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**STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2009-2010)**

FIFTEENTH LOK SABHA

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

**DEMANDS FOR GRANTS
(2009-2010)**

FIRST REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2009/Agrahayana, 1931 (Saka)

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(2009-2010)

*Presented to Lok Sabha on 16.12.2009
Presented to Rajya Sabha on 16.12.2009*



LOK SABHA SECRETARIAT
NEW DELHI

December, 2009/Agrahayana, 1931 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE
ON INFORMATION TECHNOLOGY
(2009-10)

Shri Rao Inderjit Singh — *Chairman*

MEMBERS

Lok Sabha

2. Shri Rajendra Agrawal
3. Shri Nikhil Kumar Choudhary
4. Shri Milind Deora
- *5. Shri Charles Dias
6. Shri Rajen Gohain
7. Smt. Darshana Jardosh
8. Shri Mithilesh Kumar
- **9. Shri Sadashivrao Dadoba Mandlik
10. Shri Inder Singh Namdhari
11. Shri Abdul Rahman
12. Shri Prem Das Rai
- #13. Shri Tufani Saroj
14. Shri Tathagata Satpathy
15. Shri Adhalrao Patil Shivaji
16. Dr. Bhola Singh
17. Shri Dhananjay Singh
18. Shri Sushil Kumar Singh
19. Shri C. Sivasami
20. Smt. M. Vijaya Shanthi
21. Shri Dharmendra Yadav

** Nominated to Committee *w.e.f.* 10th September, 2009.

Nominated to Committee *w.e.f.* 13th October, 2009.

* Nominated to Committee *w.e.f.* 19th November, 2009.

Rajya Sabha

22. Prof. Alka Balram Kshatriya
23. Shri Dharam Pal Sabharwal
24. Shri Ravi Shankar Prasad
25. Shri Prabhat Jha
26. Shri P. Rajeeve
27. Shri Shriram Pal
28. Shri N.R. Govindarajar
29. Shri M.P. Achuthan
30. Shri Rajkumar Dhoot
31. Vacant

SECRETARIAT

1. Shri T.K. Mukherjee — *Joint Secretary*
2. Smt. Sudesh Luthra — *Director*

LIST OF ABBREVIATIONS

AMPC	Automatic Mail Processing
AO	Administrative Office
BE	Budget Estimates
BIS	Bureau of Indian Standards
BPO	Branch Post Office
BSNL	Bharat Sanchar Nigam Limited
DoP	Department of Posts
DoT	Department of Telecommunications
DSO	Departmental Sub Office
EAMCET	Common Entrance Test for Management Courses
EDBO	Extra Departmental Branch Office
EPFO	Employee's Provident Fund Organisation
GBD	Global Business Division
HPO	Head Post Office
HQ	Head Quarters
IAY	Indira Awaas Yojna
IMO	International Money Order
IMTS	International Money Transfer Service
KVP	Kisan Vikas Patra
LAWCET	Common Entrance Test for Law Colleges
MBC	Mail Business Centre
MIS	Monthly Instalment Scheme
MO	Mail Office/Money Order
MoU	Memorandum of Understanding
NAREGA	National Rural Employment Guarantee Act
NDC	National Data Centre
NOAPS	National Old Age Pension Scheme
NSC	National Saving Certificate
PAO	Postal Accounts Office
PLI	Postal Life Insurance
PO	Post Office

POLIE	Post Office Life Insurance Fund
POSB	Post Office Savings Bank
PPF	Public Provident Fund
RD	Recurring Deposit
RE	Revised Estimate
RPLI	Rural Postal Life Insurance
SB/CC	Savings Bank/Cash Certificate
SCSS	Senior Citizen Saving Scheme
SHG	Self Help Group
SPO	Sub Post Office
TD	Term Deposit
UPSC	Union Public Service Commission
WUMT	Western Union Money Transfer

INTRODUCTION

I, the Chairman, Standing Committee on Information Technology (2009-10) having been authorized by the Committee to submit the Report on their behalf, present this First Report on Demands for Grants (2009-10) relating to the Ministry of Communications and Information Technology (Department of Posts).

2. The Standing Committee of Information Technology (2009-10) was constituted on 31 August, 2009. 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 to 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.* 2009-10 which were laid on the Table of the House on 13 July, 2009. The Committee took oral evidence of the representatives of the Department of Posts on 23 October, 2009.

4. The Report was considered and adopted by the Committee at their sitting held on 14 December, 2009.

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

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

NEW DELHI;
15 December, 2009
24 Agrahayana, 1931 (Saka)

RAO INDERJIT SINGH,
Chairman,
Standing Committee on
Information Technology.

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REPORT

PART I

I. INTRODUCTORY

India is proud to have the largest postal network in the world with over 1,55,035 Post Offices out of which 89 per cent are in rural areas. On an average, a Post Office covers an area of 21.2 sq. kms. and serves 7,174 people. This compares favourably with USA, where a Post Office covers an area of 259.25 sq. kms. and serves 8029 people, and China where a Post Office covers an area of 145.59 sq. kms. and serves 19962 people.

2. The Department of Posts (DoP), which forms part of the Ministry of Communications and Information Technology is responsible for planning, development, expansion, operation and maintenance of Postal Services in the country. The four main areas of services offered by India Post are as under:

1. Communication Services	— Letters, Post Cards etc.
2. Transport Services	— Parcel, Logistics etc.
3. Financial Services	— Savings Bank, Money Order, Insurance etc.
4. Value Added Services	— Speed Post Service, Business Post, Direct Post etc.

3. The Post Office has been in the services of the nation for over 150 years. In these years India Post has been more than a means of communication. It has helped in nation building and connecting the diverse regions and populace of the country. It touches the lives of Indians in more than one ways and indeed has come a long way from merely transmitting messages to providing a wide range of services for the socio-economic betterment of the people.

4. A lot of Government funding is being provided to enable India Post to discharge the various responsibilities. During the year 2009-10, Demands for Grants for Rs. 12,478.90 crore which include Rs. 12,090.10 crore as Revenue Outlay and Rs. 388.80 crore as Capital Outlay were laid in Lok Sabha on 13 July, 2009. The Demands have

already been passed by the Parliament. This year being the election year, the budget was presented to Parliament on 6 July, 2009 and Demands for Grants were passed without the same being referred to the concerned Departmentally Related Standing Committees after suspension of Rule 331G of the Rules of Procedure and Conduct of Business in Lok Sabha. However as per the ruling of the Chair in Lok Sabha, the Demands have been referred to the Standing Committees for examination and report.

5. In the aforesaid background, the Committee in this report have *inter-alia* analysed the position of outlay and the expenditure, particularly, the performance of the Plan schemes in the context of examination of Demands for Grants (2009-10).

II. IMPLEMENTATION STATUS OF THE RECOMMENDATION CONTAINED IN THE FIFTY-SIXTH REPORT ON DEMANDS FOR GRANTS (2009-10) OF THE DEPARTMENT OF POSTS

6. The Standing Committee on Information Technology presented the Fifty-sixth Report on Demands for Grants (2008-09) of the Department of Posts to Lok Sabha on 16 April, 2008. The report was laid on the Table of Rajya Sabha on 15 April, 2008. The Sixty-sixth report on action taken by the Government on the Observations/Recommendations of the Committee contained in the Fifty-sixth report was presented to Lok Sabha on 20 October, 2008. The Report was laid on the Table of Rajya Sabha on 22 October, 2008. Out of 53 recommendations made by the Committee in the said report, 31 recommendations were accepted by the Government. The Committee did not desire to pursue 4 recommendations. Replies to 8 recommendations were found to be interim, to which the Ministry was requested to furnish the final action taken replies in the Sixty-sixth Report. Replies to 10 recommendations were not accepted by the Committee which were reiterated in the Sixty-sixth Report.

7. Hon'ble Minister initially made the statement in the House regarding the status of the implementation of the recommendations contained in the Fifty-sixth Report on 15 December, 2008. While undertaking the critical analysis of the statement, various infirmities were noticed. Besides, the statement of the Minister indicated nothing beyond what was stated by the Department four and a half month back in action taken notes. As such, the Ministry was requested to take the necessary action for making the revised statement by the Minister giving up-to-date recommendation-wise status of implementation. Accordingly, the revised statement was made on 25 February, 2009.

III. OVERALL ANALYSIS OF THE BUDGETARY ALLOCATION

8. The Department of Posts have presented Demand No. 13 for Grants to the Parliament for the year 2009-10, the details of which are as follows:

(Rs. in crore)			
		Revenue	Capital
Voted	Plan	237.20	382.80
	Non Plan	11852.90	6.00
	Total	12090.10	388.80
Charged	Plan	0.00	0.00
	Non Plan	0.10	0.00
	Total	0.10	0.00
	Plan	237.20	382.80
	Non Plan	11853.00	6.00
	Total	12090.20	388.80

9. Head-wise details of the Revenue and Capital Section of the year 2009-10 Budget are as follows:

(Rs. in crores)			
Revenue Section		Capital Section	
Head of A/C	BE 2009-10	Object Head	BE 2009-10
1	2	3	4
1. General Administration	637.01	Training Buildings	1.95
2. Operation	7737.38	Post Office and RMS Building	12.00
3. Agencies	411.29	Admn. Office Buildings	1.50
4. Accounts & Audit	260.49	Staff Quarter Buildings	2.00
5. Engineering	99.30	Training Land	0.00
6. Amenities to Staff	65.13	Post Office Land	1.00
7. Pension	2710.00	Staff Quarter Land	
8. Stationery & Printing	114.90	Admn. Office Land	

	1	2	3	4
9. Others	11.00	Mechanisation and Modernisation of Postal Services	345.75	
		Railway Mail Services Vans	0.00	
		Mail Motlor Vehicles	6.30	
		Civil Engineering Store Suspense		
		Other Expenditure		
Total	12046.50		370.50	
Provision for North East	43.70		18.30	
Grand Total	12090.20		388.80	

Revenue Section

10. The financial achievement under the Revenue Section during the years 2007-08, 2008-09 and the BE of 2009-10 are as under:

	(Rs. in crore)					
	Revised Estimates 2007-08	Actuals 2007-08	Budget estimates 2008-09	Revised estimates 2008-09	Actuals upto March' 09	BE 2009-10
Revenue Section						
Gross expenditure	7291.79	7272.66	7562.40	10263.33	9753.75	12090.20
Less recoveries	293.25	266.32	267.35	324.00	300.81	322.00
Revenue expenditure (net)	6998.54	7006.34	7295.05	9939.33	9452.94	11768.20
Revenue receipts	5707.20	5494.90	6159.31	5966.22	5900.77	6135.74
Deficit	1291.34	1511.44	1135.74	3973.11	3552.17	5632.46

11. The analysis of the aforesaid data indicates the following:

- (i) The revenue expenditure (net i.e. gross expenditure less recoveries) is increasing considerably. The said increase is

of Rs. 2446.60 crore if the actuals of 2008-09 are compared with actuals of 2007-08. Further the projected revenue expenditure net during the year 2009-10 is Rs. 11768.20 which is again Rs. 2315.26 crore more than the actual of year 2009.

- (ii) There is slight improvement in the recoveries. The amount of recovery has increased by Rs. 34.49 crore if the actuals of 2008-09 are compared with the actuals of 2007-08. The projected recoveries during the year 2009-10 are 21.19 crore more than the actuals of the year 2008-09. Whereas there is slight improvement in the recoveries if the actuals of the aforesaid two years are compared, recoveries are for less if compared to the revised estimates. Further the projected recoveries during the year 2009-10 are Rs. 21.19 crore more if the BE of 2009-10 is compared with the actuals of the previous year *i.e.* 2008-09.
- (iii) There is slight improvement in the revenue receipts position if the actuals of 2008-09 are compared with the actuals of 2007-08. Revenue receipts have increased during this period by Rs. 405.87 crore. The revenue receipts actuals have fallen short of the revised estimates during the years 2007-08 and 2008-09.
- (iv) Even when the gross expenditure at RE stage during the year 2008-09 is more than the BE, the revenue receipts are on the reverse side *i.e.* RE is less than the BE of the aforesaid year.
- (v) As regards the position of deficit, RE and the actuals are more than BE during the year 2008-09. Not only that, the actual deficit during the year 2008-09 is Rs. 3552.17 *i.e.* almost three times of the projected BE.

12. When asked for the comments of the department on the aforesaid observations, the following data with regard to the final actual figures in respect of the year 2008-09 has been furnished.

(Rs. in crore)

Heads	Figures shown in the table	Figures finally arrived
Gross Exp.	9753.75	9756.23
Recoveries	300.81	300.82
Net Exp.	9452.94	9455.41
Revenue Receipts	5900.77	5862.33
Deficit	3552.17	3593.08

13. While agreeing to the position of recoveries, revenue receipts, revenue expenditure and the deficit as observed above, the Department has explained that the enhancement in the actual and estimated expenditure is due to implementation of Sixth C.P.C. recommendations and projections of funds for meeting the impact of GDS (Grameen Dak Sewak) Committee's Report expected during the year.

14. With regard to recoveries, the Committee have been informed that the actual recoveries during the years have been less than the Revised Estimates of the year concerned due to less realization of the amount from the Departments concerned. They are being pursued to pay the amount due against them.

15. In respect of revenue receipts, the Department has clarified that the shortfall as compared to RE (2008-09) was due to less revenue realisation in both the categories of sources *viz.* Postal Operations and SB/CC Remuneration than the estimates during the year 2007-08 and less realization than anticipation in Postal Operations during the year 2008-09 as explained below:

	RE 2007-08	Actual 07-08	RE 2008-09	Actual 08-09
Postal Operation	3067.20	2986.50	3339.03	3059.87
SB/CC Remuneration	2640.00	2508.40	2627.19	2802.46
Total	5707.20	5494.90	5966.22	5862.33

16. The actual deficit during the year 2008-09 has finally arrived at Rs. 3593.09 crore which is approximately three times of the projected BE of the year. In this connection, the Department has explained that the hike in deficit is due to implementation of Sixth Pay Commission's recommendations and hike in prices in the market for the items used for the office use.

17. The percentage share of SB/CC remuneration, Postal operations and Recoveries in the total Revenue receipts as explained by the Department is under:

Revenue from Postal Operations	—	54
Revenue from SB/CC remuneration	—	41
Revenue from Recoveries	—	5

18. The Committee have persistently been raising the issue of hike in the rate of remuneration being received by the Department of Posts for the services performed on behalf of the Ministry of Finance in Saving Bank and Saving Certificate functions. An expert Committee of the Ministry of Finance was set up in 1993-94 which had recommended that the Department of Posts were entitled to a hike of 10 per cent per annum in the rate of aforesaid remuneration. While examining the Demands for Grants of previous year, the Committee had been informed that the said remuneration was increased by 4.6 per cent in 2008-09 and the matter was taken up with the Secretary (Expenditure) and Secretary (Planning).

