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**STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2006-2007)**

FOURTEENTH LOK SABHA

**MINISTRY OF COMMUNICATIONS AND
INFORMATION TECHNOLOGY
(DEPARTMENT OF POSTS)**

**DEMANDS FOR GRANTS
(2007-2008)**

FORTY-FIFTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 2007/Vaisakha, 1929 (Saka)

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(DEPARTMENT OF POSTS)

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(2007-2008)

Presented to Lok Sabha on 27.4.2007

Laid in Rajya Sabha on 27.4.2007



LOK SABHA SECRETARIAT
NEW DELHI

April, 2007/Vaisakha, 1929 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE
ON INFORMATION TECHNOLOGY
(2006-2007)

Shri Nikhil Kumar — *Chairman*

MEMBERS

Lok Sabha

2. Shri Abdullakutty
3. Shri Nikhil Kumar Choudhary
4. Shri Sanjay Shamrao Dhotre
5. Smt. Jayaprada
6. Shri Bhubaneshwar Prasad Mehta
7. Shri Harish Nagpal
8. Shri G. Nizamuddin
9. Shri Sohan Potai
10. Shri Lalmani Prasad
11. Kunwar Jitin Prasad
12. Shri Vishnu Deo Sai
13. Shri Tufani Saroj
14. Shri Tathagat Satpathy
15. Shri K.V. Thangkabalu
16. Shri P.C. Thomas
17. Shri Kinjarapu Yerrannaidu
- *18. Smt. Rubab Sayeda
- **19. Shri Narahari Mahato
- ##20. Shri Badiga Ramakrishna
21. Vacant

* Nominated *w.e.f.* 25th September, 2006 in place of Shri Rajnarayan Budholiya, MP (L.S.).

** Nominated *w.e.f.* 28th November, 2006.

Nominated *w.e.f.* 23rd February, 2007.

Rajya Sabha

- #22. Vacant
- 23. Shri Praveen Rashtrapal
- 24. Shri Ravi Shankar Prasad
- 25. Shri Dara Singh
- 26. Shri A. Vijayaraghavan
- 27. Shri N.R. Govindraj
- 28. Shri Motiur Rahman
- 29. Shri Eknath K. Thakur
- 30. Shri Shyam Benegal
- 31. Shri Rajeev Chandrasekhar

SECRETARIAT

- 1. Shri Rajagopalan M. Nair — *Additional Secretary*
- 2. Shri P. Sreedharan — *Joint Secretary*
- 3. Shri Cyril John — *Deputy Secretary*
- 4. Shri D.R. Mohanty — *Executive Officer*

*Vacated dated 15th December, 2006.

INTRODUCTION

I, the Chairman Standing Committee on Information Technology (2006-07) having been authorised by the Committee to submit the Report on their behalf, present this Forty-Fifth Report on Demand for Grants (2007-2008) relating to Ministry of Communications and Information Technology (Department of Posts).

2. The Standing Committee on the Information Technology (2006-2007) was constituted on 5 August, 2006. 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 Demands for Grants of the concerned Ministry/Department and make a Report on the same to the House.

3. The Committee considered the Demands for Grants pertaining to the Ministry of Communications and Information Technology (Department of Posts) for the current year i.e. 2007-2008, which were laid on the table of the House on 19 March, 2007. The Committee took evidence of the representatives of the Department of Posts on 3 April, 2007.

4. The Report was considered and adopted by the Committee at their sitting held on 20 April, 2007.

5. The Committee wish to express their thanks to the Officers of the Department of Posts of appearing before the Committee and for furnishing the information, that the Committee desired in connection with the examination of the subject.

6. For facility of reference and convenience Recommendations/ Observations of the Committee have been printed in bold letters in the Report.

NEW DELHI;
25 April, 2007
5 Vaisakha, 1929 (Saka)

NIKHIL KUMAR,
Chairman,
Standing Committee on
Information Technology.

REPORT

PART I

I. Introductory

The Department of Posts, which form a part of the Ministry of Communications and Information Technology, are responsible for the planning, development, expansion, operation and maintenance of Postal Services in the country. The Department also discharge certain agency functions in respect of Savings Bank and other Small Savings Schemes, Collection of customs duty on postal articles and disbursement of pension to military and Railway Pensioners, Family pension to Industrial Employees of Coal Mines etc. The Department administer Postal Life Insurance for the benefit of Postal, Telecom and other Central Government Employees and Employees of State Governments, Public Sector Undertakings, Nationalised Banks, Local Bodies etc.

2. According to the Department of Posts, India Post is committed to fulfil the Universal Service Obligation in terms of providing basic postal services throughout the country, irrespective of terrain, at an affordable price. For meeting this requirement it has set up a network of 1,55,333 Post Offices as on 31.3.2006, out of which 1,25,350 are Branch Post Offices catering exclusively to the rural areas. Through these offices daily delivery of Dak at the doorsteps of every customer anywhere in the country and collection of letters through Letter Boxes is ensured. Post Offices in urban and rural areas provide a range of basic Postal Services to the customers, including banking and insurance services. Bill collection facilities are being extended through all Post Offices in urban areas, and identified Post Offices in rural areas, while certain value added services are being provided in selected offices in urban areas. The Department of Posts have launched 'Pick up Mail Facility ' w.e.f. 18th July 2005 in the country. Under this facility, the postman while delivering the Dak picks up ordinary mails, speed post articles and sale of postage stamps and stationery at the doorstep of customers.

II. Implementation status of recommendations contained in the Thirty First Report of the Committee on Demands for Grants (2006-2007) of the Department of Posts.

3. The Standing Committee on Information Technology presented their Thirty first Report on Demands for Grants (DFG) relating to the Department of Posts for the year 2006-07 on 2nd August, 2006. The Thirty Ninth Report on Action Taken by the Government on the recommendations contained in the Thirty First Report on DFG (2006-07) was presented to Lok Sabha on 18 December, 2006. Out of 35 recommendations contained in the Report 26 recommendations (Recommendations at Para Nos. 1, 3, 6-8, 10, 11, 14, 16, 17, 19, 20,21, 23-25) were accepted by the Government. The Committee did not desire to pursue 2 recommendations (Recommendations at Para Nos. 4 and 13) in view of the satisfactory reply given by the Government. Two replies at Para Nos. 15 and 18 were found to be interim in nature. The replies of the Government in respect of 5 recommendations at Para No. 2, 5, 9, 12 and 22 were not accepted by the Committee. The Committee reiterated these recommendations in their Thirty-Ninth Report.

III. Budgetary Analysis

4. The Department of Posts have presented Demand No. 13 for Grants to Parliament for the year 2007-2008 on 19 March, 2007 which is as under:—

Postal Service-Demand No. 13

(Rupees in crores)

		Revenue	Capital	Total
Voted	Plan	78.25	205.41	283.66
		8.54*	22.80	31.34
	Non-Plan	7150.50	4.01	7154.51
	Total	7237.29	232.22	7469.51
Charged	Plan	—	—	—
	Non-Plan	0.10	—	0.10
	Total	7237.39	232.22	7469.61

*Allocation of North-Eastern Region

5. Head-wise details of the Revenue and Capital Section of the year 2007-2008 Budget is as follows:—

Revenue Section		Capital Section	
Head of Account	BE 2007-2008	Object Head	BE 2007-2008
01 General Administration	397.49	Training Buildings	5.05
02 Operation	4603.81	Post Office and RMS Buildings	16.50
03 Agency Services	287.29	Admn. Office Buildings	5.00
04 Accounts & Audit	148.25	Staff Quarter Buildings	5.20
05 Engineering	69.71	Training Land	—
06 Amenities to Staff	58.59	Post Office Land	1.75
07 Pension	1563.50	Staff Quarter Land	—
08 Stationery & Printing	89.21	Admn. Office land	—
60 Others	11.00	Mechanisation and modernisation of Postal Services	170.34
		Railway Mail Services Vans	—
		Mail Motor Vehicles	5.57
		Civil Engineering Store	0.01
		Suspense	
		Other Expenditure	—
Total	7228.85		209.42
Provision for North-East	8.54		22.80
	7237.39		232.22
Grand Total	7469.61		

6. The summary of Demand for Grants 2007-08 as compared to the previous years has been stated to be as under:—

(Rupees in crore)							
	Actuals 2004-05	Actuals 2005-06	B.E. 2006-07	R.E. 2006-07	B.E. 2007-08	% age inc/ dec of Col. 5 over Col. 3	%age inc/ dec of Col. 6 over Col. 5
1	2	3	4	5	6	7	8
Revenue Section							
Gross Expenditure	5964.54	6429.15	6533.69	6899.11	7237.39	7.31%	4.90%
Deduct: Recoveries	150.85	195.78	155.75	231.00	215.50	17.99%	-6.71%

1	2	3	4	5	6	7	8
Net Expenditure	5813.69	6233.37	6377.94	6668.11	7021.89	6.97%	5.31%
Postal Receipts	4431.85	5023.49	4998.71	5350.45	5539.73	6.51%	3.54%
Deficit	1381.84	1209.38	1379.23	1317.66	1482.16	8.91%	12.48%
Provision for North East							
Region under M. Head 2552	0.00	0.00	5.51	5.66	8.54		50.88%
Capital Section							
Gross Expenditure	126.29	269.33	385.97	380.20	232.22	41.17%	-38.92%
Deduct: Revenue	0.00	0.00	0.00	0.00	0.00		
Net Expenditure	126.29	269.33	385.97	380.20	232.22	41.17%	-38.92%
Provision for North East							
Region under M. Head 4552	0.00	0.00	17.19	15.25	22.80		49.51%

(i) Revenue Deficit

7. As is seen from the above statement, the Revenue Deficit of the Department was Rs. 13.81.84 crore in 2004-2005, Rs. 1209.88 crore in 2005-2006, Rs. 1317.66 crore in 2006-2007 and the projected deficit for the year 2007-2008 is Rs. 1482.16 crore. From another statement furnished to the Committee, it was observed that the actual deficit for the financial year 2006-2007 (upto January, 2007) was Rs. 3052.58 crore. Asked to state the revenue deficit for the first two years of the Tenth Plan period, it was replied that the revenue deficit was Rs. 1364.40 crore in 2002-2003 and Rs. 1375.22 crore in 2003-2004.

8. In the above context, the Committee desired to be apprised of the reasons for the increasing trend of revenue deficit of the Department in the entire Tenth Plan period and the action plan chalked out to wipe out such deficit. In reply, it was stated that the main reasons for the increasing trend of revenue deficit of the Department over the years were normal increase in Pay & Allowances, DA and other establishment costs besides heavy load of Pensionary charges included in the Working Expenditure of the Department of Posts. As regards action plan for reducing the revenue deficit, it was stated that the Department have been making every efforts apart from increasing revenue/recoveries from agency functions like PLI/RPLI and remuneration from financial services. It was further stated that better

technology introduced by the Department in order to save establishment cost would certainly help containing revenue deficit to some extent. New products/services such as National Rural Employment Guarantee Scheme (NREGS), Old age Pension etc also looking to the market in the rural network to earn more and more revenues, was also being introduced towards containing revenue deficit. The Committee were also informed that the Department were looking forward to the Ministry of Finance and Planning Commission for charging Pensionary cost to the common head of accounts i.e. 2016-Pension and Pensionary charges as was being done in the case of other Ministries/Departments.

