Locket Chatterjee
3. Shri Karti P. Chidambaram
4. Dr. Nishikant Dubey
5. Smt. Raksha Nikhil Khadse
6. Dr. Sukanta Majumdar
7. Ms. Mahua Moitra
8. Shri P. R. Natarajan
9. Shri Santosh Pandey
10. Dr. Gaddam Ranjith Reddy
11. Shri Sanjay Seth
12. Dr. T. Sumathy (A) Thamizhachi Thangapandian
13. Shri Bhanu Pratap Singh Verma

***Rajya Sabha***

14. Shri Y. S. Chowdary
15. Shri Md. Nadimul Haque
16. Shri Syed Nasir Hussain
17. Shri D. Kupendra Reddy
18. Shri Ronald Sapa Tlau

**Secretariat**

- 1. Shri Ganapati Bhat - Additional Secretary
- 2. Shri Y.M. Kandpal - Director
- 3. Dr. Sagarika Dash - Additional Director
- 4. Smt. Geeta Parmar - Additional Director
- 5. Shri Shangreiso Zimik - Deputy Secretary

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee convened to consider and adopt Draft Reports on Demands for Grants (2020-21) relating to the Ministries/Departments under their jurisdiction.

3. The Committee, then, took up the following draft Reports for consideration and adoption.

- (i) ....xxxx....xxxx...xxxx...xxxx.....xxxx....xxxx...xxxx...xxxx  
...
- (ii) ....xxxx....xxxx...xxxx...xxxx.....xxxx....xxxx...xxxx...xxxx  
...
- (iii) Draft Report on Demands for Grants (2020-21) of the Ministry of Communications (Department of Posts)
- (iv) ....xxxx....xxxx...xxxx...xxxx.....xxxx....xxxx...xxxx...xxxx  
...

4. The Committee, thereafter, adopted the above Report with some modifications.

5. The Committee 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.**

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\_\_\_xxxx....Matters not related to Report.