19. When asked for the status in this regard, the Committee have been informed that the Ministry of Finance has given 5 per cent increase in the rate of remuneration for 2009-10 over the previous year 2008-09. They have agreed to constitute an Expert Committee again to review the rate of remuneration in the light of pay revision due to recommendations of Sixth Pay Commission. Orders for setting up the Expert Committee and its terms and conditions are still awaited. Hon'ble Finance Minister was last reminded by Hon'ble MOS (C&IT) *vide* D.O. letter No. 116-10/2007-SB dated 8 July, 2009.

20. The Department has further explained that as per the recommendations of the Expert Committee set up in 1993-94 by the Ministry of Finance, the rate of remuneration was enhanced at the rate of 10 per cent per year upto 2000-01 but after that the rates were reduced substantially as explained in the following table:

Sl. No.	Financial Year	%enhancement SB Accounts	%enhancement Saving Certificate
1.	2000-01	10%	10%
2.	2001-02	6.61%	9.98%
3.	2002-03	6.39%	3.17%
4.	2003-04	2.36%	2.33%
5.	2004-05	4.23%	4.25%
6.	2005-06	3.88%	4.00%
7.	2006-07	3.01%	3.00%
8.	2007-08	3.00%	3.00%

21. The recoveries of the Department of Posts during the Tenth Plan, fiscal 2007-08 and 2008-09 and 2009-10 (upto September, 2009) are as under:

(Rs. in crores)

Year	Recoveries
2002-03	102.1
2003-04	103.91
2004-05	150.85
2005-06	195.78
2006-07	207.16
2007-08	266.32
2008-09	300.82
2009-10 (Upto Sept. 09)	11.92

22. The Department earns revenue from rendering agency services on behalf of the various Departments. As regards the position of pending recoveries, the Committee have been informed that the amount outstanding against the different Departments as on 31st March, 2009 is as under:

CPF	1.59 crore
CMPF	5.62 crore
DOT	7.74 crore

23. The item-wise details of the revenue receipts during the years 2006-07, 2007-08, 2008-09 (actual) and 2009-10 (projected) are given as under:

(Rs. in crore)

Description	Amount		Projected	
	2006-07	2007-08	2008-09	2009-10
Revenue from Postal Operation				
1	2	3	4	5
Sale of Postage Stamps	630.40	619.77	552.97	703.69
Postage realized in cash for ordinary post	648.22	681.85	650.85	834.50

1	2	3	4	5
Others	537.13	498.18	472.05	656.81
Total Postal Operation	2796.70	2986.50	3059.87	3460.11
Remuneration from SB & CC etc.	2525.74	2508.40	2802.46	2675.63
Total Revenue Receipts	5322.44	5494.90	5862.33	6135.74

24. It could be observed from the aforesaid data that the actual revenue from the sale of Postage Stamps, Postage realized in cash for ordinary post and under the head others are constantly decreasing, although the higher projections have been made for the year 2009-10. In case of remuneration from SB & CC revenue has slightly decreased during the year 2007-08 as compared to previous year. There is slight enhancement in revenue during the year 2008-09 as compared to the previous year. However, the projected revenue for the year 2009-10 is lesser than the actual of the previous year.

(i) Revenue as compared to Staff Strength

25. The following data with regard to the revenue *vis-a-vis* staff strength has been furnished by the Department:

Year	2006-07	2007-08	2008-09	2009-10	(Rs. in lakhs)
Revenue	532244	549490	586233	613574	
Staff Strength	500883	494585	483335	484472	

26. During the course of the deliberations, when the attention of the department was drawn to the Corporate Plan as given on the web-site of the Department according to which by 2014, the Department would become deficit free, the Secretary responded as under:

“It is actually a mandate given to the Department not in this Plan but in the previous Plan that we should have had become deficit-free in the last Plan itself. But we have not been able to do it, mainly because of our constraints of the high salaries that we pay to our employees. We are hoping, through our technology infrastructure we should be able to increase productivity, take in more business and we would be able to increase our business and quality of our business to the extent that we will bring in more revenues and at least meet our expenditure.”

Capital Section

	(Rs. in crore)					
	Revised Estimates 2007-08	Actual 2007-08	Budget Estimates 2008-09	Revised Estimates 2008-09	Actual upto March'09	BE 2009-10
5201- Capital Outlay Gross	202.22	90.62	453.51	278.27	244.75	370.50

27. The analysis of the data as given above indicates as under:

- (i) The actuals during the year 2007-08 are less than even half of the Revised Estimates of that year.
- (ii) During the year 2008-09, there is reduction of Outlay to the tune of Rs. 175.24 crore at RE stage. Even when the Revised Estimates have considerably been reduced, the actual expenditure is Rs. 33.52 crore less than RE of 2008-09.
- (iii) BE of 2009-10 are Rs. 83.01 crore less than BE of the previous year *i.e.* 2008-09.

28. When enquired about the reasons for under-spending of outlay under the Capital Section, the Department has responded as under:

“During 2007-08 out of Rs. 202.22 crore Rs. 180.39 crore pertains to plan segment which was reduced and restricted to Rs. 147.65 crore at FG stage and out of which Rs. 85.64 crore has been utilized. Even during 2008-09 out of Rs. 241.33 crore allocated at FG stage Rs. 231.10 crore has been utilized. During 2007-08 being first year of the Plan period, the allocated funds could not be utilized as anticipated, as many of the schemes were yet to be approved by competent authority.”

(ii) Plan outlay

29. Details of the Tenth Plan outlay, funds allocated at BE, RE and Actual expenditure for each Annual Plan has been given at *Appendix I*. The position in this regard during the Eleventh Plan has been given at *Appendix-II & III*.

30. The overall position of Plan outlay during Eleventh Plan as indicated in the various Budget documents is as under:

Details	(Rs. in crore)			
	2002-07 (10th Plan)	2007-08	2008-09	2009-10
Proposed Allocation	3619.83	371.69	1492.57	2100.00
Budget Estimates	1273.00	315.00	600.00	620.00
Revised Estimates	1183.57	285.00	400.00	—
Actual Expenditure	874.67	136.81	318.83	22.00 (upto July 2009)
Percentage utilisation	74%	48%	80%	3.5%

31. The analysis of the data given above as well as in various documents furnished by the Department indicates the following:

- (i) There is huge under spending of the Plan outlay during Tenth Plan as well as during the first two and half years of Eleventh Plan. During the Tenth Plan (2002-07) Budget Estimates were Rs. 1273 crore which is almost one third of the proposed allocation *i.e.* Rs. 3619.83 crore. Even then the allocated outlay could not be spent fully. The actual expenditure was Rs. 874.67 crore which is 74% of the allocations.
- (ii) During the first two and half years of the Eleventh Plan, the trend of under utilisation persists. BE during each of the year is less than the proposed allocation. BE is further reduced at RE stage. Even then the reduced allocation at RE stage could not be fully utilized. During the year 2007-08 the percentage utilisation is 48%. During the year 2008-09 the allocation provided at BE was Rs. 600 crore which was less than half of the proposed allocation *i.e.* Rs. 1492.57 crore. RE was further reduced to Rs. 400 crore and the actual expenditure is Rs. 318.83 crore which is 80% of the allocation. Similar trend can be noticed in the year 2009-10. The BE of Rs. 620 crore is less than one third of the proposed allocation *i.e.* Rs. 2100 crore. Actual expenditure up to July *i.e.* first four month is just Rs. 22 crore *i.e.* 3.5% of the allocation only.

- (iii) Further, analysis indicates that one of the reason for under utilisation of outlay is pending approval of the most of the schemes of the Department. As many as fourteen schemes are yet to be approved/EFC is under submission.
- (iv) The analysis of the expenditure status separately for Plan, non-Plan indicates that under the non-Plan schemes the expenditure is 100% whereas under the Plan schemes there is gross under utilisation of resources. During the year 2007-08 only 56.31% was the status of utilisation of RE for Plan schemes whereas under non Plan schemes the expenditure was 102.06 per cent. Similarly during the year 2008-09 the percentage utilisation of RE under the Plan head was 53.51%, whereas under non-Plan scheme the expenditure was 95.67%.
- (v) Out of total allocation of Rs. 4180 crore for Eleventh Plan, the expenditure as on date *i.e.* with two and a half year of the Plan period is just Rs. 1075.64 crore which is 26 per cent of the total outlay.

32. The main reasons for under utilization as explained by the Department in the written note are as under:

- (a) The tentative Eleventh Plan outlay approved for the Department was received from Planning Commission only in September 2007, after which the process of obtaining approval for the schemes to be implemented was initiated.
- (b) Some of the schemes got approved only in the last quarter of the financial year, funds were released to circles only thereafter. Thus due to paucity of time funds allocated for the activities could not, therefore, be spent fully.
- (c) Delay in obtaining the approval of the schemes from competent authority, being the first year of the Plan period.
- (d) Delay in adjustment of DGS&D bills well within the stipulated time.

33. The Secretary during the course of oral evidence while elaborating the position of spending stated as under:

“xxx regarding the under utilization of funds, I confess that we have been very slow in spending the funds; mainly sometimes due to our procedures. It is because we did not see it as a focus area. Sir, if you have noticed, you will find that in the current year

we have made a heroic attempt. We have been given an allotment of about Rs. 600 crore, and out of which we have booked for about Rs. 388 crore, which is a big improvement for us."

(iii) Mismatch between the Physical and Financial Achievement

34. The Committee in their 56th Report had observed that the Department had achieved cent percent physical targets under different schemes during Tenth Plan whereas the financial achievement was 68.7 per cent, which is clearly the case of mismatch between physical and financial achievement.

35. On the issue of mismatch between the physical and financial achievement under different schemes during Tenth Plan, the Department during the examination of DFG of the previous year (refer para 54 of 53rd Report) had stated that the last estimates with regard to electronic equipments were not accurate. The Department, in the latest written note has stated as under:

"The financial achievement is less when compared to physical achievement as in most of the schemes the DGS&D bills are not adjusted well within the stipulated time."

(iv) Discrepancy in the data furnished to the Committee in various documents

36. There is variation in the data furnished to the Committee with regard to outlay and the expenditure position during Tenth Plan. While examining Demands for Grants of the previous year, the Committee had been informed that out of Rs. 1,350 crore *i.e.* outlay as approved by the Ministry of Finance, the actual allocation was Rs. 1,273 crore. However, the utilisation was to the tune of Rs. 874.67 crore (refer para 50 of 56th Report of the committee). In the brief submitted to the Committee, in the context of examination of Demands for Grants (2009-10), the total expenditure during the Tenth Plan has been indicated as Rs. 661.57 crore which has been substantiated by the detailed scheme-wise position of expenditure. When asked for the comments of the Department, it has been stated that the actual expenditure is Rs. 874.67 crore *i.e.* 64.75 per cent of the total allocation provided.

37. Similarly, with regard to actual expenditure position under Plan scheme during the year 2007-08 while examining the Demands for Grants of the previous year, the Committee were informed that Rs. 75 crore could be utilised. In the Outcome Budget, the actual expenditure during the aforesaid year has been indicated as Rs. 136.81

crore. When asked for the comments of the Department, it has been stated that the actual expenditure during 2007-08 is Rs. 136.81 crore as indicated in the Outcome Budget. As regards the figure of Rs. 75 crore the same appears to have inadvertently been reflected.

38. Discrepancy of the data has further been noticed in the data provided in various documents relating to DFG 2009-10, as explained under:

(Rs. in crore)

Heading	Year	Data as given in the written replies	Data as given in the power point presentation made before the Committee
Revenue Receipts	2006-07	5322.44	5529.60*
Number of Post Offices		1,55,035 (Outcome Budget)	1,55,015
*Revenue from Postal Receipts			Rs. 5322.44 crore
Revenue by way of recovery			Rs. 207.16 crore
Total			Rs. 5529.60 crore

(v) Status of approval of the Plan Schemes during the Eleventh Plan

39. At one place in the budget document, it has been stated that most of the schemes are approved and are ready for implementation and as such it is anticipated that the funds allocated will be fully utilised. However, as per the table with regard to the status of approval of various schemes as given at *Appendix-IV* it is found that as many as 14 schemes are still to be approved. Besides the three major schemes viz. Computerization and networking of Post Offices, Setting up of Automatic Mail Processing Centres and Support for payment of wages under NREGS for which substantial allocation had been provided are yet to be approved by the competent authority.

40. The Secretary during the course of oral evidence while elaborating on the efforts being made by the Department to get the clearance from the Ministry of Finance stated as under:

"It is not that we have not moved on any of these projects. As they are a little complicated, this come back with queries from the nodal Ministries."

(vi) Analysis of the outlay provided to North-East

41. As per the norms 10 per cent of the total allocation is being provided exclusively for the North-East. In all the documents furnished to the Committee, the actual expenditure out of the outlay provided for North East during Eleventh Plan period has been indicated as nil. When enquired about the reasons for nil expenditure, the Department in the written replies has stated as under:

“At the stage of booking of expenditure in booked figures, all expenditures are being booked by circles under the common Major Head 3201 and 5201 for Revenue and Capital Outlays respectively. As the booked figures are not bifurcated at the final compilation stage, and the expenditure of the North East are being included in the main expenditure, the details are shown as nil.”

42. The total expenditure of the Department under Plan schemes during the Tenth Plan was Rs. 874.67 crore. As such 10 per cent of the expenditure comes to Rs. 87.46 crore. However, the actual spending for Tenth Plan was only Rs. 40.59 crore which is less than 10 per cent.

43. The analysis of the expenditure position of the outlay under Revenue and Capital head as per the information provided by the Department is as under:

(a) Revenue Outlay provided to North-East

44. During the Annual Plan 2007-08 out of the Re outlay of Rs. 50.36 crore funds to the extent of Rs. 34.84 crore were utilized and Rs. 15.52 crore was transferred to non-lapsable pool of resources. During 2008-09 out of the outlay of Rs. 41.06 crore funds to the extent of Rs. 13.66 crore have been utilized and the unspent amount of Rs. 27.40 crore has been transferred to non lapsable pool of resources.

(b) Capital Section provided to North-East

45. During the year 2007-08, the expenditure was Rs. 5.40 crore against RE of Rs. 117.82 crore. Further during the year 2008-09, only Rs. 0.76 crore could be utilized against the BE of Rs. 33.10 crore which was reduced to Rs. 18.46 crore at RE stage. During the year 2009-10, BE is for Rs. 18.30 crore.

46. The reason for the under spending as given by the Department is that some of the DGS&D bills could not be adjusted within the stipulated time.

(vii) Review of the Schemes by some Independent Agency

47. It has been mentioned in the Outcome Budget that the Department has set up a monitoring system to regularly monitor physical and financial progress during the course of the year. Monthly progress reports on achievement of targets and utilization of funds are received at Postal Directorate from the field units and the Department maintains transparency in this regard through its website www.indiapost.gov.in about the monthly financial performance.