9. On the issue of heavy burden on account of pensionary charges being included in the working Expenditure of the Department of Posts, the Secretary, DoP in evidence stated that most of the Ministries/Departments were not required to generate funds to support the pensionary charges of their employees whereas in the case of the DoP it was otherwise. He further stated that in order to contain the revenue deficit, it was imperative that the pensionary cost of the DoP should be charged to the common head of accounts.

10. Asked to state the initiatives taken by the Department to convince the Ministry of Finance/Planning Commission in charging the pensionary cost to the common head of accounts and the stance taken by them in this regard, it was stated that the issue of charging Pensionary cost to common head of account has been taken up by Department of Posts from time to time. However, the same had not been acceded to by the Ministry of Finance on the ground that the Department of Posts as per Rule 54 of Government Accounting rules continue to function on commercial principles as the case of Ministry of Railways and Department of Telecom before the creation of BSNL.

11. The Committee then pointed out the discrepancies observed upon the scrutiny of the statements furnished to them relating to the 2006-2007 fiscal wherein it was stated that the revenue deficit pertaining to that year (RE) was Rs. 1317.66 crore whereas the actual deficit upto January, 2007 was stated to be Rs. 3052.58 crore. Asked to explain the reasons it was replied that the Actual deficit in the year 2006-2007 upto Jan. 2007 has been shown as Rs. 3052.58 crore against the Revised Estimate of Rs. 1317.66 crore as the amount of Rs. 3052.58 crore excluded the amount of remuneration on account of SB/SC to the tune of Rs. 2490 crore which would be adjusted at the end of the financial year 2006-2007. All efforts to restrict the deficit to the figure (Rs. 1317.66 crore) as projected in Revised Estimate 2006-2007, was stated to have been made by the Department.

12. The Committee then desired to know the basis for projecting the revenue deficit at Rs. 1482.16 crore for the year 2007-2008. In reply, it was stated that the main reason for projecting Rs. 1482.16 crore deficit in 2007-2008, was due to the normal increase in Pay & allowances, DA and other establishment cost in addition to the pensionary charges. The other reason for such deficit projection was stated to be an increase in operational expenses like carriage charges for Railways and Airlines.

13. In reply to a specific query regarding the time frame proposed to remove the revenue deficit, a representative of the Department submitted in evidence that should the Department be successful in its endeavour to penetrate the rural areas for financial services, the revenue deficit would be wiped out in about two to three years.

(ii) Revenue Receipts

14. The year-wise Revenue Receipts of the Department of Posts in the Tenth Plan period and the projection for first year of Eleventh Plan were stated to be as under:—

(Rs. in crore)		
2002-2003	—	4009.65
2003-2004	—	4256.93
2004-2005	—	4431.85
2005-2006	—	5023.49
2006-2007	—	5350.45 (RE)
		2277.33 (actuals upto Jan. 2007)
2007-2008	—	5539.73 (BE)

15. Asked to state whether the above cited revenue receipts were not showing a slow growth proportionately over the years and the reasons therefore, it was replied that the slow growth of revenue receipt was largely due to decline in traditional mail traffic, Money order traffic etc. regarding measures taken to increase the revenue receipts, it was stated that keeping in view the customers and market requirement, the Department of Posts were taking various steps to increase the revenue by introducing innovating products and services like Speed Post, Passport Service, Business Post, Bill Mail Service, Retail Post, Media Post, Express Parcel Post, Logistic Post, Direct Post, IMO and other agency services.

16. From another statement furnished to the Committee, it was observed that the revenue receipts through sale of stamps has been consistently decreasing over the years. For example in the year 2002-2003 the revenue receipt through sale of postal stamps was Rs. 981.04 crore which was reduced to Rs. 894.67 crore in 2003-2004 and further reduced to Rs. 798.66 crore and Rs. 758.56 crore respectively in the years 2004-2005 and 2005-2006.

17. In the above context, the Committee desired to be apprised of the reasons for such steady decline in the sale of postage stamps over the years. In reply, it was stated that the reason for such decline was due to the Department's active encouragement of use of Franking

machines and Multipurpose Counter machines. Thus, computerised receipts although led to decline in the sale of postage stamps, it resulted in an increasing revenue in 'postage realised in cash'.

18. Asked to indicate the revenue generated through postage realised in cash during the last 3-4 years, it was replied that while such revenue receipt was Rs. 1017.35 crore in 2002-2003, it increased to Rs. 1155.92 crore in 2003-2004. During the years 2004-2005 and 2005-2006, the revenue receipts on such account were Rs. 1297.11 crore and Rs. 1469.99 crore respectively.

(iii) Revenue Expenditure

19. The Committee were informed that the Gross Expenditure of the Department of Posts under the Revenue Section was Rs. 5736.06 crore in 2003-04, Rs. 5964.54 crore in 2004-05, Rs. 6429.15 crore in 2005-06 and Rs. 6899.11 crore (RE) in 2006-07. Such expenditure for the year 2007-08 has been projected at Rs. 7237.39 crore. In this context, the Committee desired to know the reasons for the constant rise in the gross expenditure of the Department. In reply, it was stated that this rise in expenditure has been largely due to the expenditure incurred on mandatory items such as salaries, Pensionary charges, and normal increase in DA, operational expenses for mail delivery (Increase in Railway carriage charges and Air mail charges) and business promotions for revenue enhancement.

20. When asked to state the measures taken to contain the Gross Expenditure in the Eleventh Plan, notwithstanding the expected increase under salaries, pensionary charges, it was replied that the Department of Posts were observing strict economy measure as per guidelines issued by the Department of Expenditure, Ministry of Finance from time to time. The expenditure was also stated to be monitored and reviewed on regular basis at various levels (*i.e.* Divisional, Circle and Directorate) in the Department. It was further stated that the Department of Posts have very limited scope for curtailing expenditure as more than 85% of Expenditure pertain to mandatory items like Salaries, Wages, Pensionary Charges, Medical Expenses, Rent Rates, Taxes etc.

21. The Committee were informed that pursuant to the 'induction of technology' being identified as a thrust area during the Tenth and Eleventh Plans, the Department of Posts have been inducting technology in Postal Operations for improving the Quality of Service, creating opportunities to introduce new value added and e-enabled services for generating additional revenue.

22. In this context, the Committee enquired about the extent of cut down that could be effected in gross expenditure through 'induction

of technology'. In reply, it was stated that induction of technology would ultimately reduce the cost of operations in many areas. But it was not feasible to quantify the gross expenditure expected to be reduced in absolute term as Post Offices were in the process of getting fully computerised and along with that the time factors for doing various postal transactions were being rationalised.

(iv) The rate of Remuneration for Savings Bank and Saving Cash Certificate

23. The Committee were informed that as per the suggestions of an Expert Committee set up by Ministry of Finance in 1993-94, that Ministry were required to enhance the per account/per certificate remuneration on Saving Bank/Saving Certificate (SB/SC) by 10% every year. In this context, the Committee desired to be apprised of the rate of remuneration for the last three years as fixed by the Ministry of Finance for SB account/Certificate issued/discharged and the rate proposed for 2007-2008 in reply, the following information was furnished to the Committee.

(Rate per unit)							
Name of the scheme	2004-05 (in Rs.)	2005-06 (in Rs.)	Percent- age increase over last year	2006-07 (in Rs.)	Percent- age increase over last year	2007-08 (in Rs.)	Percent- age increase over last year
Savings Deposits	106.97	111.12	3.88%	114.45	3%	117.89	3.01%
Savings Certificates (NSC/KVP)	30.19	31.36	3.88%	32.30	3%	33.27	3%
Indira Vikas Patras	8.02	8.33	3.87%	8.58	3%	8.84	3.03%

24. After scrutinizing the above information and expressing their surprise, the Committee desired to know the reasons for Ministry of Finance not adhering to the agreed formula of increasing the remuneration rate by 10 percent every year and the action taken by the Department to convince the Finance Ministry to honour it. In reply, it was stated that the matter was taken up by the Department with the Ministry of Finance in the year 2004 and again in 2005 to increase the remuneration rate, but the same was not agreed to as the percentage and rate was being fixed unilaterally by the Finance Ministry.

(v) Recoveries

25. The Department of Posts are paid agency charges for the services like Commission on Postal Life Insurance, Pension Payments, Western Union rendered on behalf of other Ministries/Departments. In this regard, the recoveries of the Department of Posts in the Tenth plan period, *i.e.* from 2002-03 to 2006-07 was stated to be as under:-

(Rs. in crore)

Year	Amount
2002-2003	102.10
2003-2004	103.91
2004-2005	150.85
2005-2006	195.78
2006-2007	231.00 (RE) 12.81 (Actual upto Jan. 07)

26. In the above context, the Committee asked whether the recoveries during the Tenth Plan were commensurate with the services rendered and amount raised thereon. In reply, it was stated that there was slow growth of recovery during the year 2002-2003 and 2003-2004, but 2004-2005 onwards it marked a steady growth.

27. Observing that against a targeted recovery of Rs. 231 crore during the year 2006-2007, Rs. 12.81 crore only has been recovered upto January, 2007, the Committee asked whether the Department would be able to recover, the balance amount in just remaining two months of 2006-2007 fiscal. In reply, it was stated that, out of the total Rs. 231 crore projected, around Rs. 168 crores was the projection for Flat Rate Remuneration (FRR) from Postal Life Insurance (PLI)/Rural Postal Life Insurance (RPLI) business which could only be adjusted after the closing of account. Similarly the commission for custom duty and settlement in respect of Employee Provident Scheme (EPS 95), Employee Provident Fund (EPF), Coal & Mines Pension, Railway Pension, Telecom Pension were also likely to take place only during closure of accounts. In was further stated that a commission of around Rs. 44 crore had already been received from Western Union Money Transfer (WUMT) which would increase the recovery status during 2006-2007.

28. Asked to indicate the recovery amount outstanding during the last three/four years, the following information was furnished to the Committee:—

Year	Amount of dues outstanding (Rs. in crore)			
	EPF	CMPF	Telecom.	BSNL
2002-03	0.55	0.24	0.77	2.36
2003-04	1.90	0.35	1.23	142.30
2004-05	8.18	1.93	1.12	30.90
2005-06	9.13	8.18 (Approx.)	2.97 (Approx.)	34.54
Total	19.76	10.70	6.09	210.10

29. The Committee specifically desired to know the reasons for such a huge amount pending against BSNL and measures taken to recover the same. In reply, it was stated that the reasons for outstanding from BSNL on being higher side was due to dispute in (a) rate of commission for handling telegrams in combined Post offices; (b) the total number of messages booked, transmitted and delivered. But BSNL authorities insisted that only the number of messages booked should be the criteria for charging the commission and not the ones in transit and delivery. Another reason of dispute was stated to be due to non-finalisation of certain issues on account of separation of DoT and BSNL. However, a separate MOU has been signed with BSNL to create synergy and to settle all claims pertaining to each other amicably. The Department were expecting that all the pending issues would be resolved in the next financial year.