48. The Department has further added that the review meetings are carried out with all implementing divisions with regard to status of funds allocated/sanctioned/released and utilized by circles and also at Directorate level on monthly basis for all the Plan schemes implemented by the Department. The booked figures with regard to expenditure incurred by the circles/units are reviewed monthly.

49. Some of the schemes like Postal Finance Marts and Extending Instant Money Order Service were launched during Tenth Plan. When asked whether any review/evaluation of the schemes has been done by the Department, it has been mentioned in the reply that no such review evaluation was done.

50. When asked whether the Department propose to evaluate the schemes continuing from the Tenth Plan by some independent agency in the near future to know about the feedback of the schemes, the Department has informed that there is no such plan in the near future to evaluate these schemes by independent agency.

(viii) Setting up of an exclusive Rural Division

51. On the recommendation of the Committee made in 56th Report, an exclusive rural business division has started functioning at the Directorate w.e.f. 29 May, 2008 with the primary objective of strengthening the rural postal network and building capacity for extending IT enabled services in the rural areas.

52. The Department has further stated that since, geographical, and socio-economic conditions in rural areas are generally different from the urban areas, the setting up of a separate division for rural business would certainly help in planning, coordination and monitoring various aspects of rural postal operations, development and expansion of rural postal network, technology induction, training of GDS staff augmentation of new business initiatives, marketing of services, and monitoring the quality postal of services in the rural network.

(ix) Postal Network in India

53. India has the largest postal network in the world with 1,55,035 Post Offices out of which 1,39,173 are in rural area and the remaining 15,862 are in urban areas. There are 25,531 Departmental Post Offices, 1,29,484 Extra Departmental Post Offices, 2.10 lakh Departmental Employees and 2.73 lakh Gramin Dak Savaks. The norms for opening Post offices and the criteria for upgrading/opening Departmental sub-Post Offices have been given at *Appendix-V*.

54. When asked for the details of the proposals for opening of Post Offices received during the year 2007-08, 2008-09 and 2009-10 so far alongwith the status of their implementation, the Department initially informed that the information would be compiled and finalized on the receipt of the data from the circles/units. The information with regard to proposal received by the Department for opening of Post Offices was made available to the Committee during the course of examination of the Demands for Grants of the previous year. When the attention of the Department was drawn to this fact the following information was submitted to the Committee in this regard:

“As on January 2008, 634 proposals for opening of new Post Offices were received, 196 requests were found justified and 242 proposals were under consideration. The information was accordingly provided. When the Committee desired the information relating to 2008-09 and 2009-10, it was submitted that the information would be compiled and finalized on receipt of the data from the circles/ units. In this connection, it is further submitted that proposals under consideration at that time have been examined and 207 requests out of total of 634 have been found justified. However, new Post Offices have not been opened because SFC had not been approved. Now SFC has been approved other than creation of posts, and circles have been directed to achieve the Plan targets.

During 2008-09 and 2009-10, 707 requests were received for opening of new Post Offices/upgradation of Post Offices. Out of these, 142 requests were found justified as per prescribed norms. Targets for opening new sub Post Offices have been issued to Circle.”

55. Further, the predecessor Committee (2008-09) during the course of examination of Demands for Grants of the previous year had been informed that 89 percent of the overall postal network incurs loss due for being sub-sized. When asked for the number of Post Offices that are incurring losses, the Department initially did not furnish the

categorical response. However, in the post evidence note, the Department furnished the information according to which out of a total of 1,29,484 EDBOs/EDSOs mostly operating from rural areas, 73,000 are running on loss. Out of a total of 24,722 SOs mostly operating from urban areas 9,668 are incurring losses.

IV. REVIEW OF PLAN SCHEMES

(a) Access to the Postal Network

56. The objective of this Scheme is to increase access to the postal network, keeping in view the Universal Service Obligation, customer satisfaction and the need to move towards self-sufficiency. This Plan scheme is based on the Tenth Plan Scheme

“Expansion of the Postal Network”.

57. During Tenth Plan the proposed outlay for the scheme was Rs. 41.25 crore. The outlay actually provided was 32.43 crore against which the expenditure was only Rs. 10.63 crore.

58. As per a note furnished by the Department Rs. 55.11 crore has been allocated for the scheme ‘Access for the Postal Network’ during the Eleventh Plan period. The status of approval of sub components of the scheme is as under :

Sl. No.	Plan Scheme/Programme/Activity	Proposed Outlay (in Rs. Cr.)	Approval status
1	2	3	4
1.	Increasing Access to the Postal Network	6.12	SFC under submission
2.	Opening of Franchise Outlets	8.18	
3.	Fabrication of pillar letter boxes for all villages with BOs and enhancing number in cities	6.95	Scheme yet to be approved
4.	Relocation of Branch Post Offices (One time non recurring cost for relocation @ Rs. 5000 per office)	0.15	SFC under submission
5.	Relocation of Sub Post Offices (One time non recurring cost for relocation @ Rs. 2000 per office)	0.30	

1	2	3	4
6.	Infrastructural Equipment for extra Departmental Post Offices with income within norms	31.91	Scheme approved
7.	Studies	1.50	Scheme yet to be approved

59. Elaborating on the status of finalisation of the aforesaid scheme, the Department informed as under:

"A meeting of the SFC was held on 26.6.2008 for the Plan Scheme

"Access to the Postal Network". The proposal involved creation of 3000 GDS posts. It was decided by the SFC to send a proposal to the Ministry of Finance (DoE) in this regard. A proposal was submitted to that Ministry. The DoE raised some queries. Since two years of the Plan period had already expired and some of the funds were diverted for supply of infrastructure to the existing EDBOs, reassessment of requirement of new Post Offices was made and a fresh proposal for approval of Plan Support was submitted which is presently under consideration in the Department. Matter for creation of reduced number of GDS posts will again be taken up with the MoF one principal approval is obtained."

60. The details of the financial and physical targets under one of the components of the scheme 'Infrastructural Equipment for Extra Departmental Post Offices with income within norms' which could be approved during Eleventh Plan are as under:

Name of the activity	Financial Targets (Rs. in crores)				
	2007-08	2008-09	2009-10	2010-11	2011-12
Infrastructural Equipments for EDBOs	0.75	10.00	2.06	1.00	1.00
Physical Targets					
Infrastructural Equipments for EDBOs	1500	2500	2000	2000	2000
Fans/Heaters	—	97222	11000		

(i) Relocation of Post Offices

61. Certain targets have been fixed during the Eleventh Plan for relocation of Branch Post Offices as well as sub-Post Offices. The Committee have been informed that the scheme is in the process of approval. Elaborating on the rational behind relocation of Branch Post Offices, the Department has informed that there were many EDBOs in rural areas, which were located in closer proximity than the prescribed norm of 3 Kms. Most of these were opened by exercising the discretionary provision previously available to relax the distance norm in 10 per cent of the proposals for opening of POs in normal rural areas. In case of most of the POs which were opened as a result of such relaxation, the reasons for which such relaxation had been given may have ceased to exist and there was scope for relocation of EDBOs located in normal rural areas to needy areas.

62. The Department in a note furnished to the Committee has further added as under:

“Generally proposals for opening of Post Offices are from various quarters including public representatives, which are examined as per prescribed criteria and those found justified are opened subject to availability of Resources/Plan support. Earlier Chief Postmasters General had discretionary powers to relax norms to open BOs and accordingly some BOs were opened by exercising these powers, however, after opening of such BOs, other BOs in neighbouring areas may not be justified. Relocation is required in such cases. However, it is done in very rare and avoidable circumstances keeping in mind the convenience of the concerned staff and the fact that the level of access to postal services is not reduced. Besides the above relocation is considered also in cases where Branch Offices are justified but it is not possible to open it due to ban on creation of posts and absence of Plan support for opening of new Post Offices. There has not been any Plan support for opening of Branch Offices after 2003-04 and for opening of Sub Offices after 2006-07.”

63. The Committee in the 56th report had suggested setting up of mobile Post Offices particularly in farflung hilly and other difficult areas which are scarcely populated and the people have to travel long distances to avail of the various facilities of posts. The recommendation was not agreed to by the Government. It was stated in the action taken note that in view of the existing level of access to postal facilities, it may not be feasible to implement the concept of

mobile Post Offices. When the issue was reiterated, the representative of the Department during the course of oral evidence submitted that they have plans in this regard. The representative also added that mobile Branch Offices used to function in remote and hilly areas. The case of reintroducing the same would be examined.

64. The Committee have been informed that 20,131 Post Offices out of which 11,425 are in rural areas, are working in rented buildings and during the year 2008-09, Rs. 54.61 crore were paid on rent and taxes. The Department has further informed that construction of Departmental buildings to house the operative offices functioning in rented buildings is subject to availability of suitable plots. Plan funds and priority for construction is generally given to offices having huge staff strength and heavy rental liability.

(ii) Franchisee outlets

65. Even when the scheme relating to Franchise Outlets is yet to be approved during the Eleventh Plan, as per the information furnished by the Department, during the years 2007-08 and 2008-09, 344 and 850 outlets respectively were opened. Further during the remaining years of Eleventh Plan, there is a target of opening 8000 more franchise outlets.

66. The total business transacted by the Franchisee outlets from April to June, 2009 is as under:

(in Rupees)	
Stamps/stationery sold (amount in Rs.)	43,952,908.75
No. of RLs Booked	10,06,158
No. of Speed Post Articles Booked	4,32,461
No. of MOs Booked	15,993
No. of PLI transactions	1,223
Other Retail Transactions	58,253

67. In the written note furnished by the department, it has been mentioned that the Department has set up a monitoring mechanism to regularly monitor physical and financial performance during the course of the year. When asked about the performance of franchisee outlets Circle-wise, State-wise, it has been stated by the Department that Plan support for the scheme had not been provided so far.

However, SFC has now been approved and circles are being directed to achieve the Plan targets.

(b) Banking and Money Transfer Operations

68. The objective of this scheme is to fully realize the potential of the vast customer base and credibility of India Post in the area of banking and money transfer operations. Rs. 142.50 crore has been allocated for the activity during the 11th Plan period.

69. The details of the financial outlays for the approved sub-components of the Plan Scheme are as follows:

Sl. No.	Name of the activity	(Rs. in crore)				
		2007-08	2008-09	2009-10	2010-11	2011-12
1.	Centralised Banking for POSB	Nil	9.00	17.00	21.00	59.00
2.	Setting up of Postal Finance Marts	Nil	5.88	8.16	7.68	Nil
3.	Setting up of Post Bank of India	Nil	0.25	3.75	1.00	Nil
4.	Extending Instant money order service	0.57	0.60	1.00	0.90	0.43

Physical targets

70. The details of physical targets for the scheme during the each Annual Plan are as follows:

Sl. No.	Name of the activity	(Rs. in crore)				
		2007-08	2008-09	2009-10	2010-11	2011-12
1.	Centralised Banking for POSB	Nil	Nil	600	1616	1784
2.	Setting up of Postal Finance Marts	Nil	170	170	160	Nil
3.	Setting up of Post Bank of India			No physical target		
4.	Extending Instant money order service	1740	1860	2790	2330	2000

71. During Tenth Plan, under the scheme named as New Products and Services (including financial services) Rs. 34 crore was provided against the proposed allocation of Rs. 425 crore. The utilisation was however only Rs. 5.02 crore. As per the information made available to the Committee no review/evaluation of the scheme has ever been done.

72. The financial achievement during each of the year under the scheme 'Banking and Money Transfer Operations' is as under:

Year	Allocation	Utilisation	(Rs. in crore)
2007-08	20.50	1.05	
2008-09	15.00	5.49	
2009-10	14.50	—	

73. When asked how far the implementation of the scheme would be affected by the reduced allocation, the Department has stated that the action has been initiated keeping in view the actual allocation and the demand for more funds will be placed if need areas.

(i) Centralised Banking of POSB

74. It has been stated by the Department that the Expenditure Finance Committee (EFC) has approved the scheme in October, 2008. 4000 Post Offices have been identified for implementation of CBS and it would be implemented in 3 stages, the detail of which are as under:

Stage I	500 Offices
Stage II	1900 Offices
Stage III	1600 Offices

75. When asked about the proposed target date for implementation of Stage I, Stage II and Stage III, the Department has informed that a Technology Consultant has been appointed in September 2009 for helping in implementation of CBS. The pilot project is likely to start in the next financial year.

(ii) Setting up Post Bank of India

76. It has been mentioned by the Department that the Appraisal memo has been approved in March, 2009 and necessary further action

has been initiated with the objective to prepare a roadmap to set up Post Bank of India. The representative during the course of the deliberations stated as under:

"We have asked the Consultant to prepare the feasibility report for the post bank because it involves lot of regulatory approvals and permission from the Reserve Bank of India and Government of India. So, once those are accorded only, we can think of post bank. Till then, even if we do not become the post bank also, we are trying to collaborate with other banks and provide those assets products wherever possible."

77. In a subsequent note provided by the Department, the Committee have been informed that action has been initiated to carry out study and organize domestic/international visits to understand the various aspects of Post Bank with a view to design a detailed roadmap for establishing Post Bank of India.

78. When asked about the loan facility being provided by the POSB, the representative stated as under:

"At present loan facility is not there. But if we become a post bank, we will be able to provide our own loan."

(iii) The comparative rate of interest of various small saving scheme of POSB and Commercial Banks

79. The information as on 22 September, 2009 in this regard as made available to the Committee has been given at Appendix-VI. It could be seen there from that there is huge difference under the five year recurring deposit scheme where Post Office small saving scheme provides rate of interest @7.50 per cent whereas SBI is providing 9% rate of interest. As regards the stand of the Ministry of Finance on the issue of revision of rate of interest, the Department has informed that Hon'ble Minister of State for Finance *vide* his letter dated 16 June, 2008 has informed that it has decided to maintain the status quo in the matter. The Department has further added that some representations received from various offices including Prime Minister's office PMO (for revision of interest rates) have been forwarded to the Ministry of Finance.

80. The Department has further added that various steps are being taken by the Government to make the small saving scheme attractive and investor friendly which includes bonus @5 per cent on the deposits made under Post Office monthly income account and the benefit of

accidental insurance through Oriental Insurance Company for Rs. 1 lakh to the Post Office Savings account holder with nominal premium of Rs. 15. When asked whether such bonus and insurance facility is being provided by the commercial banks also, the Department has informed that it has written to the Ministry of Finance for their input and feedback as small savings schemes are being governed by them. On the issue of providing publicity to make the Post Office saving bank scheme attractive and investor friendly the Department has informed that Postal Field Units organize SB melas, give wide publicity through print and electronic media such as newspapers, local cables, FM radio etc. and necessary instructions are also issued from this Directorate in this regard from time to time.

(iv) Role of Post Offices in the National Rural Employment Guarantee Scheme (NREGS)

81. The following data with regard to involvement of Posts in disbursement of wages under NREGS has been furnished by the Department.

Total No. of beneficiaries as on 31.7.09	:	3,39,22,544
Amount disbursed from 1.4.09 to 31.7.09	:	Rs. 3258,66,69,448
Percentage of share in terms of opening of accounts and disbursement of wages	:	46.14%

82. State-wise share of Department of Posts in terms of opening of accounts and disbursement of wages under NREGS is as under:

Sl. No.	Name of State/UT	%share of Post Offices
1	2	3
1.	Andaman and Nicobar	1.76%
2.	Andhra Pradesh	91.82%
3.	Arunachal Pradesh	8.93%
4.	Assam	45.83%
5.	Bihar	74.62%
6.	Chandigarh	0
7.	Chhattisgarh	59.02%
8.	Dadra & Nagar Haveli	0.00%
9.	Daman & Diu	0
10.	Goa	0.00%

1	2	3
11.	Gujarat	66.62%
12.	Haryana	7.41%
13.	Himachal Pradesh	9.09%
14.	Jammu and Kashmir	0.83%
15.	Jharkhand	67.99%
16.	karnataka	17.53%
17.	Kerala	7.13%
18.	Lakshadweep	0
19.	Madhya Pradesh	12.42%
20.	Maharashtra	44.87%
21.	Manipur	43.39%
22.	Meghalaya/NE	56.91%
23.	Mizoram	51.43%
24.	Nagaland	0.00%
25.	Orissa	47.01%
26.	Puducherry	0.00%
27.	Punjab	32.56%
28.	Rajasthan	51.81%
29.	Sikkim	47.05%
30.	Tamil Nadu	6.25%
31.	Tripura	32.43%
32.	Uttar Pradesh	2.24%
33.	Uttarakhand	15.75%
34.	West Bengal	52.72%
Total		46.14%

83. As per the information made available to the Committee, the workers' wage account under NREGS is a type of Post Office Savings

Bank (POSB) Account. Ministry of Finance gives remuneration for these accounts at the same rate that is applicable for POSB accounts. Rate applicable has been as follows:

2006-07	Rs. 114.46
2007-08	Rs. 117.89
2008-09	Rs. 123.33
2009-10	Rs. 129.49

84. In addition to the above, Planning Commission also provides Plan support for additional work relating to NREGS disbursal which includes arrangement for cash conveyance, incentive to staff, training etc.

85. In the written note furnished by the Department it has been stated that the Plan scheme *viz.* 'Support for payment of wages under NREGS' has been introduced during 2008-09. As regards the status of approval of the scheme, the Committee have been informed that EFC is under submission.

86. Even when the EFC for the scheme is under submission, the allocations have been made and the expenditure met as per the details given by the Department. During the year 2008-09 Rs. 22.88 crore were spent out of the allocations of Rs. 80 crore. During the year 2009-10, the allocation is for Rs. 100 crore.

87. During the course of the deliberations a suggestion emerged to deliver the wages to workers under NREGS at the work place. To this, the Secretary initially stated that they depend on the State Governments. However, subsequently she stated that the matter would be examined and they would come back with the response.

88. The Committee in 56th and 62nd Report (14th Lok Sabha) had recommended to capture rural sector by the strategy of opening saving bank accounts of every BPL family under NREGA and any other Centrally Sponsored Schemes whereby the Post Offices have been involved with the objective of financial inclusion. In this regard, the Economic Survey 2008-09 has stressed on Post Offices as an active partner in financial inclusion programme. Further in the address by the Hon'ble President of India to Parliament on 4th June, 2009, the items in respect of which the Government would initiate steps in the next 100 days include Revamping of Banks and Post offices to become outreach units for financial inclusion complemented by business

correspondents aided by technology and provision of scholarships and social security schemes through accounts in Post offices and banks and phased transition to smart cards.

89. With regard to the status of implementation of the aforesaid initiatives, the Committee have been informed that the targets mentioned in the address of Hon'ble President of India requires an integrated approach for roll out in the entire country especially in rural areas. In this regard, Department of Posts has hired a Consultant to assist the Department in developing the roadmap and strategy for the induction of ICT in all Post Offices. The Department has further added as under:

"In the meantime a pilot project each in Orissa and Andhra Pradesh has been successfully launched for making payments under NREGS through Mobile Web-based technology. The IT Consultant will evaluate the outcome of the two pilots and suggest a roadmap for scaling the solution to the rest of the country either in its original form or a modified version.

In order to expand the net of financial inclusion, the Department of Posts has entered into an MoU with State Bank of India to act as business correspondents in 5,000 Post Offices across the country. This MoU has already been given effect to and the roll out is in progress."

90. Further elaborating on the practical problems faced by Posts in the pilot project with State Bank of India, the representative of the Department stated as under:

"We have started a pilot project with the State Bank of India but is not really gelling with our postal network because we are also having a specialised kind of activities, whereas this BC is possibly looking forward for an entrepreneurial kind of activities which our rural area Post masters and Branch Post masters are not going to work out and the money which this BC is going to get ultimately from the banks are not very attractive.

That is one problem which we are facing. But we are trying to see whether we can be able to bring some products for the Post office till we can be able to get a post bank ourselves."

(c) Insurance Activities

91. The Department has two insurance schemes, namely, Postal Life Insurance (PLI) and Rural Postal Life Insurance (RPLI) and in

each schemes there are six different plans. Number of policies and sum assured under both the schemes during 2007-08, 2008-09 is as under:

		No. of Policies	Sum assured (Rs. in crore)
2007-08	PLI	35,50,084	31,469.00
	RPLI	61,67,928	41,846.09
2008-09	PLI	38,41,539	38,403.00
	RPLI	73,56,446	53,072.10

92. The Committee in their reports have persistently been recommending for giving autonomy to the Department particularly with regard to taking initiatives to extend their clientele and introduce new products on their own. In this regard the Committee have been apprised that approval for appointment of two public sector Fund managers, Formation of Investment Division and sanction and creation of Ex-cadre posts for the Investment Division was given *vide* cabinet decision dated 13 December, 2007. The Department has further informed that the likely date of implementation of above decision is 1 October, 2009. The investment of insurance funds would be as per IRDA norms, followed by other life insurance companies. This would provide similar level playing field to PLI/RPLI in so far as it relates to investment.

(i) Plan Scheme Insurance Operations

93. The objective of this new scheme is to fully exploit the potential of the insurance sector through focus on technology and skill upgradation, keeping in view the potential market growth and customer expectations. The major activities planned include development of insurance software and computerization of Postal Life Insurance (PLI) and Rural Postal Life insurance (RPLI) so as to make the operations on line, publicity and training of personnel in marketing and in underwriting.

94. Rs. 23.16 crore has been allocated under the scheme during the Eleventh Plan. The details of the allocations and utilisations year-wise are as under:

Year	Allocation	Utilisation (Rs. in crore)
2007-08	7.45	2.45
2008-09	7.00	4.71
2009-10	7.00	—

95. The Department explained about the achievement under the scheme as under:

"Orders for purchase of computers through DGS & D is under issue. Estimate of NIC on phase II of computerization (software development) has been approved and the work is being taken up shortly. Expenditure incurred upto July 2009 under Plan schemes Training and Publicity of insurance products is Rs. 8,03,981.00."

96. It was mentioned in the written note that under the special scheme 'Training of circle office personnel and marketing personnel', from 2009-10 onwards no allocation has been made. When asked whether the aforesaid sub-scheme has been dispensed with, the Committee have been informed that it has not been dispensed with. Subsequently Rs. 2.5 crore was allocated during 2009-10.

(d) IT Induction—Postal Operations

97. This scheme aims at seamless integration of the entire postal network through induction of appropriate technology in all operations and support areas, with a view to providing unparalleled efficiency and outreach in services and achieving a turn around.

98. With regard to the plans of the Department during Eleventh Plan the Committee have been informed as under:

"The Eleventh Plan envisages extensive technology upgradation and modernisation. It is also proposed to complete ongoing projects for technology upgradation and initiate action for completion of computerization of remaining Post Offices. It is proposed to upgrade Automated Mail Processing centres (AMPCs) and provide for a multi model transport system through 30 depots. Setting up Regional Data centre is also proposed. Provisions for various other activities like modernisation of Speed Post concentration Centre, Speed Post Centre, Postal Stores Depots, Circle Stamps Depots and Customer Care Centres have also been made.

99. Highlighting the importance of IT induction, the Secretary stated as under:

"Ultimately, the Hon'ble Members will be surprised to know that we are approached by many insurance companies, banks, loan companies, etc. to use the network of the Post Offices for collecting their premiums. It is being done manually. But once we are networked, we will be offering our highway that anybody can use. This will make a dramatic change in our revenue."

100. The position of outlay and expenditure during Eleventh Plan is as under:

		(Rs. in crore)
Eleventh Plan Outlay		2572.60
BE 2007-08		315.00
RE 2007-08		285.00
Actuals		136.81
BE 2008-09		600.00
RE 2008-09		400.00
Actuals		318.83
BE 2009-10		620.00

101. The status of the approval of different components of the scheme is as under:

1.	Computerisation & Modernisation of Post Offices	2011.50	Scheme approved for 628.66 cr.
2.	(i) Setting up of 2 large & 22 smaller AMPCs and upgradation of 2 large AMPCs—(Rs. 350 crore) (ii) Upgradation and modernisation of 500 Main/Regional/District level SPCCs—(Rs. 10 crore) (iii) AMC/Consumables—(Rs. 11 crore)	371.00	EFC under preparation
3.	Training Equipments for the Training Centres	24.00	Approved
4.	Data Centres	150.00	EFC under preparation
5.	Upgradation and Modernisation of PSDs, CSDs, Customer Care Centres	20.00	Under examination
6.	Upgradation & Modernisation of Postal Accounts Offices including integration of accounts functions from Primary unit level	5.00	Approved
7.	Computerisation of Civil Wing Offices	0.50	Approved
8.	Computerisation of Administrative Offices	15.00	Approved

102. The Department has informed that a technology Consultant has been finalized to advise the Department on IT induction and to help it to prepare a Detailed Project Report for computerization and networking as provided for under the Eleventh Five Year Plan. This

will enable the Department to meaningfully utilize the funds provided for IT induction under the plan.

103. Elaborating on the IT plans for the rural areas the Secretary during the course of oral evidence submitted as under:

"We have a mandate and it is part of Prime Minister's 100 days programme that all our rural Post Offices are to be networked and computerized. We are right now in the process of identifying what kind of architecture and software is best suited and also what kind of instruments our branch post masters can use. We have appointed a technology consultant who will be developing this architecture and study our system."

104. With regard to the problems being faced in rural areas, the Secretary stated as under:

"Problem that we are facing is in visualizing and conceptualizing the projects in most of the rural areas. There is a lot of infrastructure constraint like connectivity, power availability and these are all problems which we are going to face. We will be very happy to do it within two-and-a-half years. But that is the plan period by which we are projecting this kind of a Plan project."

105. The Secretary also added that the pilot projects will start within six months to one year.

(i) Project Arrow

106. As indicated in the Economic Survey (2008-09), Department of Posts launched a pilot project "Project Arrow" with the objective of making a tangible difference in the Post Office operations that matter to the common man. It was launched in two phases: Phase I: proof of concept phase—in 50 post offices, and Phase II: a pilot phase—in another 450 Post Offices in different postal circles. The project aims at providing fast, reliable and efficient postal services to the customers. Having been widely appreciated, the project is now proposed to be extended to another 4,500 Post Offices in Phase III.

107. Explaining about the Plan allocation for the Project Arrow the Department stated as under:

"Project Arrow was introduced under the Eleventh plan schemes only during 2008 which was second year of plan period. No separate funds were earmarked for the activity under

eleventh plan outlays. The expenditure during the phase I and II of the project was met from the funds allocated under Computerization and Networking as a part of providing hardware to post Offices. Further expenditure on branding was met from the funds available for marketing and publicity of premium products.

During phase III *i.e.* during 2009-10 the department aimed at covering 4500 Post Offices for which funds to the extent of Rs. 887 crore was proposed out of which Rs. 512 crore was sought from Planning Commission over and above the 11th plan outlay. As no allocation/outlay was received for this activity, the scope of the activity was limited to 500 Post Offices and funds to the extent of Rs. 65 crore was allocated from within the approved BE outlay for 2009-10. Hence constraint for implementation of the scheme is referred in the context of sufficient funds not made available for the plan activity as proposed which restricted the department to limit to 500 Post Offices as against 4500 Post Offices proposed. Utilization of funds earmarked for other schemes will be ensured during the remaining period of the financial year and hence funds for extending Project Arrow to 4500 Post Offices cannot be considered from the existing outlay."

108. Explaining the success of the project, the Department has informed the Committee that because of updating of all savings bank records electronically and scanning of signatures it is now possible to provide all savings bank schemes at one counter. The success of the scheme is a different experience to customers, both in terms of ambience of the Post Office as well as in terms of providing improved and reliable services to customers can now walk into these Post Offices and avail any kind of savings bank services through any one of the savings bank designated counters. To ensure that the data on performance is correct a software patch has also been developed and installed on computers in the Project Arrow Post Offices which directly extracts information from operations transacted on these computers so that there is no scope of any tampering with the record of actual transactions. All in all implementation of Project Arrow have brought these Post Offices into the ambit of rigorous daily monitoring and evaluation of service delivery standards and identification of problem areas which required to be attended to/remedied.

109. When asked or the modalities of implementation of Project Arrow, the Committee have been apprised that presently there is no proposal to extend the facility to 4500 Post Offices. However, keeping the funds constraint during Phase-III the scheme is being extended to only 500 Post Offices.

(e) Estates management

110. The details of the plan proposals made by the Department and outlay actually provided by Planning Commission during the last three years are as follows:

(Rs. in crores)			
Sl. No.	Year	Proposed by department	Approved by Planning Commission
1.	2007-08	31.00	33.00
2.	2008-09	37.00	14.00
3.	2009-10	25.70	20.00

(i) Spill over of the projects

111. As per the information made available to the Committee during Eleventh Plan no new projects were approved. The funds allocated during Eleventh Plan (2007-08 & 2008-09) were utilised for the spilled over projects.

112. The overall position of spilled over projects is as under:

(a) Construction of Post Office Buildings

- (i) Total No. of spilled over PO projects of 10th Plan, as on 1.4.2007 84
- (ii) Total No. of spilled over PO projects completed during the 1st & 2nd year of 11th Plan 49 (+10)
- (iii) Total No. of spilled over PO projects, as on 1.4.2009 25

(b) Construction of Admn. Office bldgs.

- (i) Total No. of spilled over AO projects of 10th Plan, as on 1.4.2007 13
- (ii) Total No. of spilled over AO projects completed during the 1st & 2nd years of 11th Plan 7(+1)
- (iii) Total No. of spilled over AO projects, as on 1.4.2009 5

(c) Construction of Staff Quarter projects

- (i) Total No. of spilled over SQ projects of 10th Plan, as on 1.4.2007 13

(ii)	Total No. of spilled over SQ projects completed during the 1st & 2nd year of 11th Plan	7(+1)
(iii)	Total No. of spilled over SQ projects, as on 1.4.2009	5

113. When asked about the impact of the spilled over of the projects on the cost of the project in each of the case, the Department has stated that the information is being compiled.