30. Regarding measures taken to recover the outstanding dues from others, it was stated that DoT has also started reimbursing Telecom pension charges and has committed to settle its share of Audit expenses as may be finalised by C&AG from current year. The matter has been taken with CAG for deciding the past arrears of Audit share. Necessary steps were also being taken to recover the outstanding balances from other Ministries. All the Postal Accounts Offices have been directed to form a committee to monitor the recovery of dues. These Offices have also been impressed upon regularly requested to make all out efforts to recover the outstanding balances against other organisations.

31. Asked to state whether the DoP were planning to diversify their service base and increase the number of agency services to generate additional revenue, it was stated that the Department of Posts was taking various innovative measures to diversify its service base and increase the number of agency services keeping in view customer and market requirement. Services like Passport service, distribution of select mutual funds and bonds, International Money transfer service,

Retailing of non-life insurance products, other retail post activities, implementation of NREGS and Old age pension scheme have been introduced to increase revenue through agency services. Suitable mechanism have also been evolved for each agency service in order to ensure timely recoveries of dues.

32. The Committee asked whether DoP were taking up agency services in case of various State Governments also. In reply, a representative of the Department Stated in evidence that after the introduction of National Rural Employment Guarantee Scheme in Andhra Pradesh, 32 Lakh Saving Bank (SB) accounts had already been opened whereas in 30 to 40 years of service only 725 lakh SB accounts were opened in the post offices. The Secretary, DoP further added that the Ministry of Rural Development and many other States were also interested to disburse National Rural Employment Guarantee Scheme (NREGS) through DoP.

IV. Utilisation of Plan Outlays

33. From the documents furnished to the Committee it was noticed that the Tenth Plan Outlay for the Department of Posts was Rs. 1350 crore. Against that, the achievement has been Rs. 642.91 crore (upto December 2006) constituting an utilisation of 47.62 per cent only. The year-wise utilisation has been Rs. 45.91 crore in 2002-2003, Rs. 63.30 crore in 2003-04, Rs. 142.16 crore in 2004-05, Rs. 301.11 crore in 2005-06 and Rs. 90.46 crore in 2006-07.

34. In the above context, the Committee desired to be apprised of the main reasons for under utilisation of financial outlays proposed under various Annual Plans during the Tenth Plan. In reply, it was stated that in 2002-03 and 2003-04 there was very low utilisation of funds as scheme-wise outlays were approved by the Planning Commission only by end-September, 2002 and action for obtaining Expenditure Finance Committee EFC/Standing Finance Committee (SFC) approvals for the schemes could be initiated only thereafter. The two major schemes, *viz.*, construction of buildings at a projected cost of Rs. 115.40 crore and computerisation of Post Offices at a cost of Rs. 836.27 crore got approved only during August 2003 and January 2004 respectively, hence funds could not be fully utilised as anticipated.

35. As regards shortfalls in utilisation of funds during 2004-05 it was stated that expenditure was higher, at Rs. 142.16 crore, which was 71.08% of the B.E. 2004-05 outlay. In 2005-06, all the schemes were under implementation so that expenditure was higher, at Rs. 301.11 crore, which was 74.53% of the B.E. 2005-06 outlay.

36. Regarding the year, 2006-07, the Committee were informed that all the schemes, except the scheme for setting up of Automated Mail Processing Centres (AMPCs), were being implemented as per schedule. The expenditure on the schemes being implemented was expected to be as per the outlay.

37. Asked to indicate the expenditure incurred so far in the 2006-07 fiscal against the projected outlay of Rs. 380.20 crore, it was replied that the expenditure upto January 2007 has been Rs. 89.29 crore only. When the Committee desired to know the reasons for such lower utilisation of outlays during the first ten months of the 2006-07 financial year, it was replied that during 2006-07, the booking of expenditure in the Capital section up to January, 2007 was low, since there was a long gestation period in the implementation of major schemes that involved computerisation and construction of buildings. This was due to the time involved in completing formalities such as tendering, actual implementation (including delivery and installation of construction) and booking of the actual expenditure incurred under the relevant head of account.

38. Asked to state the measures taken by the Department to optimally utilise the 2006-07 Plan Outlays, it was replied that the following steps were being taken to facilitate timely utilisation of Plan funds:

- (i) On receipt of DGS&D rate contracts in July 2006, orders were immediately placed for hardware under Plan proposals for computerisation of Post Offices, Mail Offices, Sorting Centres, Circle Stamp Depots, Speed Post Centers etc. and funds were released to all Circles for implementing the schemes.
- (ii) Action was initiated early to release funds to Circles, in order to make sufficient time available to Circles for incurring the expenditure.
- (iii) Monthly monitoring of the plan fund utilisation was being carried out by the Directorate, involving the concerned Division/Circles responsible for implementing the scheme, DGS&D and vendors.

39. In a subsequent note, the Committee were apprised that the Department had surrendered Rs. 14.16 crore at the final Grant stage, out of the 2006-07 R.E. Plan Outlay, because the expenditure on the project for setting up Automated Mail Processing Centres could not be incurred in the year 2006-07, as per the decision of the Tender Evaluation Committee to seek re-tendering for the equipment that was to be procured through a global tender. It was further stated that the final booking figures for the year 2006-07 were not available, so the extent of under-utilisation against the allocation could only be worked out at a later stage.

40. The Committee were informed that the Eleventh Plan of the Department of Posts has not yet been finalised by the Planning Commission. However, the total outlays included in the Eleventh Plan proposals of the Department of Posts which was submitted to the Planning Commission was stated to be Rs. 12353.84 crore.

41. Asked to state the projects of the Department for the year 2007-08, it was stated that the initial projection of fund requirement

for Annual Plan 2007-08, as included in the Eleventh Plan proposal of the Department of Posts submitted to the Planning Commission in December 2006 was Rs. 402.61 crore. However, after preliminary discussions with the Planning Commission, the total allocation sought for Annual Plan 2007-08, was revised by the Department of Posts to Rs. 317.69 crore in January, 2007.

42. Asked to state the scheme-wise outlay for the first year of the Eleventh Plan period, *i.e.*, 2007-08, the following information was furnished to the Committee:—

Annual Plan Outlay 2007-08

(Rupees in crores)

Sl.No.	Plan Scheme/Activity	Total Financial Outlay
1.	Access to the Postal Network	7.35
2.	Mail Operations	17.50
3.	Banking and Money Transfer Operations	20.50
4.	Insurance Operations	7.00
5.	Philately Operations	4.00
6.	Estates Management	33.00
7.	Technology Upgradation & Modernisation	173.10
8.	Materials Management	1.50
9.	Human Resource Management	29.70
10.	Marketing Research and Product Development	11.00
11.	Quality Management	7.25
12.	Development of Postal facilities in Special Areas	
	Ladakh Region	0.30
	Andaman & Nicobar Islands	1.50
	Lakshadweep Islands	1.30
	Grand Total	315.00

43. It was further submitted that the Department had sought a lower outlay for 2007-08 than the outlay provided in the year 2006-07, since 2007-08 is the first year of the Eleventh Five Year Plan and it was expected that the requisite approvals for the Plan Schemes would take some time. This was particularly relevant in the Eleventh Plan since all the schemes have been revamped and some new schemes are also being introduced. In case the approvals for the schemes by the Standing Finance Committee (SFC)/Expenditure Finance Committee (EFC) were received early and the fund requirement was higher than anticipated, the Department would project additional requirement of funds at the RE 2007-08 stage.

(i) Expansion of Postal Network

45. As may be seen from the above statement against the target for opening of Departmental Post Offices, PSSKs, EDBOs etc. under the scheme 'Expansion of Postal Network', the achievement has been hundred percent *vis-à-vis* the Tenth Plan Targets. However, the total Tenth Plan Outlay under the head, 'Expansion of Postal Network' was Rs. 32.43 crore whereas the expenditure from 2002-03 to December 2006 was to the tune of Rs. 7.72 crore only implying an utilisation of 23.81 per cent.

46. In this regard, when asked to furnish reasons for under utilisation of funds provided for 'Expansion of Postal Network' in the Tenth Plan Period and the correlation between achievement of physical and financial targets, it was replied that the Plan targets initially proposed in the EFC Memorandum for the Plan scheme "Expansion of Postal Network" were for opening of 1000 Extra Departmental Branch Post Offices, 100 Departmental Post Offices and 5000 Panchayat Sanchar Sewa Kendras, at a total cost of Rs. 41.44 crore. While the Department was provided with an outlay of Rs. 32.43 crore under the Plan scheme "Expansion of Postal Network", the EFC approved implementation of the Plan scheme only for the first two years of the Tenth Plan period, with the stipulation that a revised EFC Memorandum should be submitted based on a study of the postal network, which was subsequently carried out by the Planning Commission.

47. Similarly, the Plan targets assigned in the first two years were for opening 450 Extra Departmental Post Offices, 45 Departmental Branch Post Offices and 2400 Panchayat Sanchar Sewa Kendras. Further, funding was limited only to the non-recurring expenditure under the major Plan activity relating to opening of new post offices. Manpower for new post offices was to be met only by redeploying existing personnel so no provision was made for recurring expenditure on new post offices.

48. It was further informed that the Plan targets assigned for the first two years under the scheme were almost fully achieved. However, since only the non-recurring component of the expenditure was permitted to be included under Plan expenditure in the case of the Plan programmes for opening of post offices, the expenditure was much lower than originally anticipated. In the years 2004-05 and 2005-06, no new Post Offices or PSSKs were opened. The requirement for post offices in various areas in the country was met by relocation

of post offices from areas where these were no longer justified as per prescribed norms.

49. The revised EFC Memorandum for the scheme was approved in the year 2006-07, with a drastically reduced outlay of Rs. 11.20 crore. A further target for opening 10 Departmental Sub Post Offices in the year 2006-07 was also been assigned, which was expected to be achieved fully. Thus, the expenditure of Rs. 7.72 crore upto December, 2006 is 69% of the revised outlay of Rs. 11.20 crore for the Tenth Five Year Plan under the scheme "Expansion of Postal Network".

50. Asked to furnish state-wise details of number of requests pending for opening of Post Offices in the country, the following statement was furnished to the Committee:—

Sl.No.	Name of the Circle	Number of requests
1	2	3
1.	Andhra Pradesh	2
2.	Assam	4
3.	Bihar	32
4.	Chhattisgarh	1
5.	Delhi	31
6.	Gujarat	Nil.
7.	Haryana	6
8.	Himachal Pradesh	16
9.	Jammu and Kashmir	59
10.	Jharkhand	71
11.	Karnataka	10
12.	Kerala	6
13.	Madhya Pradesh	5
14.	Maharashtra	30
15.	North East	2
16.	Orissa	10

1	2	3
17.	Punjab	13
18.	Rajasthan	8
19.	Tamil Nadu	20
20.	Uttar Pradesh	37
21.	Uttanchal	5
22.	West Bengal	9
	Total	377

51. Asked to state the measures taken to open new post offices commensurate with the above requests, it was stated in the years 2004-05 and 2005-06, no new post offices were opened and the requirements for post offices in various areas in the country was met by relocation of Post Offices from areas where these were no longer justified as per prescribed norms. The Secretary in the evidence clarified that Expenditure Finance Committee has taken a decision that in future only non recurring cost will be taken into consideration for calculating unit cost for opening Branch Post Offices and Sub-Post Offices and manpower for new post offices was to be met only by re-deployment to existing personnel. The Secretary, DoP apprised the Committee that in the Eleventh Plan period they have proposed to open 3,000 rural post offices and 2,500 Extra Departmental Post Offices (EDBOs).

52. The Committee desired to be apprised of the number of Head POs, BPOs, EDBOs, running at losses and those making profits. It was replied that the review of the income and expenditure of each post offices was a continuous process for which such date for all post offices in the country was not available. It was also stated that as per Departmental norms, in order to fulfil the Universal Service obligation, income criteria norms have been prescribed for upgradation/opening of Post Offices.

53. The Committee were further informed that in case a post office was found to be running at a loss at more than the permissible limit as per the prescribed norms, efforts were made to enhance the revenue, and revenue targets were assigned to such post offices. In case such a post office failed to show any improvement, it could be relocated to an area where a post office was justified as per norms. However, this was done only as a last resort, after ensuring that suitable arrangements have been made to continue providing the existing level of postal facilities in the area from where a post office was relocated.

54. From the documents furnished to the Committee it was noticed that out of the total, 2,34,755 Gram Panchayat villages in the country the number of Gram Panchayats with Post Offices were 1,15,881 thus leaving 1,18,874 Gram Panchayats without Post offices.

55. In the above context, when asked about the reasons for such a high number of Gram Panchayat Villages without POs and steps taken to provide the postal facilities in these villages it was replied that Post offices can be opened only in those Gram Panchayat (GP) villages where the norms for opening of branch post offices, with regard to distance, population and income were fulfilled. Therefore, every Gram Panchayat village cannot have a post office though postal facilities are provided to all villages.

56. As regards steps taken to provide postal facilities to the uncovered Gram Panchayat village, it was stated that during the Tenth Five Year Plan, the department issued instructions to the Circles to relocate Extra Departmental Branch Post Offices (EDBOs) located in close proximity with each other in normal rural areas to other normal rural areas where there was demand and justification for opening of post offices. Thus, in the Tenth Plan period, wherever justified, Post Offices in GP villages were opened.

57. It was further stated that under Annual Plan 2007-08, the target has been to open 250 branch post offices in rural areas which would also cover those GP villages where a post office was justified as per norms.

(ii) Computerisation of Post Offices/Postal Account Offices/ Administrative Offices

58. As regards the target and achievement in computerisation of POs/PAOs/AOs during the Tenth Plan period, the following information was furnished to the Committee:—

Plan Activity	Target	Achievement
Computerisation of POs	839 HPOs 6861 Sub POs	839 HPOs 7324 SOs
Postal Accounts Office	22	22
Administrative Offices	245	239

- NB
- (i) Orders for hardware for computerisation of another 100 SOs has been placed in Feb., 2007. This will increase the achievement figure of SOs from 7324 to 7424.
 - (ii) 6 Administrative Offices (e.g. 6 Regional Offices functioning in Circle offices) do not have independent establishment and hence computers not provided separately.

59. Asked to state the reasons for not computerizing any Extra Departmental POs during the entire Tenth Plan period, it was replied that there was no plan to computerise Extra Departmental POs in the Tenth Plan period. In reply to another specific query, it was replied that out of the Plan allocation of Rs. 730.84 crore during the Tenth Plan period, the Department has been able to utilise Rs. 614.65 crore towards computerisation of POs/PAOs/AOs.

60. The Committee desired to know whether there was any plan to computerise the EDBOs during the Eleventh Plan period. It was replied that for the Eleventh plan, the Department has submitted a proposal to computerise remaining Departmental Post Offices, Administrative & Accounts Offices and also for computerisation of Branch Post offices to the Planning Commission. The Eleventh Plan proposals of the Department were however, yet to be finalised.

(iii) Mail Business Centres

61. The Committee were informed that the DoP optimally achieved the Tenth Plan targets for computerisation and networking of mail offices. As regards the plans and projections in this regard during the Eleventh Plan period, it was stated that there has been a plan to set up Mail Business Centres all over the country during the Eleventh Five year Plan. These centres will function as hub for mail related activities and will be equipped with latest technology and state of the art equipments for assembly line processing, warehousing, packaging conveyance, IT infrastructure and security systems. Keeping in view the decline in mail traffic, small mail offices are proposed to be closed and bring down the number to 300 only. These will be expanded in their scope to become Mail Business Centres so as to improve quality, reduce cost of operations and generate additional revenues. Delivery to bulk addresses and important customers shall be made from MBCs bypassing Post Offices. The later would continue to handle delivery of mail to retail customers. The projected outlay is of Rs. 388.60 crores for this activity in the Eleventh Plan.

62. Asked to state the measures taken alongwith computerisation of Mail Offices to provide faster and reliable services to the customers, it was replied that world over, postal administrations were upgrading their traditional services through induction of technology and introducing new products and services to meet the challenges of providing faster, reliable and responsive service to the customers. Keeping in line, India Post has also been upgrading its infrastructure and inducting technology.

Following major initiatives have been taken to make postal operations more efficient and economical:—

- (i) Computerisation and networking of POs.
- (ii) Setting up National Data Centre
- (iii) Initiate e-Commerce and e-governance activities.
- (iv) Induction of technology in mail operations and in banking and insurance services.
- (v) Expansion of e-Payment, e-Post and various other e-enabled services.
- (vi) Imparting training to staff for skill upgradation to implement technology induction successfully.
- (vii) Electronic transmission of money orders.

63. The Committee were informed that the DoP has been planning to set up Mail Business Centres all over the country keeping in view the decline in mail traffic. As part of rationalisation of mail network, it was proposed to review the existing 487 mail offices across the country and converge them into approximately 300 Mail Business Centres (MBCs). In this regard, the Committee desired to know the exact mail related activities envisaged to be carried out by the Mail Business Centres. In reply, it was stated that in order to consolidate the fragmented mail network and rationalise the mail processing and transmission units, a concept of New Paradigm for Mail Management has been introduced by the Department. The Key and immediate objectives of the new paradigm were stated to be to:—

- (i) Improve the quality of service
- (ii) Reduce the cost of operation
- (iii) Increase mail business
- (iv) Enhance the skills and knowledge level of the RMS officials to enable them to undertake the challenges of market forces and customer demands
- (v) Delivery details to be provided to sender within the quickest possible time
- (vi) Decrease response time
- (vii) Help in grievance redressal
- (viii) Implement track and trace facility
- (ix) Provide any time solutions for the key customers.

64. Similarly, the long term objectives of the MBCs were stated to be to:—

- (i) Achieve safe, reliable, guaranteed and speedy delivery enhancing customer satisfaction.
- (ii) Ensure cost reduction in mail handling through better supervision and control, optimal utilisation of human resources.
- (iii) Improve quality of mail handling through automation, mechanisation.
- (iv) Transform higher customer satisfaction and reduced costs into higher business revenue.
- (v) Provide one-stop solutions to the entire mailing requirement for the customer including printing.
- (vi) Provide customised mail solutions to key customers and price them as 'business packages'.
- (vii) Under or participate in various market surveys and other initiatives to understand the market forces and customers demands.

65. In reply to a specific query, it was replied that 85 Mail Business Centres have so far been set up across the country.

VI. Budgetary allocation for North-East

66. The details of year-wise Tenth Plan budgetary allocation for the North-East Region and the utilisation thereof was stated to be as under:—

(figures in Rs. crores)		
Year wise	Budgetary Allocation	Achievement
2002-03	15.00	2.53
2003-04	8.98	3.91
2004-05	9.96	4.24
2005-06	15.23	4.83
2006-07	22.70	2.50 (up to January 2007)

67. In response to another query, it was replied that the percentage of Plan expenditure in the North-East Region over the total expenditure, was 5.51 in 2002-03, 6.18 in 2003-04, 2.98 in 2004-05, 1.60 in 2005-06 and nil in 2006-07 (upto January 2007).

68. The Committee desired to know the reasons for the Plan Expenditure in the N.E. Region being below mandatory 10% of total expenditure during each year of the Tenth Plan Period, it was replied that the induction of technology in almost all operative and administrative offices in the North Eastern Region has been completed, so the scope for further investment under the Plan scheme for computerisation was limited. It was also stated that the level of investment in other Plan schemes in North-East was very low as they were not capital intensive.

69. Asked to state the reasons for no expenditure incurred in the North East Region during 2006-07 fiscal (upto January 2007), the Secretary, Department of Posts submitted in evidence that the spending in North-East has actually been picked up after January 2007 in terms of provision of computers to 100 post offices in the North-East region relaxing the norms in this regard. Further, a sum of Rs. 12 crore has been spent on the provision of Aircrafts. The Secretary, Department of Posts summed up:—

“By the time our accounts are complete for this year, we will show a much healthier performance.”

70. Asked to state the measures taken to ensure optimal utilisation of the budgetary allocation and the mandatory ten per cent utilisation of the Plan expenditure in the North East Region, it was stated that regular monitoring of Plan activities and coordination with the Postal Circles in the North Eastern Region was being done to ensure optimal utilisation of budgetary allocation in the North-East Region.

71. When asked about the specific projects identified for implementation in the North Eastern Region during the Eleventh Plan period, it was stated that during the Plan period, 11th Five Year Plan, “Wet Leasing of Aircraft for carriage of Mails”, a plan activity was being undertaken specifically for North East Region. In order to streamline conveyance of mail and to provide the same quality of service in the North-East region as in the rest of the country, leased aircraft would be utilised in the North East Region for transportation of mail. This will overcome the problems of inadequate space with Railways and Airlines and will definitely avoid inordinate delay in delivery.

VII. Community Service Centres

72. The Committee were informed that there was a proposal for establishing one lakh Community Service Centres by the Department of Information Technology throughout the country. The functions of the service centres would include issuing of birth and death certificates and offering value-added services. With six lakh villages in the country, each Service Centre would cater to and look after six villages.

73. Asked about the detailed objectives and time-frame drawn up for setting up the CSCs, it was replied that the objective of the Common Service Centres is to provide information and the day-to-day services to the villagers using Information Technology. In short, it is an effort to become e-governance hub in the target area. It was further stated that there has been no prescribed time-frame for setting up of Common Service Centres in the Post Offices. The Common Service Centres would be set up with the public/private partnership or NGOs or a corporate organisation.