(ii) Demand and availability of staff quarters

114. As per the information made available to the Committee, as on 31 March, 2008, the number of staff quarters available is only 23,698 including post attached quarters against the total employees of 2,18,434. The Committee have also been informed that in addition to the already available staff quarters, there is an additional demand for about 1400 staff quarters to be constructed during the Eleventh Plan. The Department has proposed to construct 30 staff quarter projects presently involving 100 quarters. Further, to improve staff satisfaction level, emphasis would be on construction of quarters in urban areas where staff strength is very high.

V. MISCELLANEOUS

(i) Commercial utilisation of land with the Department of Posts

115. On the issue of commercial utilisation of land with the Department of Posts, the Secretary during the course of oral evidence stated as under:

“Regarding the commercial utilisation of land, it has taken some time but the Committee of Secretaries has now cleared it. They have asked us to develop a Cabinet Note on the kind of model that we would like to utilize. We are in the process of developing it, and soon we should be able to circulate it among the other Ministries. Perhaps in another few weeks, we should be able to do that, and the Cabinet Note should be ready to be processed.”

(ii) Premium Services

116. The Committee have been informed that the revenue from premium services grew from Rs. 425.74 crore in 2003-04 to Rs. 2,141.48 crore in 2008-09. Besides, during the year 2008-09 revenue from Speed Post grew by Rs. 515 crore as against Rs. 455.25 crore in 2007-08.

117. The data relating to increase or decrease in revenue of Premium Products other than Speed Posts as made available by the Department is as under:

(Rs. in lakhs)

Product	Revenue earned in 2006-07	Revenue earned in 2007-08	Revenue earned in 2008-09	Increase(+) or Decrease (-) in 2007-08	Increase(+) or decrease (-) in 2008-09
Express Post	3317	4031	2305	(+)714	(-)1726
Business Post	51070	52288	60325	(+)1218	(+)8037
Retail Post	6750	10356	9595	(+)3606	(-)761
Media Post	1107	1828	1028	(+)621	(-)700
Bill Mail	—	5942	6536	(+)5009	(+)594
e-Bill Post	933	2904	2715	(-)1786	(-)189
Greeting Post	18	68	80	(+)50	(+)12
Others	5515	9867	8202	(+)4352	(-)1665

118. When enquired about the market share of different premium services, the Committee have been informed that the extent of market share of speed post is 24 per cent as per the survey report on Speed Post by market Pulse commissioned by the Department 2006. The market share of Bill Mail Services and Business Post Services based on the information collected from the customer and industry is 90 per cent and 70 per cent respectively.

119. During the course of deliberations the Secretary apprised the Committee that market share of department in the courier business is 13 per cent. She added that EMS Speed Post is extremely popular and there was 100 per cent growth in the previous year.

120. On the issue of quality of services provided by the courier services as compared to the private operators, the Secretary acknowledged that the staff of the Department is not as alert as the staff of private courier.

121. During the course of deliberations on Demands for Grants, a suggestion emerged to have Post Office building in every village. To this the Secretary observed that providing building for Gramin Dak

Sevaks is not possible. Gramin Dak Sevak has to work from his residence as per the orders as these are not regular department Post Office.

(iii) Regulatory Mechanism

122. On the issue of regulatory mechanism, the Committee have been informed that a consultant has been appointed to draft the Indian Post Office Bill, 2009. The consultant after studying postal regulations in different countries, would recommend the need or otherwise of a regulatory mechanism for the Postal Sector in India.

(iv) Human Resource Management

123. While Examining the Demands for Grants of the previous year, the Committee had been informed that there are 50,032 vacancies in Group A, B, C and D posts in the Department. The Committee had also been informed that a Committee of Secretaries presently examining the issue of exempting certain Departments from the cut imposed on filling the vacancies.

124. Elaborating on the status of the decision on recruitment to fill the vacancies, the Secretary during the course of evidence informed as under:

“We are a part of the Central Government. For the last five years the Central Government has not been permitting us to fill up one-third vacancies. Only now, this year, we have received clearance to fill up our vacancies for the current year and we are going ahead.”

The Secretary further added:

“We have our circles. Each circle is a recruiting agency. So, each circle will recruit for its own vacancies. I think it comes to totally about 3000. For the next year also we are projecting.”

125. When enquired about the impact of vacancies on the performance of Post Offices, the Secretary stated as under:

“In big offices the impact is not felt much. The impact is felt in places like north-east or rural areas because there we have single handed Post Offices where one man is manning it. It is impossible for us not to have that man over there because then the Post Office will not exist. So, the impact is there to that extent. As you

know, we have certain computerization projects actually going on in some of our big offices where we have been able to improve the productivity and reduce the manpower. So, we have been redeploying the staff to places where there is large absence is felt."

126. During the course of deliberations, when the issue was raised about the pensionary benefits to be provided to postal employees, the Secretary clarified as under:

"Even Central Government itself is not paying pension any more to our employees. The new pension scheme which has come up is contributory. The Government has changed its whole thought on pension. It has to be contributory. It will be the same sort of scheme."

127. When enquired further whether the same pattern would be followed for the ED employees who form 50 per cent of the total employees of the Postal Department, the Secretary responded as under:

"It has to be worked out, I cannot give any more details on this at the moment."

(v) Training

128. When enquired about the status of training of the employees of the Department of Posts, the Committee have been informed as under:

"In the computerized Post Offices, Sanchay Post a customized software is used for saving bank operations. Regular training is being imparted on the software to all categories of operational and supervisory staff. The training is being imparted through six Postal training centres, 81 workplace computer training centres (WCTCs) and 70 divisional training centres (DTCs) functioning all over the country.

All these training centres are being upgraded as per the requirements and funds are provided on annual basis under plan provisions. Training on banking activities is also a part of plan scheme and is being imparted on regular basis."

PART II

OBSERVATIONS/RECOMMENDATIONS

I. Overall Analysis of the Budgetary Allocation

(i) *Overview*

1. The Department of Posts under the Ministry of Communications and Information Technology is entrusted with the task of providing quality and basic postal service on regular basis to all the users at all points in the country at affordable prices as part of its Universal Service Obligation. To fulfil the entrusted task, the Department has a huge network of 1,55,035 Post Offices, out of which 1,39,173 are in rural areas and the remaining 15,862 are in urban areas. The postal network in India is the largest network in the world. Besides providing postal services, banking and insurance services are also being provided by the Department. From the year 2007-08, Department has been given the responsibility to disburse the wages to NREGS beneficiaries through Post Office saving bank accounts. In addition, India Post also meets the emerging needs of specific segments of society like commerce, industry, Government and institutional bodies who demand faster, cheaper and better services. The earnings of the Department are in the form of revenue from postal operations, SB/CC remuneration and recoveries. The requirements relating to the revenue expenditure of the Department are provided for in the grant for working expenses. The deficit of the Department is met from the budgetary support by the general revenues. Similarly, the capital expenditure of the DoP is also met from the general revenues. The Demands for Grants of the Department of Posts for the year 2009-10 are for Rs. 12,478.90 crore which include Rs. 12,090 crore as Revenue Outlay and Rs. 388.90 crore as Capital Outlay. The Committee in this report have analyzed the performance of India Post in the context of the outlay provided to the Department as per the Demands for Grants 2009-10. The observations/recommendations arising out of the in-depth examination of various aspects related to examination of Demands for Grants 2009-10 are dealt with in the succeeding paragraphs.

(ii) *Implementation status of the recommendation contained in the Fifty-Sixth report on Demands for Grants (2009-10) of the Department of Posts*

2. In terms of Direction 73A, the Minister concerned has to make a statement in the House regarding the status of implementation of recommendations contained in the reports of Departmentally Related Standing Committees with regard to his/her Ministry/Department once in six months. With regard to the 56th Report, the Minister initially made the statement in the House on 15 December, 2008. The detailed scrutiny of the status of implementation as indicated in the statement revealed various infirmities. Besides the statement indicated nothing beyond what was stated by the Department four and a half months back in the action taken notes. Accordingly, the Ministry was requested to take the necessary action for making a revised statement by the Minister giving up-to-date recommendation-wise status of implementation. The revised statement was made on 25 February, 2009. The Committee note that the inputs made in the statement by the Minister under Direction 73A is an important tool to ensure Executive's responsibility to the Legislature. As such utmost care should be taken by the Ministry that updated status with regard to various recommendations of the Committee is indicated in the statement.

(iii) *Revenue Section*

3. The Committee note that the total revenue receipts during the year 2007-08 were for Rs. 5,494.90 crore against the networking expenses of Rs. 7,006.34 crore leaving a gap of Rs. 1,511.44 crore. Further during the year 2008-09 as per the updated data provided by the Department, the total revenue receipts *i.e.* Rs. 5,862.33 crore against networking expenses of Rs. 9,455.41 crore, leaving a gap of Rs. 3,593.08 crore.

(iv) *Gross Expenditure*

4. The gross expenditure under the Revenue Section has been increasing year after year. As per the updated data provided by the Department, the revenue expenditure during the year 2008-09 is Rs. 9,455.41 crore against the actual expenditure amounting to Rs. 7,006.34 crore during the previous year. Thus the working expenses of the Department during one year have increased by Rs. 2,449.07 crore *i.e.* around 25 per cent. Further the projected revenue expenditure of the Department during the year 2009-10 is

Rs. 11,768.20 crore. While appreciating the fact that the huge increase in the revenue expenditure is due to implementation of Sixth Pay Commission's recommendations, the Committee feel that there are huge challenges before the Department to effectively use the man power of the Department which may result in the equal enhancement of the revenue of the Department. The data provided by the Department with regard to revenue as compared to staff strength indicates that although there has been an increase in revenue per person, yet the enhancement is very slow. The Committee strongly recommends that the Department should find out mechanism to ensure increase in revenue per person by honing the professional skills of the officers and employees and also through technological interventions. The concrete action taken on the suggested lines should be taken and communicated to the Committee.

(v) *Revenue Receipts*

5. As per the updated data furnished by the Department, the revenue receipts during the year 2008-09 are Rs. 5,862.33 crore against the actuals of Rs. 5,494.90 crore during the previous year. Hike is merely 6 per cent against the hike in revenue expenditure of around 25 per cent. Various sources of revenue generation of the Department are revenue from Postal Operations, SB/CC remuneration and recoveries. 54 per cent of the revenue of the Department comes from Postal Operations. There is an urgent need to make the postal services cost effective and viable. With the entry of strong private sector in the core functions of India Post, the challenges before the Department have increased many-fold. As such, the Department has to work in a mission mode so as to provide competitive services to the customers which may result in enhanced revenue from Postal Services. The detailed strategy of the Department in this regard need to be chalked out. The Committee may be kept apprised about the proposed action plan in this regard.

6. The Department receives remuneration for the services performed on behalf of the Ministry of Finance in Saving Bank and Saving Certificate functions and 41 per cent of the revenue come from SB/CC remuneration. From the data provided by the Department, the Department has explained that as per the recommendation of the Expert Committee set up in 1993-94 by the Ministry of Finance, the rate of remuneration was enhanced @10 per cent per year upto 2000-01. However, the rates were reduced substantially in the subsequent years. During the year 2007-08, the rates decreased to as low as 3 per cent. In this regard, the Committee

have persistently been raising the issue of hike in the rate of remuneration being received by the Department. The aforesaid Expert Committee had recommended that the Department of Posts were entitled to a hike of 10 per cent per annum in the rate of aforesaid remuneration. With the pursuance of the issue, the remuneration was increased by 4.6 per cent during the year 2008-09. During the year 2009-10, the rate has increased further to 5 per cent. With regard to the latest position in this regard, the Department has informed that the Ministry of Finance has agreed to constitute again an Expert Committee to review the rate of remuneration in the light of pay revision due to recommendations of Sixth Pay Commission. The Committee recommend that the issue should be pursued further with the Ministry of Finance so that the Department gets its due share of remuneration.

7. The Department of Posts are paid agency charges for the services rendered by them on behalf of other Departments/organizations like Postal Life Insurance Pension Payments/Western Union Money Transfer etc. The Committee note with concern that there are outstanding recoveries against the various Departments, the details of which are CPF Rs. 1.59 crore, CMPF Rs. 5.62 crore and DoT Rs. 7.74 crore. The Committee strongly recommend that action should be expedited to recover the outstanding amount from the aforesaid Departments.

(vi) Revenue Deficit

8. The difference between revenue expenditure and revenue receipts is the deficit of the Department. The Revenue deficit is increasing year after year. During the year 2007-08, the deficit was Rs. 1,511.44 crore which increased to Rs. 4,593.08 crore as per the updated status provided by the Department. The projections for 2009-10 are for Rs. 5,632.46 crore. The Committee note with concern that during the year 2008-09, RE in this regard is more than BE and the actuals are more than BE. Not only that, the deficit during the year 2008-09 is more than three times of the projected BE. During the course of the deliberations, the Committee have been informed by the Secretary that the mandate given to the Department during the previous Plan was that the Department should become deficit free. The Committee express serious concern that even then the deficit has increased to the extent of over 300 per cent during the year 2008-09 as compared to the previous year. Even in the next financial year, chances of decreasing the deficit are remote as the projections indicate that the deficit may be of Rs. 2,039.38 crore

more as compared to the previous year. The Department has to chalk out the action plan to increase the revenue by multi pronged strategy which includes, expanding the business by capturing the rural market, making the human resource competent and providing efficient and quality services to the customers depending on the local needs and by induction of technology. Concrete action on the suggested lines should be taken and the Committee informed accordingly.

(vii) Capital Section

9. The Committee in the 56th Report on Demands for Grants of the previous year had expressed serious concern over gross under utilization of Capital Outlay during Tenth Plan as well as during the year 2007-08. Inspite of that, the trend of under utilization persists during the year 2008-09. During the year 2007-08, the actual expenditure was Rs. 90.62 crore against the Revised Estimates of Rs. 202.22 crore. During the year 2008-09, BE was Rs. 453.51 crore which was scaled down to Rs. 278.27 crore at RE stage. The actual expenditure upto March 2009 was Rs. 244.75 crore. The BE for the year 2009-10 is Rs. 370.50 crore which is Rs. 83.01 crore lesser than the BE of the previous year. Thus during the previous year, the Department could not utilize the outlay provided at BE stage which was reduced considerably at RE stage. The Committee conclude from the aforesaid observation that the Department itself is responsible for getting the reduced allocation during the year 2009-10. While expressing the serious concern over the alarming trend of under-spending particularly under the Capital Section, the Committee strongly recommend to take the corrective measures so that the allocations made during the year 2009-10 are optimally utilized and result into effective implementation of the various schemes.