74. Regarding the role of DoP in setting up of these Centres, the Committee have been informed that the Department of Posts with its vast network of 1,55,516 post offices across the country have been considered suitable for setting up of Common Service Centres and the role and responsibility of the Department of Posts are to:—

- (i) Provide necessary accommodation in Post Offices to Partnering Organisation for setting up the CSC.
- (ii) Allow Partnering Organisation to (i) Set up necessary hardware and software, (ii) set up Internet or other connectivity, (iii) provide furnishings, partitions, counters, etc. (iv) necessary displays, and (v) any other thing required to set up and run the CSC.
- (iii) Allow Partnering Organisation to provide necessary manpower to man the CSC.
- (iv) Facilitate electricity connection.
- (v) Facilitate running of CSC even beyond normal working hours of Post Offices.
- (vi) Advertise the availability of the CSC facilities.

75. In response to another query, it was replied that three Common Service Centres have so far been established at Dehradun, Jaipur and Guwahati.

VIII. Postal Delivery System

76. As regards delivering in postal delivering system the Committee were informed that the instances of delay in delivery of Money Orders were 1,57,816 cases in 2003-04, 2,17,434 in 2004-05 and 1,73,347 in 2005-06. The State-wise details of instances of delay in delivery of money orders were stated to be as under:—

Name of State	Delay cases of Money Orders in 2003-04	Delay cases of Money Orders in 2004-05	Delay cases of Money Orders in 2005-06
1	2	3	4
Assam	2437	2731	2899
Andhra Pradesh	1590	3948	2911
Arunachal Pradesh	0	0	0
Bihar	2365	2628	2042
Chhattisgarh	6409	4319	2464
Delhi	36934	58479	38449
Goa	1576	1298	990
Gujarat	2027	4527	5816
Haryana	1619	4220	8017
Himachal Pradesh	686	2435	3261
Jammu & Kashmir	1382	1619	4080
Karnataka	1966	3936	4801
Kerala	3301	6162	4631
Madhya Pradesh	752	1856	3379
Maharashtra	55377	49114	28410
Manipur	0	0	0
Meghalaya	57	205	586
Mizoram	0	0	0

1	2	3	4
Nagaland	0	0	5
Orissa	1746	4715	2728
Pondicherry	0	0	0
Punjab	3319	5469	4916
Rajasthan	2014	3492	3683
Sikkim	65	152	23
Tamil Nadu	2814	8412	14398
Tripura	740	850	1432
Uttar Pradesh	8212	22927	23167
Uttaranchal	2980	5441	4854
West Bengal	16236	13777	4012
Total	157816	217434	173347

77. When the Committee desired to know the reasons for such a high number of cases of delay in delivery of MOs, it was replied that enquiries by DoP have revealed that the reasons for delayed delivery included cancellation/late running of trains/airlines/buses, incomplete and wrong addresses on the money orders, non-use of Postal Index Number (PIN) Code, growth of unplanned colonies in some areas, heavy seasonal workload during wage period and festival time, non-availability of addresses, change in address without intimation to the concerned Postmaster etc. It was further stated that if any delay in payment was found to have occurred due to improper conduct of a postal employee, action under departmental rules was taken against the employee at fault. Investigation and settlement of complaints as stated to be an ongoing process.

78. The Committee asked about the number of postal employees found responsible for delay in postal delivery and action taken against such erring officials. In reply, it was stated that during the years 2003-04 to 2005-06, 203 postal employees were found responsible for dereliction in job and all of them have been proceeded against under departmental rules and punishment meted out to them.

79. Asked to state corrective measures taken by the Department for timely delivery of money Orders, it was replied that there has been continuous review and monitoring of the money order service to improve its efficiency for timely payment. All complaints regarding delay in delivery of money orders are looked into by the Department at all levels. While specific instances are resolved individually, system defects that come to notice are rectified to avoid recurrence of such instance. An enquiry is initiated on receipt of complaint regarding delay in payment of a money order and if no confirmation about its payment is received, a duplicate money order is issued and payment effected immediately.

80. In evidence, when the Committee desired to hear the views of the Secretary, DoP in this regard, he submitted:—

“While I acknowledge that it is certainly not a good picture to show, if you look at in terms of total number of money orders handled, it will not be that bad a figure. What happens is, mostly it is the problem of financing or handling paper money order. We are now planning to bring in an entirely electronic based money order in this financial year. We are going to launch our electronic based money order scheme which will largely eliminate these delays. It will also be far more efficient. Even the tariff structure we are going to make us more people friendly. So, you will find really a re-engineered money order product which I profess will be before you in five or six months. I do acknowledge that we do have problem with the old system.”

81. As regards number of complaints received on delay in delivery of Registered letters, the following information was furnished to the Committee:-

Year	No. of complaints about delay in delivery of registered Letters
2003-04	40179
2004-05	53035
2005-06	53348

82. Asked to indicate the measures initiated by the Department to improve the overall mail processing and delivery system, it was replied that the following steps were taken towards that end:—

- (i) Regular monitoring of mail routing and delivery is undertaken by positing test letters and trial cards.

- (ii) Surprise checks on the delivery of mail by the supervisory staff and officers.
- (iii) Live mail surveys at regular intervals both in rural and urban areas to identify weak links and streamline the mail transmission and delivery systems.
- (iv) Regular coordination meeting with Airlines, Railways and State Road Transport authorities to sort out problems relating to transmission of mails.
- (v) Encouraging pre-sorting of mails by the bulk mailers by provision discount in postage as an incentive.
- (vi) To cope up with the seasonal mails, separate centres with adequate manpower are opened to give expeditious handling of such mails.

83. The Committee desired to know the special attention being paid by the postal department towards improvement in the efficiency of delivery system in the rural and remote areas. In reply, it was stated that the mail processing network has been very fragmented with sub-optimal utilisation of resources due to the vast spread of the country and limited resources at the disposal of the department specially human resources. The Department of Posts has now embarked upon consolidation and rationalisation of mail network to fully optimise its resources which would lead to strengthening of rural postal delivery system and ultimately improve its efficiency.

84. The Committee observed that there was a decline in mail traffic from in unregistered letters from 214.18 million in 2004-05 to 208.56 million in 2005-06 and in registered letters from 7146.18 in 2004-05 to 6492.16 in 2005-06. Comparative chart of mail volume from 2004-05 to 2005-2006 is given below:—

(in millions)			
Category of mail	2004-05	2005-06	Increase/Decrease (in %age)
Unregistered	214.18	208.56	(-) 2.62%
Registered	7146.18	6492.16	(-) 9.15%
Total	7360.36	6700.72	(-) 8.96%

85. The Secretary, DoP in the evidence submitted that:-

“Sir, mail traffic was showing a decline in the personal mail sector. I think, overall our revenue is from mail traffic is definitely going up. It all depends. May be in the personal mail, there is a decline definitely, but if you look at the way the bulk mail is coming, especially in places like Mumbai and other cities, it is huge. We are certainly hoping to capitalise on that”

IX. Business Development Activity

86. As regards the product-wise revenue growth of Business Development Activities of the DoP during the years 2004-05 and 2005-06, the following information was furnished to the Committee:—

(Rs. in Million)			
Products	Revenue in 2004-05	Revenue in 2005-06	% age increase
Speed Post	3541.60	4084.20	15.32
Business Post	4730.60	6100.50	28.96
Media Post	63.60	280.68	341.32
Express Post	377.00	457.63	21.39
Retail Post	505.0	651.07	28.92
Greeting Post	4.20	2.19	-47.86
Other Business Services	311.40	444.77	42.83
Total	9533.40	12021.40	26.09

87. As is seen from above, the Media Post, Business Post and Retails Post have taken a quantum leap in terms of revenue generation, whereas Greeting Post registered a declining trend and Speed Post has shown a very marginal growth.

88. In the above context, when asked to furnish reasons for declining trend in Greeting Post and registering only 15.32 increase in the Speed Post services, it was stated that the printing of new Greeting Cards as a Premium Post Product has been discontinued and sale of only old stock was on. The growth of 15% in Speed Post was stated to be on par with express industry growth in India. However, after introduction of ‘One India One Rate’ for Speed Post in August 2006,

the volume of Speed Post articles has been increasing. Computerisation and Publicity have also been taken up for expansion of the Speed Post network.

89. During evidence the Secretary, DoP submitted that the business mail was going at a healthy pace and the Department hoped to encash on the same. With regard to the revenue estimate for above mentioned activities for the year 2006-07, was it was expected to cross Rs. 1400 crore in 2006-07. The targets for 2007-08 were yet to be finalised.

90. Regarding mechanism evolved to interact with the public to know their response to various new services introduced by the Department, it was replied that market surveys were being conducted to assess the customer expectations and requirements. Besides, structured Customer Meets were being conducted at various levels for obtaining the feedback from the customers on various services introduced by the DoP.

X. Postal Finance Mart

91. The concept of 'Setting up Postal Finance Marts (PFM)' envisages providing specialised value added financial services in an ergonomically improved Post Office in conformity with market standards and in a customer friendly environment. The PFM seeks to offer all the financial products and services of the Department under one roof-"One Stop Shop for Financial Services"-in a fully computerised office supported by technology, at par with reputed banking institutions. The PFM is a brand positioning exercise of financial services offered by the Post Office Savings bank on the lines of the personalised services offered by banks to customers. Therefore, the facilities offered through PFM is distinct from the services offered through Post Office not merely in terms of the ambience but also in the provision of specialised facilities like 'Investment Desk', AMFI qualified staff etc. The PFM will provide POSB services like Saving Bank (SB), Recurring Deposit (RD), Management Information System (MIS), Term Deposit (TD, Senior Citizen Saving Scheme (SCSS), National Savings Certificate (NSC), Kisan Vikas Patra (KVP), as well as other financial services like Postal Life & Non-life Insurance, Mutual Funds & Bonds, Government Securities, Pension schemes, International Money Transfer, Money Order etc.

92. In this context, the Committee desired to know the number of Financial Marts set up so far and the targets set in this regard for the coming years. In reply, the Secretary, DoP stated in evidence that 142 Financial Marts have already been set up mainly in big Post Offices.

He further stated that 34 such Marts have been targeted to be set up during 2007-08.

XI. Shortage of Staff

93. As regards the staff position in the DoP, the Committee were informed that as on 1st August 2006, 31,650 posts were lying vacant in various circle in the country group wise break up being 76 in Group 'A', 877 in Group 'B', 25200 in Group 'C' and 5497 in Group 'D'.

94. When asked about the reasons for such a high number of vacancies existing in various cadres, the Department forwarded the following explanation:—

"The Department follows the directions contained in the DOP&T OM No. 2/8/2001-PIC dated 16.5.2001 for making direct recruitment according to which 1/3rd of the direct recruitment vacancies subject to a further calling of 1% of the sanctioned strength of the Department can be filled after getting clearance from the Screening Committee. As per the instructions while examining the vacancies to be filled up, the functional needs of the organisation would be critically examined so that there is flexibility in filling up vacancies in various cadres depending upon their functional need. However overall direct recruitment will be restricted to 1/3rd of vacancies meant for direct recruitment subject to the condition that the total vacancies proposed for filling up should be within 1% ceiling.

The validity of the scheme has been extended up to 31.3.2009 *vide* DOPT OM No. 2/8/2001-PiC dated 30.8.2006 recently 2503 direct recruitment vacancies in Group 'B', 'C' and 'D' under the Annual Direct Recruitment Plan (ADRP) of this scheme for the year 2005 have been cleared by the Screening committee for filling up and the same has been conveyed to all concerned for taking necessary action to fill up the said posts by direct recruitment. As per the said scheme, 5043 posts of the said year cannot be filled up and are required to be abolished. Finalisation of ADRP 2006 is under process."

95. The Committee were further informed that there has been no restriction on filling up to the promotional vacancies and these vacancies are being filled up in normal course by holding the DPCs regularly as per relevant recruitment rules and the procedure prescribed by the Department from time to time.

96. During evidence the Secretary DoP, submitted that due to the Governments restriction in filling up only one vacancy out of three, it has affected the reduction of posts in about 27,000 post offices.

XII. Philately

97. Observing the Department's hundred per cent achievement in holding philately exhibitions during the previous years, the Committee desired to know the proposals in this regard for the year 2007-08 and the amount earmarked towards the objective. In reply, it was stated that 60 philately exhibitions at divisional level, 3 at Circle/Zonal level and one at the national level were being proposed to be held during the year 2007-2008. An amount of Rs. 4 crore has been earmarked towards philately operations.

98. In evidence the Secretary, DoP apprised the Committee that the Department was organizing philately exhibition in all circles on a routine basis on various themes.

99. Asked to state the specific measures being taken by the Department for upgradation and promotion of Philately, it was replied that the following measures were being taken in that direction:—

Upgradation

All 69 Philatelic Bureaux throughout the country have been computerised and ambience improved by providing better furniture and equipments for philatelic displays, etc. All 19 Circle Stamp Depots, which deal with stocking and supply of postal stamps and stationary, have also been computerised for better inventory control.

Promotion

(i) State/Regional/District Level Philatelic Exhibitions

The Department has been encouraging the organizing of Exhibitions at all levels, with a view to promote philately and create conditions conducive to revenue generation at the grassroot levels.

(ii) Philately Festivals

The theoretical rigours of philatelic exhibitions often put off school children, particularly in centers which do not have a tradition in philately. Festivals which project philately as a "colourful" and "exciting" activity are needed in such centers to attract the children, especially drawing them away from TV and computers. Philately Festivals are held annually in different parts of the country.

(iii) Philately Workshops

The workshops explain the rudiments of philately to the un-initiated. A major target group are the school children. Philately workshop are held in different cities of the country annually.

(iv) Philately Seminars

Seminars are intended primarily as devices to maintain the interest of collectors in stamps at a steady level, to prevent drop-outs from the hobby. There are also avenues to achieve higher levels of excellence in the pursuit of philately. They provide a forum for amateurs to interact with veteran philatelists. Philately Seminars are held in different centres of the country annually.

(v) Stamp Design Competition

An art competition for children, is held annually since 1999. Prize winning entries get to figure on some stamps issued by India Post. The competition serves to increase the popularity of stamp-collection among school going children.

(vi) Stamp Popularity Poll

This a feedback-cum-publicity event which is organised annually since 1999. In this members of public are asked to give their feedback on all the stamps released in a calendar year.

(vii) Museum Activity

Regular Philatelic Displays are held at the National Philatelic Museum at New Delhi. Exhibitions on special theme are organised throughout the year.

(viii) Philately Promotional literature and Publications

Booklets/pamphlets on philately are brought out for local circulation in different centers. These are printed locally and whenever possible, in local language. These are brought out in a cost-effective manner. Newsletters and sponsored features in magazines are some of the other publications.

(ix) Publicity material

Advertisements/posters about the hobby of philately, philatelic events and other happenings are taken out at the National, State and local levels.

XIII. Advertising & Publicity of various schemes

100. The Committee desired to be apprised of the measures taken by the Department to popularise various products schemes launched by them through advertising and publicity. In reply, the Secretary, DoP stated in evidence that Tuesday the DoP were coming out with attractive advertising campaigns.

101. Asked to state whether it would not be prudent for the Department to insist on the Companies who were taking the Department's space on rent to advertise publicise the postal schemes alongwith their own ones, the Secretary, DoP replied in the affirmative.

102. The Committee were informed that the DoP had huge saving accounts deposits of Rs. 323780.37 crore which was being done on behalf of the Ministry of Finance.

103. When asked by the Committee whether the Department could utilise some amount to popularise their products/schemes. The Secretary, DoP submitted:-

"Sir, if I may clarify what-the arrangement is with the Ministry of Finance as far as this money is concerned, we have absolutely no access over it. It all goes into the public account, in the Government Treasury, which we cannot touch. We get money only through the Budget, which you are now examining. From that, I can ask for money for promotions and other things, which I have asked for. Traditionally, these are the products of the Ministry of Finance. For all the schemes, the Ministry of Finance has set up an organisation called the National Savings Organisation. Now, it is called the National Savings Institute. These are all done by this National Savings Institute, whose job is to promote these schemes of the Government. Of course, it does not mean that we cannot ask for funds to promote them. In fact, in a limited way, we do it, But taking your point, we will ask the Government for separately giving us the funds for promoting these schemes so that people can know that this is something, which is good for them."

104. The Secretary, DoP further stated that in the eleventh Plan the Department has set a very ambitious targets for marketing and promotions of their schemes/products.

PART II

RECOMMENDATIONS/OBSERVATIONS

I. Budgetary Analysis

(i) Revenue Deficit

1. The Committee observe that the revenue deficit of the Department of Posts was Rs. 1364.40 in 2002-03, Rs. 1375.22 in 2003-04, Rs. 1381.84 in 2004-05 and Rs. 1209.88 crore in 2005-06. The Committee also find that the revenue deficit for the year 2006-2007 (upto January, 2007) is Rs. 3052.58 crore although the final projection i.e. by 31st March, 2007 is Rs. 1317.66 crore. As projected, the expected deficit for the year 2007-2008 would be Rs. 1482.61 crore. The increase in the revenue deficit has been attributed to the increase in Pay, Dearness Allowances and other establishment cost and operational charges besides heavy load of pensionary charges included in the working expenditure of the Department. Although a number of measures like induction of better technology, introduction of new products/services were reportedly being taken by the Department, yet the Committee are concerned to note the alarmingly growing trend of the revenue deficit over the years. The Committee feel that among other measures, intensifying the technology induction at various levels coupled with redeployment of staff would help the Department to cut down their establishment and operational cost which would ultimately help in containing the revenue deficit. The Committee also desire that the Department should seriously endeavour to launch and popularise their products/services like disbursement of wages to the beneficiaries under the National Rural Employment Guarantee Scheme (NREGS), old age pension in the rural areas, and other premium products in view of their immense potential, so that more revenues are generated to neutralise the impact of the deficit. A definite time frame for the above measures should be kept in mind in order to prevent the revenue deficit from taking a menacing proportion.

2. The Committee note that one of the foremost reasons for the growing revenue deficit of the Department of Posts is the heavy load of pensionary charges included in the working expenditure of the Department whereas in the case of most of the Central Government Ministries/Departments, the pension payments made are booked to a common head of account. This has been done because the DoP is considered as a commercial Department and their services are supposed to have a tariff, which not only would pay for the

salaries, but also for the pensionary liabilities. The Committee find it difficult to be in agreement with the viewing of the Department of Posts as a purely commercial entity. In fact, the social obligation enforced upon the DoP is enormous in view of the affordable services rendered by them throughout the country. In line with the recommendations made by them in their earlier Reports, the Committee once again recommend that the Government should consider absolving the Department of the 'commercial' tag and charge the pensionary cost to the common head of accounts, as is being done in the case of most of the Ministries/Departments. The Department of Posts, on their part, should again pursue the matter with the Ministry of Finance in this regard for a noticeable reduction of their revenue deficit.

(ii) Revenue Receipts

3. The Committee observe that the Revenue receipts of the DoP were Rs. 4009.65 crore in 2002-03, Rs. 4256.93 crore in 2003-04, Rs. 4431.85 crore in 2004-05 and Rs. 5023.49 crore in 2005-06. The anticipated Revenue receipts for the year 2006-07 is Rs. 5350.45 crore whereas the actuals upto January, 2007 is Rs. 2277.33 crore only. The slow growth in revenue receipts is reportedly due to decline in traditional mail traffic, money order traffic etc. for which efforts are being made by the Department to introduce innovative products and services like passport services, Business post, Bill Mail Service etc. for generation of more revenue. The Committee feel that with the fast changing technological advancements, traditional mail traffic is bound to decline sooner than later. The Department have, therefore, to take advantage of the new avenues that are surfacing as a result of the advancement of technology and introduce innovative products commensurate with the market requirements so that their revenue receipts get a boost.

4. In this context, the Committee find that the revenue receipts of the Department through sale of stamps have reduced from Rs. 981.04 crore in 2002-03 to Rs. 758.56 crore in 2005-06 due to the Department's active encouragement of use of Franking Machines and Multi Purpose Counter Machines. But the Committee are glad to observe that such a move by the Department, although resulted in decline in the sale of stamps and revenue thereof, has caused revenue increase in 'postage realised in cash' to the extent of Rs. 1469.99 crore in 2005-06 *vis-a-vis* Rs. 1017.35 crore in 2002-03. That is precisely why the Committee are emphasizing the advantages of the technological advancements and recommend that the Department should continue exploring innovative measures that will help them to compensate revenue decline in one scheme with that of an increase in some other areas.

(iii) Revenue Expenditure

5. The Committee note that the Gross Expenditure under the Revenue Section has been increasing year after year, *viz.* Rs. 5736.06 crore in 2003-04, Rs. 5964.54 crore in 2004-05, Rs. 6429.15 crore in 2005-06, Rs. 6899.11 crore (RE) in 2006-07 and projected at Rs. 7237.39 crore in 2007-08. Such rise in expenditure has reportedly been mainly due to the expenditure incurred on mandatory items such as salaries, wages, pensionary charges, medical expenses that amount to 85% of expenditure of the total gross expenditure of the Department. The Committee are informed that despite making concerted efforts to control expenditure by observing economy measures strictly on the basis of guidelines issued by the Ministry of Finance from time to time, the Department have very limited scope for curtailing expenditure in view of the reason explained above. The Committee acknowledge the constraints of the Department in this regard. But they are of the view that induction of technology being identified as a thrust area of the Department should result in reduction of manpower and cost of operations in many areas leading to reduction in gross expenditure. The Committee would, therefore, like the Department to make a detailed study as to how the induction of technology would bring down the working expenses of the Department once the process of computerisation of post offices is over. The outcome of the study should be made available to the Committee.