(viii) Plan Outlay

10. The Committee are seriously concerned to note the persistent problem of under-spending of Plan outlay of the Department. During Tenth Plan (2002-07) Budget Estimates were Rs. 1,273 crore *i.e.* almost 1/3rd of the proposed allocation of Rs. 3619.83 crore. Even then the allocated outlay could not be spent fully resulting into under-spending of Rs. 398.33 crore which is around 26 per cent of the allocation. Even when the issue was raised in 56th report, there is no improvement in this regard. Out of the total allocation of Rs. 4,180 crore for the Eleventh Plan, the expenditure as on date is just Rs. 1,075.64 crore which is 26 per cent of the total outlay even

when half of the Plan period has already passed. The trends of the allocations and the expenditure indicates that the proposed allocations are scaled down while providing allocation at BE stage and whatever is allocated at BE stage is further reduced at RE stage and the reduced allocation at RE stage further remain unspent. During the year 2008-09, BE was Rs. 600 crore that was less than half of the proposed allocation of Rs. 1,492.57 crore. The BE was further reduced by Rs. 200 crore at RE stage. Even this reduced allocation could not be spent fully and there was shortfall of Rs. 81.17 crore. Worst is the position during the year 2009-10. BE during this year is Rs. 620 crore which is even less than 1/3rd of the proposed allocation *i.e.* Rs. 2,100 crore. Expenditure position upto July, 2009 as intimated in the written note was only Rs. 22 crore *i.e.* 3.5 per cent of the allocation. More surprising is the fact that when the issue of under-spending was highlighted during the course of deliberations, the Secretary informed that Rs. 388 crore have already been booked. The Department need to clarify how the spending which was reported as Rs. 22 crore a few days back could magically grow to Rs. 388 crore as informed by the Secretary. Another disturbing fact noticed is that with the continuous status of under utilization of Plan outlay, the Department however, is quite optimistic and has projected 100 per cent utilization during the current year. The Committee fail to understand how the targets set under different projects would be achieved with the status of under utilization of the Plan outlay. The Committee are of the firm opinion that there are serious problems in planning and implementation of the various Plan schemes. There is an urgent need to review the situation scheme-wise and project-wise. The corrective action in this regard should be taken immediately and the Committee informed accordingly.

11. The Committee in its 56th Report had raised serious concern over the whole planning process whereby the substantial part of the Plan period is wasted in obtaining clearances for the different schemes/projects. Even then as many as 14 schemes still remain to be approved even when two and a half year of the Plan period has already gone. Three major schemes *viz.* Computerization and networking of Post Offices, Setting up of Automatic Mail Processing Centres and Support for payment of wages under NREGS for which substantial allocation has been provided are yet to be approved by the competent authority. The Committee take serious note of the statement made by the Secretary during the course of deliberations that the projections are little complicated and come back from the Ministry of Finance. It appears that sufficient homework has not

been done by the Department before start of the Plan period resulting into moving of files from the Department of Posts to the Finance Ministry and *vice-versa*. The Committee disapprove the way the projects are being planned by the Department. There is an urgent need to analyze the position critically and streamline the whole Plan process. The Secretary herself has acknowledged that procedures are the problem area which are not considered as a focus area. The Committee strongly recommend that the process of evaluation/restructuring of the schemes and obtaining various clearances etc. should be over before 1st April of the first year of Five Year Plan so that the targets set under the different schemes are realistically achieved. The Committee urge that atleast now the Department should properly coordinate with the Ministry of Finance so that the clearances for these 14 schemes are obtained immediately. The concerns of the Committee in this regard should also be duly communicated to the Ministry of Finance.

(ix) Mismatch between the physical and financial achievement

12. The Committee while examining the Demands for Grants of the previous year had expressed concerns over the mismatch between the physical and financial achievement during Tenth Plan period. At that time, the Committee had been informed that the last estimates with regard to electronic equipments were not correct. During the examination of the Demands for Grants of the current year, the Department has changed its stand and has stated that the reason for mismatch between physical and financial achievement during Tenth Plan period was due to the fact that DGS&D bills are not adjusted well within the stipulated time. The Committee observe that the Tenth Plan period was over by 31st March, 2007 and as such there is no point in change of reasons as given in the month of February/March, 2009. The Committee are being misled by giving different versions for the under-spending of the outlay without analyzing the actual reasons concerning the implementation of different scheme. This is a serious matter which the Department need to explain to the Committee.

(x) Discrepancy in the data furnished to the Committee in various documents and during the evidence

13. Another disturbing fact noticed during the course of examination of Demands for Grants was the discrepancy in the data furnished to the Committee in various Budget documents. For the Tenth Plan which concluded on 31st March, 2007, the utilization

status as informed during the course of examination of Demands for Grants of the previous year was Rs. 874.67 crore. In the note furnished to the Committee while examining the demands for Grants of the current year, the status was indicated as Rs. 661.57 crore. When the attention of the Department was drawn to the data given in the previous year, the Department changed its stand and stated that the actual expenditure was Rs. 874.67 crore. Similar is the position with regard to actual expenditure under the Plan schemes during the year 2007-08. While examining the DFG of the previous year, the Committee were informed that Rs. 75 crore was the utilization status. As per the Outcome Budget, the actual expenditure was Rs. 136.81 crore. When the comments of the Department were sought, the Committee have been informed that the actual expenditure during the year 2007-08 was Rs. 136.81 crore as indicated in the Outcome Budget. The Department has further stated that Rs. 75 crore appears to have inadvertently been reflected. The Committee note that the data furnished by the Committee in their reports is based on the information provided by the Department in various Budget documents and the data before finalizing the report is verified by the Department. The discrepancy of the data has further been noticed in respect of some more heads, the details of which have been given in the earlier parts of the Report. The discrepancy of the data furnished by the Department in the various documents is a serious issue. The Department should take utmost care before furnishing the information before the Standing Committee and Parliament.

(xi) Review of the Schemes

14. The Committee are surprised to note that even when serious problems in implementation of the various schemes are duly reflected in the physical and financial achievements as explained in the previous part of the report, the Department do not feel any need to evaluate the schemes continued from the Tenth Plan by some independent agency. The Department neither has ever evaluated any scheme by the independent agency nor propose to evaluate the schemes in the near future. The Committee express unhappiness over the stand of the Department in this regard. The Committee urge that the schemes continuing from the Tenth Plan should be evaluated by some independent agency so as to get the feedback about the implementation of the schemes. The concrete action in this regard should be taken and Committee informed accordingly.

(xii) Setting up of an exclusive Rural Division

15. The Committee are pleased to note that pursuant to their recommendation in 56th Report an exclusive Rural Business Division has started functioning at the Directorate *w.e.f.* 29th May, 2008. The Committee find that with the devolution of funds, functions and functionaries in respect of the items as indicated in the Eleventh Schedule in pursuance of 243G of the Constitution to Panchayati Raj Institutions more and more funds are being directly released to PRIs under different Central/State sector schemes. India Post has to play an important role in providing financial services to the local bodies in rural areas. Besides with the launching of some of the flagship schemes like NREGA, a lot of opportunities are being created for the Department to expand the area of activities in rural areas. The Committee hope that with the setting up of an exclusive Rural Division, the action would be taken to capture the rural market. The details of the initiatives taken by the said Department should be communicated to the Committee periodically.

(xiii) Outlay provided to North-East

16. As per the norms 10 per cent of the Plan allocation has to be provided to the North East. During the Tenth Plan period, Rs. 874.67 crore were provided under the Plan schemes out of which the actual spending for North East was only Rs. 40.59 crore which is just 4.5 per cent. During the years 2007-08 and 2008-09, under the Revenue Section Rs. 15.52 crore and Rs. 27.40 crore respectively remained unspent and were transferred to the non-lapsable pool of resources. Under the Capital Section during the year 2007-08, the expenditure was just Rs. 5.40 crore against RE of Rs. 17.82 crore. Worst is the position during the year 2008-09. The expenditure is just Rs. 0.76 crore against the BE of Rs. 33.10 crore. The Committee find that even when 10 per cent allocation of the outlay is exclusively being earmarked for the North East, it is not giving the desired results as most of the outlay in a year remain unspent and is being transferred to non-lapsable pool of resources. The Committee feel that more than allocating outlay, the need is to ensure that outlay is effectively utilized and physical targets achieved. The whole scenario of implementation of the schemes in the North East need a review. There is an urgent need to find out the difficulties being faced in these areas in the implementation of the schemes and take the desired action to address the problems. The Department should take the concrete action on the suggested lines and inform the Committee accordingly.

17. In all the documents furnished to the Committee, the expenditure position in respect of the Outlay provided to North East has been indicated as nil. The Committee have subsequently been informed that the expenditure was reported from the North East and the nil expenditure shown was due to the fact that Circles are booking expenditure under the Common Head 3201 and 5204 for Revenue and Capital Outlay, which is not bifurcated at the final compilation stage. The Committee are not satisfied with the aforesaid clarification. The Committee feel that the outlay and expenditure position for North East need to be monitored periodically. As such it is not justified to show the expenditure under the Common Head by the Circles. The Department should issue suitable instructions to Circles to maintain outlay and expenditure position separately which may be monitored and reflected in the Budget documents.

(xiv) *Postal Networks in India*

18. The number of Post Offices as on 31 March, 2009 as indicated in the Outcome Budget (2009-10) of the Department is 1,55,035, out of which 39,173 are in rural areas. As per the data made available to the Committee while examining the demands of the previous year (refer Para 62 of 56th Report), the number of Post Offices in the country was 1,55,204. The Committee would like to know how the total number of Post Offices in the country has reduced particularly when new Post offices are being set up.

19. The Committee find that as on January, 2008, 634 proposals for opening of new Post Offices were received out of which 207 requests were found justified. Besides during the year 2008-09 and 2009-10, 707 requests were received for opening of new Post Offices/upgradation of Post Offices, out of which, 142 requests were found justified. The Department has further stated that new Post Offices could not be opened as SFC had not been approved. The Committee observe that since the SFC has now been approved, the Post Offices which are justified should be set up expeditiously and the Committee informed accordingly. The Committee would also like to be apprised about the State/UT wise position of the requests and the status of setting up of Post Offices in this regard. The details in this regard may be furnished separately for opening of new Post Offices and the cases of upgradation of Post Offices.

20. As per the data made available to the Committee, out of total 1,29,484 EDBOs/EDSOs mostly operating from rural areas, 73,000 are running on loss. The number of sub-Post Offices operating

mostly in urban areas is 24,722, out of which 9,668 are running on loss. While appreciating the fact that the department has the mandate to reach to the last person of the society, the Committee feel that such a high number of Post Offices running on loss is a matter of grave concern. The Committee in its 56th Report had emphasized on the involvement of local bodies particularly Panchayati Raj Institutions while taking the decision for setting up a new Post Office. While reiterating the earlier suggestion, the Committee would like to add that the proposals for setting up of new Post Offices, need to be deliberated in the meetings of Gram Sabhas. Besides helping the Department in examining the viability of the new Post Offices, this mechanism would also address various other problems confronting the department like availability of land for setting up the new Post Offices etc. Another suggestion in this regard that the Committee would like to make is the involvement of local MPs and MLAs. The Department should frame suitable guidelines in this regard and circulate to various Circles for implementation.

II. Review of the Plan Schemes

(a) Access to the Postal Network

21. The Committee are unhappy to note that out of the seven sub-components of one of the important schemes, whose objective is to increase the access to the postal network, only one component could be approved even when the third year of the Eleventh Plan is in its half way. The delay in the clearance of the scheme has affected the working of the Department in one or the other way. As acknowledged by the Department, the initial proposal of creation of 3000 GDS posts, had to be scaled down since the precious plan period was lost in getting the approvals. All this clearly indicates that there are serious loopholes in the process of getting clearances for the various Plan schemes. There is an urgent need to simplify the process of getting approvals. Without wasting further time the Department should act fast and ensure that the approval of the various components of the scheme is obtained immediately so that the projects can be implemented at least in the remaining period of the Eleventh Plan.

(i) Relocation of Post Offices

22. The Committee understand that new Post Offices and sub-Post Offices are first being opened and then relocated due to being unviable. From the information provided by the department, it appears that the discretionary power provided to Chief Postmasters

General to real the norms for opening of Branch Post Offices was not being judiciously used. Their decision to open the new Post Office made neighbouring Post Office unjustified and there was the need to relocate the Post Office. Even when the department has clarified that relocation is done in very rare and unavoidable circumstances, the specific allocation of outlay for relocation under the Plan Schemes indicates otherwise. The Committee would like to be apprised about the no. of cases of relocation of POs and SPOs during Tenth Plan and in the Eleventh Plan so far to understand the matter and comment further in this regard.

23. The Committee feel that solution to the problem of relocation lies in opening of mobile Post Offices. In this regard the Committee in its 56th report had suggested opening of mobile Post Offices. Instead of giving heed to the suggestion of the Committee, the Department could not accept the recommendation. When the issue was reiterated during the course of examination of DFG 2009-10, the Department explained that mobile Post Offices used to function in remote and hilly areas and their reintroduction can be considered. This explains the insensitivity of the Department to the issues raised and the suggestions made in various reports. The Committee emphasize that Mobile Post Offices equipped with all the possible postal services and equipments can be of great help to the people residing in the far-flung tribal, hilly and other difficult areas particularly in the unfavourable weather conditions which make it impossible for these peoples to go outdoor. More so the financial institutions and banks may also not be interested to open Branches in these areas due to the commercial considerations. Another solution is the weekly bazaars of postal service at prominent places in rural areas like Panchayat Headquarters. Close coordination with the local bodies can solve the problem of space for these weekly bazaars. Besides providing the postal facilities at the doorstep of the customers, said mechanisms can also address the problem of relocation of Post Offices and the save the money spent in this exercise. The Committee hope that now when the Secretary has agreed to consider this suggestion of the Committee, concrete action would follow which need to be communicated accordingly.

(ii) Franchisee outlets

24. The Committee observe that even when the Franchisee outlets are functioning well and have done more than Rs. 4 crore business only under stamps, stationery etc., the scheme remain still in the process of getting clearance during the Eleventh Plan. The Committee

fail to understand how the Department would achieve the target of opening 8000 such outlets with the slow process of approval. At least now the Department has to act fast and take the concerted action so that the scheme is formally approved and the desired objectives are achieved.

25. The Committee have been informed that a monitoring mechanism has been set up to regularly monitor physical and financial performance during the course of the year. With the said mechanism in operation, the Department was unable to furnish the data of performance of these outlets Circle-wise, State-wise. The Committee fail to understand the utility of such mechanism in such a scenario. The Committee emphasize that more than setting various monitoring mechanisms, it is utmost necessary that these mechanisms function effectively. The State-wise and Circle-wise data in this regard should be maintained and made available to the Committee.

(b) Banking and Money Transfer Operations

26. Post Office Small Saving Schemes and Saving Certificates have been one of the favourable option for investing money particularly among the middle income group in the country. These schemes have lost their status which is evident from the data furnished by the Department according to which under various schemes viz. MIS, SCSS, 1, TD, 2, TD, 3, TD, CTD, NSS-87 and 6NSC VIII, the withdrawals are more than the deposits. When the Commercial Banks and other private Banks are providing quality services with the use of the latest technology, in the case of Post Bank, things are still at the conceptualization stage. 'Any time anywhere any Branch' Banking is still a distant dream. Even the pilot project is likely to start in the next financial year. The Government funding is being provided under the aforesaid Plan scheme whose objective is to fully realize the potential of the vast customer base. During the year 2007-08 out of the allocation of Rs. 20.50 crore, the utilization was just Rs. 1.05 crore. Similarly during the year 2008-09, the allocation was reduced to Rs. 15 crore which also remained underspent. Only Rs. 5.49 crore could be utilized. It is evident that the Department is unable to avail of the opportunity which is clear from the status of utilization of funds. With the status of the schemes as indicated above, the Committee express its doubts about the improvement in public perception of these saving schemes of the department. The Department has to work on war footing to realize the credibility of India Post in the area of banking and money operations. The various proposed

projects need to be hastened to achieve the set objective. The detailed action plan in this regard should be chalked out and the Committee informed accordingly.

27. Today's customer has the vast option and is always looking for a bank which fulfils all his requirements at one place. There are limited services available under Post Office Saving Bank Scheme, if we compare with that of the services provided by Commercial Banks and private banks. Loan facility which is the major requirement of the customer is not available in the Post Offices. The solution is the Post Bank which is still at the conceptualization stage. Pending setting up of Post Bank, the department has entered into an MOU with SBI to act as business correspondents in 5,000 Post Offices across the country. But that too is not working well as acknowledged by the Secretary during the course of oral evidence. In this background the Committee feel that there is no other option available with the Post Office. The Post Offices have to think and act professionally. There is an urgent need to address to all the constraints being faced in the setting up of the Post bank. This is all the most required for the survival of the Post Offices. The Post Bank should be the reality within the stipulated time frame and the action plan should be chalked out and implemented to achieve the objective.

28. The Committee further find that the Post Offices are not providing the competitive rate of interest on the various small saving schemes. The information provided by the Department indicates that there is a huge difference between the rate of interest of Posts and SBI under the five year recurring deposit scheme. Posts provides rate of interest @7.50 percent whereas SBI is giving 9 percent rate of interest. The choice of the customer is obvious. Further disappointing is the fact that with such apparent difference, the Ministry of Finance is not ready to move from its stand of not reviewing the rate of interest even when the representations in this regard as received by the Prime Minister Office are being forwarded to them. In the competitive market, it is utmost necessary to keep track of the frequent changes in the rate of interest and act fast. With Posts having no such autonomy and with the stand of the Ministry of Finance not to review the position is quite dismal. The Committee strongly recommend that the issue of revision of rate of interest under POSB scheme should again be taken up with the Ministry of Finance and the concerns of the Committee duly communicated to the Cabinet Secretary and the Ministry of Finance.

29. The Committee note that various added benefits are being provided to the investor of Post Office Saving Schemes which includes bonus @ 5 percent on the deposits made under Post Office monthly income account and the benefit of accidental insurance through Oriental Insurance Company for Rs. 1 lakh to the Post Office Savings account holder with nominal premium of Rs. 15. The examination in this regard has revealed that the Department has no mechanism to know about the similar benefits being provided by the other Banks. The Committee feel that in this world of competition, India Post has to be more vigilant while making its various instruments customer friendly. More so it is necessary to make the public aware about the various benefits. The rural India, where Post Bank has the maximum reach need to be made aware about the saving schemes of the Department.

30. The Committee feel that the people particularly in rural India recognize Post as related to the postal operations. The Committee would like to suggest to consider adding the word 'Bank' with the India Post in its nomenclature. This would make the public aware that Post Offices also provide Banking facilities. Besides publicity about the various activities of the Post in rural areas can be done through various mechanisms like displaying the information at various prominent places like Panchayat Headquarters, dispensaries, schools etc. Besides gram Sabha meetings can be the best platforms in this regard. The Committee recommend to use the suggested mechanisms for advertisement of the various schemes of the Department in order to enlarge its customer base in rural areas.

(i) Role of Post Offices in the National Rural Employment Guarantee Scheme

31. The Department of Posts is involved in the disbursement of wages to labourers under one of the flagship programme of the Government i.e. NREGA. The share of the Posts in the disbursement of wages all over the country is 46.14 percent. However the State-wise data in this regard indicates that in Andaman and Nicobar, Arunachal Pradesh, Haryana, Himachal Pradesh, Jammu and Kashmir, Karnataka, Kerala, Madhya Pradesh, Tamil Nadu, Uttar Pradesh and Uttarakhand, the percentage share is even less than 20 percent. Further in Chandigarh, Daman and Diu, Lakshadweep, Nagaland and Puducherry the percentage share is nil. The Committee would like to know the State specific reasons for the low percentage of involvement of Posts in the disbursement of wages under NREGA in the said States. The Committee would also like the Department to work hard and take all the initiatives to increase its share in all the States/UTs.

32. The Committee have been informed that the workers' wage account under NREGA is a type of POSB Account and Ministry of finance gives remuneration for these accounts at the same rate that is applicable for POSB accounts. In this context, during the years 2007-08 and 2008-09, Rs. 117.89 and 123.33 crore respectively were provided by the Ministry of Finance. The projections during the year 2009-10 are for Rs. 129.49 crore. The Committee feel that there is hardly any difference between the amount received during the year 2008-09 and projections for 2009-10, which indicates that the Department do not intend to increase its base in this regard. The Department should clarify the position so as to enable the Committee about the expansion plans of the department under NREGA.

33. Besides the remuneration received from the Ministry of Finance for NREGA, the Department also gets funds from the Planning Commission under the Plan Scheme for additional work which includes arrangement for cash conveyance, incentive to staff and training etc. The Plan Scheme was introduced during the year 2008-09. As regards, the status of approval of the scheme, the Committee have been informed that EFC is under submission. Even when the EFC is under submission, an amount of Rs. 22.18 crore was spent during the year 2008-09 out of the total allocation of Rs. 80 crore. During the current year 2009-10, Rs. 100 crore is the BE. The Committee would like to be clarified how the scheme was being implemented and the amount spent without its formal approval. The Committee also emphasize that the formal approval of the Plan Scheme should be obtained expeditiously so that the infrastructure is created for the disbursal of wages under NREGA.

34. The Committee further observe that even when the amount is being allocated by the Planning Commission for creating the infrastructure for disbursement of wages under NREGA, the Department has shown its reluctance on a suggestion that emerged during the deliberations according to which the Department should introduce mobile services for the disbursement of wages to the workers at the work site. The Committee feel that all out efforts should be made to ensure that the workers get their wages timely without wasting their time to come to the Post Office to get the wages. Though the Department subsequently agreed to consider the said suggestion, the reluctance indicates the insensitivity of the Department towards the poorest of the poor. The Committee hope that their suggestion would be implemented expeditiously and the workers would get their wages at the work place.

35. The Committee are happy to note that pursuant to their recommendation made in the 56th report, the Economic Survey, 2008-09 and the Hon'ble President's address to Parliament on 4th June, 2009 have emphasized on revamping of Post Offices to become outreach units for financial inclusion. The Committee feel that great opportunities are being provided through various Centrally Sponsored Schemes particularly through NREGA. The Department has to think professionally and act fast to use the opportunity to capture the rural market particularly when it has the added advantage of its reach to the last person of the society through its vast network and also the fact that it has the backing of the Government in all respects including the funding through the Plan schemes.

36. The Committee further observe that Hon'ble President in her aforesaid address has also referred to providing scholarships and social security schemes through accounts in Post Offices and phased transition to smart cards. The Committee would like to be apprised of the detailed strategy of the Department to achieve the set goal.

(c) *Plan Scheme Insurance Operations*

37. The Committee have persistently been recommending in their reports to give autonomy to the Department particularly with regard to taking initiatives to extend their clientele and introduce new products on their own. In this regard, at last the Cabinet has finally given approval on 13 December, 2007 for appointment of two public sector Fund Managers, Formation of Investment Division and sanction and creation of Ex-cadre posts for the Investment Division. The likely date of implementation of above decision as informed by the Department was 1 October, 2009. The Committee would like to be informed whether the aforesaid proposal has finally been implemented. The Committee hope that the autonomy provided to the Department would provide similar level playing field to PLI/RPLI and the revenue by way of interest and returns through investments of the Department would increase.

38. The Committee again note the under-utilization of outlay during the aforesaid scheme during the years 2007-08 and 2008-09. The specific reasons for under utilization under the scheme should be communicated to the Committee. The Committee further note that there is confusion with regard to the sub-component of the scheme insurance operations *viz.* training of circle office personnel

and marketing personnel. Initially, the Department informed that no allocation was made for the scheme. When the Committee enquired whether the sub-scheme has been dispensed with, the Committee have been informed that Rs. 2.51 crore was allocated during 2009-10. The Committee cannot understand the idea of dispensing with the scheme reiterated to training and marketing particularly when the autonomy to the Department has been provided which may provide the opportunity to expand the insurance business. The Committee would like that more stress should be given to the training of the officers. The detailed strategy in this regard should be chalked out and the Committee informed accordingly.

(d) IT Induction—Postal Operations

39. The Committee note that the Department has ambitious plan with regard to technology upgradation and modernization during Eleventh Plan. The Department propose to complete ongoing projects for technology upgradation and initiate action for computerization of remaining Post Offices. Besides it is proposed to upgrade Automatic Mail Processing Centers (AMPCs) and provide for a multi model transport system. The setting up of regional data centre is another proposal of the Department. In addition, modernization of Speed Post concentration Centre, Speed Post Centre, Postal Stores Depots, Circle Stamps Depots and Customer Care Centres are also proposed during the Eleventh Plan. Besides as acknowledged by the Department, the enlargement of business of Posts is dependent upon networking of Post Offices. The insurance companies, banks as stated by the Department are approaching Post Offices for collecting their premiums but the work cannot be taken due to the constraints of networking. The Committee note that when the whole plans of the Department are dependent upon the modernization and computerization, out of total schemes of Rs. 2011.50 crore under IT Induction during the Eleventh Plan, the schemes amounting to Rs. 628.66 crore could only be approved. The Committee fail to understand how the Department would implement the modernization plans with the status of approval of the schemes when the half of plan period has already gone. The Committee emphasize that it is high time the Department should wake up and do whatever is needed to expedite the approval of the plans and work on a mission mode to achieve the objectives of modernization and computerization.

(i) *Project Arrow*

40. Project Arrow was launched with the objective of making a tangible difference in the Post Office operations that matter to the common man. Initially the project was proposed to be extended to 4500 Post Offices after the pilot phase. Even when the success of the scheme is a different experience to customers both in terms of ambience of the Post Offices as well as in terms of providing improved and reliable services as acknowledged by the department, the proposal to extend the facility to 4500 Post Offices was stalled. The reason for this has been stated to be as fund constraint. The Committee further note that no separate funds were earmarked for the Project Arrow under Eleventh Plan outlay and the expenditure was being met from the outlay provided for computerization and networking. The Committee cannot appreciate the reasons of fund constraints particularly when the proposed outlay for the computerization and modernization have remained unspent during the first two years of Eleventh Plan. Out of total allocation of Rs. 2011.50 crore only Rs. 281.87 crore could be utilized. The funds remaining unspent could have been utilized for the project Arrow which have been a success experience. The Committee would like to recommend that the initial plans of extending the facility to 4500 Post Offices should be maintained and the detailed strategy in this regard should be chalked out. The Committee would also like to be apprised whether the approval of the Ministry of Finance was obtained for using the outlay earmarked for computerization and networking in the Project Arrow.

(e) *Estates Management*

41. The Committee note that during Eleventh Plan no new projects were taken and the whole allocation is being used for completion of spill over of projects. Even then a lot of spill over projects still remain to be completed. Such spill over projects include 25 projects under construction of Post Office buildings. Projects under construction of administration office building and another 5 projects for under construction of staff quarters. The Committee disapprove the way the Plans scheme is being implemented. Equally disappointing is the fact that the department has not bothered to know the impact of spilling over of the projects on the cost of the projects. The Committee strongly recommend that the detailed report of spill over of projects should be obtained from different circles and the Committee apprised about the same. Besides it should be ensured that all the spilled over projects are completed within the stipulated time frame.

42. The Committee further find that in addition to the already available staff quarters there is an additional demand for about 1400 staff quarters to be constructed during the Eleventh Plan. With the status of implementation of the projects, as explained above, the Committee express doubts about the achievement of targets during the Eleventh Plan. All the hurdles being faced in implementation of the project should be identified and corrective action taken so that the targeted staff quarters are constructed during the Eleventh Plan which may increase the satisfaction level of the employees.

III. MISCELLANEOUS

(i) Commercial utilization of land with the Department of Posts

43. The Committee are pleased to note that at last the Committee of Secretaries has cleared the proposal regarding the commercial utilization of land. The Department has been asked to put up a Cabinet note on the kind of model that they propose to utilize. The Committee would like to emphasize that the Cabinet note should be put up expeditiously and all actions initiated to get the approval of the Government. The Committee hope that with the aforesaid approval, the Department would be able to utilize its land optimally. While recommending for optimum utilization of land of Post Offices, the Committee would like to emphasize that it should be ensured that the identity of India Post is maintained.

(ii) Premium Services

44. The Committee note that the revenue from premium services has grown from Rs. 425.74 crore in 2003-04 to Rs. 2,141.48 crore in 2008-09. While appreciating the aforesaid development, the Committee take note of the fact that some of the premium products like express post, retail post media post, e-bill post and 'others', there is decrease in revenue earned during the year 2008-09 against the previous year. The Committee would like to emphasize that all initiatives should be taken to reverse this trend. The particular reasons for the said decrease should also be communicated to the Committee.

45. The Committee further note that the market share of the Department in the courier business is just 13 per cent. The Committee emphasize that there is an urgent need to improve the

quality of courier services of the Department. As acknowledged by the Department, the staff of the Department is not as alert as that of the private courier. Since this is a world of competition, there is no other way than to improve the quality of services by providing adequate training to the employees and taking all other desired initiatives to bring in the attitudinal changes for the customer needs and requirements for quick and speedy delivery. The detailed action plan should be chalked out in this regard and the Committee informed accordingly.

46. The Committee in this regard would also like to suggest that the customer particularly in the rural areas needs an assurance that the daks sent through courier reaches them in time. In this regard, there is an urgent need to have Post Office building in every village. The Government should examine the aforesaid proposal and take the desired action.