(iv) Rate of remuneration for savings bank and cash certificates

6. The Committee note that the rate of remuneration for the Savings bank and Cash Certificates work performed by the Department entails them a hike of 10 per cent every year pursuant to the recommendations of an Expert Committee set up in 1993-1994 by the Ministry of Finance. But they are constrained to observe that it never touched even four percent between the years 2004-2005 and 2007-2008. In view of the alarming revenue deficit position of the Department and keeping in mind the services rendered by the Department below the cost margin under social obligation, the Committee are of the view that the enhancement of 10% hike in the rate of remuneration as agreed to by the Ministry of Finance merit compliance. They, therefore, trust that the Ministry of Finance will look into the matter favourably, more so when the Postal Department have been rendering a number of agency functions for the Ministry of Finance. The Department of Posts, on their part, should follow up the matter with the Ministry of Finance to do the needful failing which the matter may be placed before the Union Cabinet for their consideration.

(v) Recoveries

7. The Committee note that the Department of Posts are paid agency charges for the services rendered by them to various Ministries/Departments and other Government organisations. In this context, the Committee find that the Department of Posts received agency charges of Rs. 102 crore in 2002-03, Rs. 103.91 crore in 2003-04, Rs. 150.85 crore in 2004-05 and Rs. 195.78 crore in 2005-06. For the year 2006-07 the projection has been Rs. 231 crore, but upto January, 2007 the receipt has been Rs. 12.81 crore only. The Committee are concerned to note that the receipts/recoveries of the agency charges by the Department during the Tenth Plan period are not commensurate with the services rendered and the amount raised thereof. The Department's contention that from the year 2004-2005, recoveries of the agency charges marked a steady growth does not convince the Committee in view of the huge amount i.e. Rs. 246.65 crore that has been pending recovery during the first four years of the Tenth Plan period. The Committee feel that when the Department are straddle with so many financial constraints, they can least afford to ignore such a noticeable outstanding amount. The Committee, therefore, recommend the Department to take all appropriate measures including regular monitoring in their own interest, to recover the amount pending against various organisations. The Committee also desire that the Department should ensure recovery of Rs. 231 crore, as projected for the year 2006-2007 by the end of that fiscal, besides appropriately expanding and diversifying the agency services to generate additional revenue in the coming years.

8. The Committee are concerned to observe that out of the outstanding amount of Rs. 246 crore during the years 2002-2003 to 2005-06, as much as Rs. 210 crore has been pending recovery from BSNL due to non-agreement over rate of commission for handling telegrams and booking, transfer and deliver of messages. The Committee are surprised that such issues could not be resolved for years together and the outstanding amount went on compounding. However, now that a MOU has been signed with BSNL, the Committee desire that there should be synergy between the sister Departments, disputed issues resolved amicably and the Department of Posts get their outstanding dues.

9. The Committee are happy to note that the Ministry of Rural Development and various other State Governments are interested in tie-up with the Department of Posts for the disbursement of National Employment Guarantee Scheme (NREGS) through Post offices. The Committee also appreciate that in Andhra Pradesh alone, 32 lakh Savings accounts have been opened for disbursement of NREGS. The Committee desire that similar business avenues should be explored in other States also in view of their reported interest for disbursement of NREGS through Post Offices.

II. Utilisation of Plan Outlays

10. The Committee are constrained to note that against the Tenth Plan Outlay of Rs. 1350 crore for various projects, the Department have been able to utilise Rs. 642.91 crore only (upto December, 2006) which constitutes 47.62 per cent utilisation of Plan outlay. The under-utilisation of the Plan outlay was attributed to the delayed approval of the scheme-wise outlays by the Planning Commission and the resultant delay by the Department in taking further action. The Committee recognise the difficulties of the Department in utilising the Plan Outlay because of the delayed approval of the Planning Commission. But that happened only during the first year of the Plan period i.e. 2002-2003, as has been observed from the Department's reply. In the subsequent years, the Department should have taken all advance measures for optimum utilisation of Annual Plan Outlays, instead of justifying that the expenditure increased to 71.08 per cent in 2004-05 and further to 74.08 in 2005-06. Although the extent of under-utilisation of the Plan outlay for the year 2006-2007 has not yet been worked out, the Committee find that an amount of Rs. 14.16 crore has already been surrendered by the Department. The Committee are of the view that less than fifty per cent utilisation of the total Plan outlay cannot be condoned, regardless of the reasons. They, therefore, recommend that the Department, instead of leaving things to take their own course, should intensify the preparedness, make all appropriate planning well in advance and thrive to achieve the Eleventh Plan outlays in general and that of 2007-08 in particular to the optimum extent.

III. Tenth Plan Physical Targets and achievement

11. The Committee appreciate to note that in most of the schemes/projects earmarked for the Tenth Plan period, the Department have achieved the physical targets. But the Committee fail to understand that when the Tenth Plan financial utilisation is less than fifty per cent, how the achievement of physical targets during the period is optimal. It implies that either the physical targets originally proposed to be accomplished during the Tenth Plan period have drastically been reduced or the financial projections to achieve the targets have been unrealistic. The Committee, therefore, desire that such variations between utilisation of funds and achievement of physical targets should be looked into and corrective measures taken accordingly to project a realistic picture.

(i) Expansion of Postal Network.

12. The Committee note that 377 requests from various circles for opening up of Post Offices have been pending with the Department since 2004-05. They also observe that during the years

2004-2005 and 2005-2006, no new Post Offices were opened and the requirement for post offices in various areas in the country was met by relocation of POs from areas where they were no longer justified as per the prescribed norms. The Committee are informed that as per the decision taken by the Expenditure Finance Committee, in future only non recurring cost will be taken into account for calculating unit cost to open Branch Post Offices and Sub-Post Offices and the manpower for new Post offices is to be met only by redeployment of the existing personnel. The Committee, thus, find that while the Department face the challenges of demand for opening up of new Post offices, the funding pattern and manpower provisions remain the same, thereby posing a greater challenge for the Department. In such a complex scenario, the Committee would like the Department to see how best they can prudently redeploy the existing manpower and judiciously utilise the available resources so that the demand for opening up of new post offices are appropriately catered to.

13. The Committee are concerned to note that out of the 2,34,755 Gram Panchayat villages in the country there are still 1,18,874 Gram Panchayat villages without Post offices. The Committee are informed that Post offices can be opened only in those Gram Panchayat villages where the norms for opening of Branch Post Offices with regard to distance, population and income are fulfilled and thus every Gram Panchayat village cannot have a post office though postal facilities are provided to all the villages. In this context, the Committee find that there are proposals to open 250 Branch Post Offices in rural areas during the year 2007-08. In view of the fact that such a large number of Gram Panchayat villages do not have any post offices, the Committee would like to impress upon the Department to take all effective measures to achieve the 2007-08 target of Branch Post Offices which will also cover those Gram Panchayat villages where a post office is justified as per norms. As every Gram Panchayat village cannot have a post office due to the prevalent norms, the Committee desire that continuous and uninterrupted basic postal facilities should be provided to those Gram Panchayat villages which are deprived of the advantages of post office.

(ii) Computerisation of Post Offices/Postal Account Offices/Administrative Offices

14. The Committee are happy to note that the Tenth Plan physical targets of computerisation of Post Offices, Postal Account Offices and Administrative Offices are almost achieved. The Committee further note that the Department have proposed to computerise the remaining POs/PAOs/AOs alongwith the Branch Post Offices during the Eleventh Plan period. The proposal is said to be under consideration of the Planning Commission. The Committee desire

that once the proposal to computerise the remaining Post Offices including Postal Account Offices (PAOs), Account Offices (AOs) and Branch Offices is finalised, the Department should carry the commendable performances exhibited during the Tenth Plan period into the Eleventh one.

(iii) Mail Business Centres (MBCs)

15. The Committee observe that in view of the decline in the mail traffic and as a part of rationalisation of the mail network, the Department propose to converge the existing 487 mail offices across the country into 300 Mail Business Centres which will function as a hub for mail related activities and will be equipped with latest technology and state of the art equipment for assembly line processing, warehousing, packaging, conveyance etc. The Committee also find that 84 Mail Business Centres have so far been set up across the country. The Committee would like to encourage the Department to set up more such centres in the country, in the line with international phenomenon, during the Eleventh Plan period by optimally utilising Rs. 388.60 crore earmarked towards the objective. The Committee are hopeful that once such rationalisation of mail network is accomplished on a large scale, it will ensure quality service to the customers besides reducing cost of operations and generating additional revenue.

IV. Budgetary allocation for North-East

16. The Committee note that the budgetary allocations for the North-East Region during the Tenth Plan period was Rs. 71.87 crore whereas the actual utilisation (upto January, 2007) has been Rs. 18.01 crore only, each year witnessing shortfalls. The Committee also find that the percentage of Plan expenditure in the Region over the total expenditure has been 5.51 percent in 2002-03, 6.18 in 2003-04, 2.98 in 2004-05, 1.60 in 2005-06 and astonishingly nil in 2006-07 (upto January, 2007). Needless to say, the Plan Expenditure in the North-East Region has been much below the mandatory ten percent of the total expenditure during each year of the Tenth Plan period. No scope for further investment under the Plan scheme consequent upon induction of technology in almost all operative and administrative offices in the North-East Region, the reason as advanced by the Department for the underutilisation of plan expenditure, does not convince the Committee in view of the unlimited scope for technological innovations and induction there. Similarly, the other reason that the level of investment in other Plan schemes was very low due to their non-capital intensive nature fail to impress the Committee as the Department have to keep their social commitment in mind. In the opinion of the Committee, merely by stating that regular monitoring of plan activities and coordination with the Circles in North-East

Region will fetch the desired result, the Department cannot absolve themselves of the responsibilities towards that Region. The Committee, therefore, impress upon the Department to take a firm resolve and ensure optimum budgetary allocation and at least ten percent plan expenditure, as mandated, in the North-East Region during the coming years so that the people of that Region remain well connected with the mainstream.

17. The Committee feel that relaxing the norms to open Post Offices in the North-East Region, computerisation of Mail Offices/Registration Centres and leasing of Aircraft for carriage of mails are steps in the right direction for facilitation of adequate postal services in those areas by overcoming the constraints of inordinate delay in delivery of postal articles. The Committee desire that such measures should be persisted with besides exploring other possible ways to provide better postal services to the North-East Region.

V. Community Service Centres

18. The Committee note that there is a proposal for setting up one lakh Community Service Centres (CSCs) with public-private partnerships of NGOs or corporate organisations throughout the country. The objective of the CSCs is to provide information and the day-to-day service to the villagers using Information Technology. In this context, the Committee find that the DoP with its vast network of 1,55,516 Post Offices in the country have been considered suitable for facilitating the establishment of Community Service Centres with a role of providing necessary accommodation, manpower, electricity connection, advertising etc. As the CSCs will be of great help in providing day to day information and basic services to the rural people, the Committee hope that the Department, commensurate with the role and responsibility assigned, will facilitate setting up of CSCs

VI. Postal Delivery System

19. The Committee note that the instances of delay in delivery of Money Orders was 1,57,816 in 2003-04, 2,17,434 in 2004-05 and 1,73,347 in 2005-06. Similarly, the number of complaints about delay in delivery of registered letters was 40,179 in 2003-04, 53,035 in 2004-05 and 53,348 in 2005-06. The reasons for such delays are stated to be cancellation of trains/airlines/buses incomplete and wrong address on the money orders/letters, non-use of Postal Index Number (PIN) Code, growth of unplanned colonies etc. Although the Department have initiated various steps like regular monitoring of mail delivery, surprise checks, regular coordination with airlines, railways, and State route transport authority, yet the instances of delay in delivery of money orders and registered letters are still on a higher side. The

Secretary, DoP's statement that the figures of delay are not too high looking at the volume handled does not impress the Committee as there should not be slightest scope of aberration in pursuit of excellence. The Committee, therefore, urge that the Department should further strengthen their monitoring mechanism besides appropriately rationalising their mail processing network so that instances of delay in delivery of postal articles, especially money orders are reduced to a greater extent for the benefit of the common man. The Committee also hope that the electronic based Money Order Scheme, which is on the anvil, will largely eliminate delays in the delivery system, as also assured by the Secretary, DoP.

20. The Committee appreciate to note that during the years 2003-2004, 203 postal employees have been proceeded against/punished for being at fault in prompt delivery of mails. The Committee are of the opinion that when there are so many reasons, beyond the Department's control, which cause inordinate delay in the delivery of postal items, the involvement of the Departmental employees for such delay should be continued to be dealt with a firm hand.

21. The Committee note that there was a decline of mail traffic in unregistered letters from 214.18 million in 2004-2005 to 208.56 million in 2005-06 whereas such decline in registered letters were to 6492.16 million in 2005-06 as compared to 7146.18 million in 2004-05. Reasons for decline in both registered and unregistered mails are attributed to decline in personal mail. However, the Committee are informed that although there has been a decline in personal mail, yet bulk mail is picking up. The Committee therefore, recommend that as there is huge potential in bulk mail business, it should be encouraged and incentivised in order to generate more revenue.

VII. Business Development Activities

22. While the Committee appreciate to note that Media Posts, Business Posts and Retail Posts are doing quite well in terms of revenue generation, they are constrained to observe that the Greeting Post has been exhibiting a declining trend due to discontinuation of the printing of new Greeting Cards as a premium cost product. The Committee further note that inspite of vast infrastructure created for Speed Post, it's revenue generation could be enhanced by 15% only in 2005-2006 as compared to the previous year. In order to encourage speed post business 'one India, one rate' was introduced in August 2006 and numerous other measures are also reportedly being taken to give publicity to Speed Post. The Committee are of the opinion that the Department should focus on their core business and evolve other innovative strategies encompassing value additions for the customers so that growth in the Speed Post business is accelerated.

23. The Committee are happy to note that market surveys are being conducted by the Department of Posts to assess the customers' expectations and requirements. Structured customer meets are also being conducted at various levels in order to have the feedback about the various services introduced by the Postal Department. The Committee, therefore, recommend that more and more such surveys and customer interactive measures should be undertaken to get the response of the public towards the quality of service provided by the Department of Posts and based on such feed back corrective measures be taken accordingly.

VIII. Postal Finance Marts

24. The Committee observe that 142 Postal Finance Marts have already been set up in the country for providing specialised value added financial services like Management Information System (MIS), Term Deposit (TD), Senior Citizen Saving Scheme (SCSS), Kisan Vikas Patras (KVP) in conformity with market standards and in a customer friendly environment. As the Postal Finance Mart is a brand positioning exercise of financial services offered by the Post Office Saving Bank on the lines of the personalised services offered by the banks to customers, the Committee desire that more and more such 'One Stop Shop' for Financial services should be opened up, including the targeted 34 such Marts for 2007-2008. The Committee also desire that feasibility of opening of such Postal Finance Marts in the rural areas should also be explored in view of the Department's vast rural customer base.

IX. Shortage of Staff

25. The Committee are constrained to note that quite a large number of posts in the Department are lying vacant in various categories, i.e., 76 in Group A, 877 in Group B, 25,200 in Group C and 5,497 in Group D due to the directions by the DoP&T according to which one-third of the direct recruitment vacancies subject to a further ceiling of 1% of the sanctioned strength of the Department can be filled after getting clearance from the Screening Committee. However, the Committee observe that there is no restriction on filling up posts in the promotional category. As the postal business is growing and a large number of post offices are being opened in the Eleventh Plan period, the Committee desire that the shortage in the number of posts in various categories should be taken up with the DoP&T at the highest level for relaxation of norms in filling up the vacancies so that the Department are adequately able to cater to the postal needs of the country, especially the rural areas.

X. Philately

26. The Committee observe that philatelic exhibitions are periodically being organised at the Divisional, Circle and National

levels for the promotion of philately. Further, philatelic festivals, workshops, seminars, promotional literature and publications have been initiated for the upgradation and promotion of philately in the country. The Committee appreciate the steps taken by the Department of Posts for the promotion and upgradation of philately and recommend that the Department should maintain the momentum in this regard in the coming years also.

XI. Advertising and Publicity of various schemes

27. The Committee appreciate to note the Secretary's statement that the Department has been coming out with periodical and attractive advertising products to endorse various products/schemes. The Committee feel that this aspect of business acumen should never be lost sight of, for the Department to remain in contention. In this context, the Committee also desire that while subletting their premises to other Private/Multi National Companies, the DoP should appropriately negotiate with them to advertise/publicise various postal products/schemes.

28. The Committee note that the Department has huge savings account deposit to the tune of Rs. 3,23,780.37 crore by virtue of work performed on behalf of the Ministry of Finance. The Committee also note that the Department have absolutely no access to such funds to utilise a part of the same for advertising/publicity campaign. However, after required negotiation, the Department may consider increasing the commission rate for the work they are performing for the Ministry of Finance. The additional fund, thus, generated can be utilised for advertising purposes. The Committee also desire that the DoP should request the Government for separate funds for the purpose, as also agreed to by the Secretary, DoP.

NEW DELHI;
25 April, 2007
5 Vaisakha, 1929 (Saka)

NIKHIL KUMAR,
Chairman,
Standing Committee on
Information Technology.

ANNEXURE I

MINUTES OF THE FIFTEENTH SITTING OF THE STANDING
COMMITTEE ON INFORMATION TECHNOLOGY (2006-2007)

The Committee sat on Tuesday, 03rd April, 2007 from 1100 hours to 1335 hours in Committee Room '62', Parliament House Annexe, New Delhi.

PRESENT

Shri Nikhil Kumar — *Chairman*

MEMBERS

Lok Sabha

2. Shri Abdullakutty
3. Shri Nikhil Kumar Choudhary
4. Shri Sanjay Dhotre
5. Shri Bhubaneshwar Prasad Mehta
6. Shri Sohan Potai
7. Shri Tathagat Satpathy
8. Shri K.V. Thangkabalu
9. Shri Kinjarapu Yerrannaidu
10. Shri Narahari Mahato
11. Shri Badiga Ramakrishna

Rajya Sabha

12. Shri Shyam Benegal

SECRETARIAT

1. Shri P. Sreedharan — *Joint Secretary*
2. Shri Cyril John — *Deputy Secretary*

WITNESSES

Representatives of the Department of Posts (DoP)

1. Shri I.M.G. Khan Secretary (Posts)
2. Shri D. Kailasa Prasad Member (I & FS)

3. Ms. Annie Moraes	JS & FA
4. M.s Rameshwari Handa	DDG (CP)
5. Ms. Anju Dasgupta	Pr. Sr. DDG (PO&I)
6. Shri S. Samantha	CGM (BD)
7. Ms. Sunita Trivedi	CGM (PLI)
8. Ms. P. Gopinath	Sr. DDG (IR)
9. Ms.Kalpana Tiwari	DDG (PG & QA)
10. Shri S. Sakar	DDG (Tech.)
11. Shri Faiz-Ur-Rehman	DDG (MM & TS)
12. Ms. Kaveri Banerjee	DDG (Phil.)
13. Shri A.K. Sharma	DDG (Estt.)
14. Shri P.T.S. Kumar	DDG (P)
15. Shri S.K. Mishra	DDG (PAF)
16. Shri S.K. Chakrabarti	DDG (MM)
17. M.s Vandita Kaul	Director (CP)
18. Shri D.K. Nim	Director (PA-I)
19. Shri Pranav Khullar	Director (I.A.)

2. At the outset, the Chairman welcomed the Secretary, Department of Posts and other officers accompanying him to the sitting of the Committee.

3. Thereafter, the Secretary, Department of Posts highlighted the salient features of the Demands for Grants (2007-08) which was followed by a brief presentation on the same.

4. The Members sought certain clarifications on the issues relating to the Demands for Grants (2007-08) of the Department of Posts. The representatives of the Department responded to the same.

5. The Chairman thanked the witnesses for appearing before the Committee and furnishing valuable information in connection with the Examination of Demands for Grants (2007-08) of the Department of Posts.

6. A verbatim record of the proceedings has been kept separately.

The witnesses, then withdrew.

The Committee, then, adjourned.

ANNEXURE II

MINUTES OF THE SEVENTEENTH SITTING OF THE STANDING
COMMITTEE ON INFORMATION TECHNOLOGY (2006-07)

The Committee sat on the 20th April, 2007 (Friday) from 1500 hours to 1800 hours in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Nikhil Kumar — *Chairman*

MEMBERS

Lok Sabha

2. Shri Abdullakutty
3. Shri Nikhil Kumar Choudhary
4. Shri Sanjay Shamrao Dhotre
5. Shri Bhubaneshwar Prasad Mehta
6. Shri P.C. Thomas
7. Shri Narahari Mahato
8. Shri Badiga Ramakrishna

Rajya Sabha

9. Shri Praveen Rashtrapal
10. Shri A. Vijayaraghavan
11. Shri Eknath K. Thakur

SECRETARIAT

Shri P. Sreedharan — *Joint Secretary*

WITNESSES

Representatives of NASSCOM

- | | | | | |
|-----|-----|-----|-----|-----|
| (1) | *** | *** | *** | *** |
| (2) | *** | *** | *** | *** |

(3)	***	***	***	***
(4)	***	***	***	***
(5)	***	***	***	***

Representative of Tulir-Centre for Prevention & Healing of Child Sexual Abuse

2.	***	***	***	***
3.	***	***	***	***
4.	***	***	***	***

The witnesses, then, withdrew.

The Committee, then, adjourned for tea.

5. *** *** *** ***

6. *** *** *** ***

The witnesses, then, withdrew.

7. Thereafter the Committee took up the following Draft Reports for consideration and adopted the same:—

(i)	***	***	***
(ii)	***	***	***
(iii)	Draft Report on Demands for Grants (2007-08) relating to the Department of Posts.		
(iv)	***	***	***

8. The Committee, then, authorised the Chairman to finalize the above Draft Reports in light of the factual verifications made by the concerned Ministry/Departments and present the same to the House on a date convenient to him.

The Committee, then, adjourned.