(iii) Regulatory Mechanism

47. The Committee find that the Department has appointed a consultant who would study the international experience with regard to functioning of regulatory mechanism there and would recommend accordingly. The Committee feel that with the increased activities of the Department, entry of strong private sector in the core functioning of the Department, likely increase in Banking and insurance activities with the Post Bank becoming reality and the autonomy provided to insurance sector, there is an urgent need to take expeditious decision on the issue of regulatory mechanism. The Department should accordingly take the desired action so that the regulatory mechanism is set up expeditiously.

(iv) Human Resource Management/Training

48. The Committee have persistently been recommending to take the desired action to fill the vacant posts in the Department. The Committee are pleased to note that at last the Department has got clearance to fill up vacancies for the current year. The Committee strongly recommend that the action should be taken urgently to fill up the vacancies so that the work is not affected particularly in the single handed Post Offices.

49. The Committee note that ED employees form substantial part of the total employees of the Postal Department. Such a great number of employees should also get all the pensionary benefits being provided to the regular employees. The decision in this regard

should be taken at the earliest and the Committee informed accordingly.

(v) *Training*

50. The Committee note that human resource is the biggest asset for any institution. The quality of the human resource is the main factor in the success/failure of any institution. In this regard, training is the input which hones the skills of the individuals and ensure best of their performance. In the case of the Department of Posts, there is an urgent need to give more emphasis on training particularly when the Department propose to set up the Post Bank. Further the postal facilities of the Department are also being expanded and there are plans to expand the insurance activities. The Committee would like to be apprised about the details of the number of employees who have been imparted training so far along with the plans of the Department to give training to the remaining employees.

51. The aforesaid observations/recommendations of the Committee have been made after detailed examination of the various Budget documents and the deliberations held in the context of examination of Demands for Grants 2009-10. The Committee hope and trust that the department would take note of the suggestions made by the Committee and implement the same which would definitely improve the working of India Post particularly the implementation of various Plan schemes.

NEW DELHI;
15 December, 2009
24 Agrahayana, 1931 (Saka)

RAO INDERJIT SINGH,
Chairman,
Standing Committee on
Information Technology.

APPENDIX I

CORPORATE PLANNING DIVISION

DETAILS OF THE TENTH PLAN OUTLAY, FUNDS ALLOCATED AT BE, RE AND ACTUAL EXPENDITURE FOR EACH ANNUAL PLAN

Sl.No.	Particulars	Financial												Annual Plan 2006-07 up to March (BE)	Percentage of achievement up to March (BE)				
		Tenth Plan Outlay			Annual Plan 2003-04			Annual Plan 2004-05			Annual Plan 2005-06								
		BE	RE	Actuals	BE	RE	Actuals	BE	RE	Actuals	BE	RE	Actuals	BE	RE				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1.	Expansion of Postal Network	32435	341	0.91	1.02	2.10	1.88	2.19	2.75	4.46	1.77	4.63	4.75	1.63	5.00	4.51	4.02	10.63	32.77
2.	Computerisation of POs/PAOs/AOs	836.27	38.86	19.08	8.38	59.32	0.25	0.48	140.00	140.00	105.22	250.10	321.455	238.87	270.00	276.86	233.44	586.39	70.12
3.	Computerisation & Networking of Mos	25.37	13.32	1146	0.82	0.82	0.578	.00	1.37	0.53	87	3.87	1.31	6.00	6.00	2.99	6.23	24.55	
4.	Upgradation of Customer Care Centre	11.57	11.57	0.10	0.08	11.57	10.75	9.48	0	0	0	0	0	0	0	0.00	9.56	82.63	
5.	Modernisation & Upgradation of VSAT/ESMOs	300	0.75	0.75	2.32	2.00	2.38	0.389	0.50	0.10	0.08	0.06	0.06	0	0.45	0.45	0.00	2.79	93.03

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
6. Modernisation of operative Working systems (improving ergonomicous)	48.50	5.54	6.14	1.35	5.06	4.56	4.21	6.86	7.02	6.22	16.78	16.01	13.33	14.70	15.50	13.20	38.31	78.99	
7. AMPCs	71.05	24.00	14.00	11.15	0.05	1.00	0.60	1.00	0.05	0.15	20.00	0.50	0.14	59.00	44.00	0.06	12.10	17.03	
8. Mechanisation/Modernisation of Mail Movement	21.00	0.30	0.30	0	15.31	12.76	12.58	0.47	0.05	0.04	0.02	1.86	1.03	0.97	2.99	0.72	14.37	68.43	
9. Modernisation/Upgradation of Premium Products	41.09	2.74	1.74	1.22	5.94	5.14	4.98	5.02	5.02	4.17	9.93	9.73	7.03	7.50	12.46	9.36	26.76	65.13	
10. Upgradation and Promotion of Philately	7.31	0.84	1.32	1.17	1.00	1.06	0.94	1.49	1.49	1.16	0.91	0.95	0.836	2.67	2.67	2.49	6.60	90.23	
11. Training	61.30	6.65	4.07	2.37	11.28	10.46	7.34	9.85	8.00	5.49	8.00	9.00	8.968	8.00	8.80	6.72	30.89	50.39	
12. Construction of Buildings	115.40	28.00	28.00	13.90	24.00	17.35	15.01	18.00	18.00	15.72	24.00	24.00	21.63	32.00	32.00	20.62	86.88	75.29	
13. Modernisation/Upgradation of CSDs	2.52	0.26	0.26	0.60	0.01	0.70	0.47	0.66	0.78	0.41	0.44	0.54	0.37	0.24	0.24	0.18	2.03	80.56	
14. Computerisation of International Mail Processing	3.33	1.26	1.27	0.81	2.06	2.23	1.64	0	0	0	0.61	0.61	0.478	0	0	0.00	2.93	87.93	
15. National Data Centre	10.00	5.00	0.20	0	0.50	0.00	0	0.10	0	0	10.00	4.00	0	5.00	5.00	5.00	50.00	50.00	
16. Research & Development / Studies & Surveys	4.00	1.00	0	0.01	0.07	0.08	0.08	1.00	0.05	0	0.75	0.70	0.676	0.50	0.50	0.34	1.11	27.65	
17. Establishment of Express Parcel Post	7.02	0.50	0.15	0	0.01	0	0	1.00	0.55	0	3.05	2.80	2.228	2.52	3.17	1.52	3.75	53.25	
18. ePost	5.00	0.50	2.70	0.71	2.30	2.30	1.78	0.71	0.15	0.04	0.20	0.15	0.010	0.50	0.50	0.27	2.81	56.20	

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
19.	e-Bill Post	5.00	0.50	0.00	3.00	0.65	0.06	0.25	0.06	0	0.10	0.52	0.46	0.50	0.50	0.29	0.81	16.20	
20.	New Products & Services (including financial services)	34.00	5.00	1.05	0	3.60	0.63	0.26	3.00	1.02	0.75	2.55	2.00	1.99	3.00	2.45	2.02	5.02	14.76
21.	Improvement of Quality of Services	4.835	0	0	0	0	0	2.34	1.40	0	0	0.50	0.00	0.40	0.4	0.03	0.03	0.62	
22.	Purchase of Aircraft Carriage for North East	0.00	0	0	0	0	0	0	0	0	0	0	0	0.05	0	12.00	12.00		
	Miscellaneous							0.23		0.41		0.12		6.93		7.69			
	Total	1350.00	150.00	95.00	45.91	150.00	75.00	63.30	200.00	190.57	142.16	354.00	404.00	301.11	419.00	419.00	322.19	874.67	64.79

APPENDIX II

PROPOSALS FOR ELEVENTH PLAN (2007-12)

NAME OF THE MINISTRY/DEPARTMENT : DEPARTMENT OF POSTS

1	2	3	4	5	6	7	8	9	10	11	12	13
10.	Marketing, Research and Product Development	297.88	11.01	14.00	5.03	24.00	18.49	19.28	20.00	20.00	44.31	15
11.	Quality Management	6.37	7.25	0.33	0.29	1.00	1	0.31	0.50	0.50	1.10	17
	Total	4000.00	315.00	285.00	135.46	520.00	320.00	294.87	520.00	520.00	950.33	24
12.	Support for Payment of Wages under NREGS*	180.00			80.00	80.00	22.88	100.00	100.00	122.88	68	
	Misclassifications				1.35		1.08			2.43		
	Total	4180.00	315.00	285.00	136.81	600.00	400.00	318.83	620.00	620.00	1075.64	26

APPENDIX III

DETAILS OF THE PROPOSED ALLOCATION, BUDGET ESTIMATES, REVISED ESTIMATES AND ACTUAL EXPENDITURE ALONGWITH PERCENTAGE OF UTILISATION FOR 2007-08, 2008-09 AND 2009-10

Sl.No.	Name of the Scheme	Annual Plan 2007-08			Annual Plan 2008-09			Annual Plan 2009-10					
		Proposed BE	BE	RE	Actuals	Percentage of utilisation	Proposed BE	BE	RE	Actuals	Percentage of utilisation	Proposed BE by Planning Commission	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1.	Access to the Postal Network	5.50	7.45	6.36	3.17	42	9.70	8.00	10.05	8.50	106	17.82	5.00
2.	Mail Operations	6.00	17.67	38.67	26.56	150	376.00	70.00	224.2	13.92	20	207.80	71.00
3.	Banking and Money Transfer Operations	21.00	20.50	8.82	1.05	5	18.84	15.00	7.38	5.49	37	42.96	14.50
4.	Insurance Operations	7.00	7.00	2.45	35	15.00	7.00	6.50	4.71	67	9.00	7.00	
5.	Philately Operations	4.00	4.00	4.00	1.21	30	4.65	3.00	3.00	1.00	33	3.20	3.00
6.	Estates Management	31.00	34.75	38.48	20.01	57	37.00	14.00	14.52	12.52	89	25.70	20.00
7.	IT Induction-Postal Operations	174.10	174.10	139.57	65.36	37	940.31	360.00	221.05	216.51	60	1500.05	360.00
8.	Materials Management	1.50	1.50	1.50	0	12.00	3.00	0.02			5.00	1.00	
9.	Human Resource Management	29.77	29.77	26.27	10.33	35	23.00	15.00	15.57	12.63	84	29.72	18.00

1	2	3	4	5	6	7	8	9	10	11	12	13	14
10.	Marketing, Research and Product Development	10.50	11.01	14	5.03	46	54.32	24.00	18.49	19.28	80	108.00	20.00
11.	Quality Management	7.05	7.25	0.33	0.29	4	1.75	1.00	1.00	0.31	31	1.75	0.50
12.	Total Support for Payment of Wages under NREGS*	297.42	315.00	285.00	135.46			520.00	320.00	294.87		520.00	
	Misclassifications				1.35					1.08			
		297.42	315.00	285.00	136.81	43	1492.57	600.00	400.00	318.83	53	2100.00	620.00

APPENDIX IV

DETAILS OF THE ELEVENTH PLAN SCHEMES AND THE APPROVAL STATUS

Increasing Access to the Postal Network

Sl. No.	Plan Scheme/Programme/Activity	Proposed Outlay (in Rs. Cr.)	Approval status
1	2	3	4
1. Scheme I: Access to the Postal Network			
1.	Increasing Access to the Postal Network	6.12	SFC under submission.
2.	Opening of Franchised Outlets	8.18	
3.	Fabrication of pillar letter boxes for all villages with BOs and enhancing number in cities	6.95	
4.	Relocation of Branch Post Offices (One time non recurring cost for relocation @Rs. 5000 per office)	0.15	SFC under submission
5.	Relocation of Sub Post Offices (One time non recurring cost of relocation @Rs. 2,000 per office)	0.30	
6.	Infrastructural Equipment for Extra Departmental Post Offices with income within norms	31.91	Scheme approved.
7.	Studies	1.50	Scheme yet to be approved.
2. Scheme II: Mail Operations			
1.	Establishment of print mail system in major cities	2.40	Scheme approved
2.	Publicity for redesigned pin code (up to beat level)	24.00	Scheme approved
3.	Setting up of Mail Business Centres	74.00	Scheme approved
4.	Wet leasing of Aircraft for carriage of mails	511.00	Scheme approved
5.	(a) Upgradation of International Mail Processing facilities at Offices of Exchange and Sub-Foreign Post Offices	2.00	Scheme approved
	(b) Installation of IPS National Server		
6.	Mechanization of delivery	0.885	Scheme approved
3. Scheme III: Banking and Money Transfer Operations			
1.	Consultancy	0.50	Scheme approved
2.	Centralized Banking for POSB (Anytime-Any Branch Banking)	106.00	Scheme approved

1	2	3	4
3.	Setting up Postal Finance Marts	24.50	Scheme approved
4.	Setting up of Post Bank of India	5.00	Case under examination
5.	Extending instant money order service @Rs. 3270 per center) and development & rollout of MO software	3.50	Scheme approved
6.	Linkages of SB, EFT, ECS, CTS of the domestic sector with International systems like IFS/ Eurogiro/SWIFT, etc.	2.00	Scheme yet to be approved.
7.	Retailing of foreign exchange	1.00	
4. Scheme IV: Insurance Operations			
1.	Online operations up to Divisional level and HO level through development of Insurance Software for the entire PLI organization based on Windows platform	3.00	Scheme approved.
2.	Computerization of PLI/RPLI	17.00	
3.	Publicity of Insurance Products	10.00	
4.	Training of Marketing Personnel	4.00	
5.	Training of Circle Office personnel in under-writing	1.00	
5. Scheme V: Philately Operations			
1.	Promotion of Philately	7.00	Scheme approved.
2.	Modernization of Philately Operations	6.50	
3.	Training for Promotion of Philately	1.50	
6. Scheme VI: Estates Management			
1.	Construction of Post Office buildings	67.23	Scheme approved.
2.	Construction of Administrative Office buildings	18.50	
3.	Construction of Staff quarters	15.19	
4.	Purchase of land	6.89	
5.	Preservation of Heritage Buildings	5.50	
6.	Building component for Mail Business Units	2.00	
7.	Improving environment and ergonomics including water harvesting, energy conservation, solar panels, etc.	9.00	

1	2	3	4
8.	Special Purpose Vehicle (SPV) including initial capital required as per law	3.00	Scheme under consideration.
7. Scheme VII: IT Induction—Postal Operations			
1.	Computerisation & Modernization of Post Offices	2011.50	Scheme approved for 628.66 cr.
2.	(i) Setting up of 2 large & 22 smaller AMPCs and upgradation of 2 large AMPCs-(Rs. 350 crore) (ii) Upgradation and modernisation of 500 Main/ Regional/District level SPCCs-(Rs. 10 crore) (iii) AMC/Consumables—(Rs. 11 crores)	371.00	EFC under preparation
3.	Training Equipments for the Training Centres	2400	Approved
4.	Data Centres	150.00	EFC under preparation
5.	Upgradation and Modernisation of PSDs, CSDs Customer Care Centers	20.00	Under examination
6.	Upgradation & Modernization of Postal Accounts Offices including integration of accounts functions from Primary unit level	5.00	Approved
7.	Computerization of Civil Wing offices	0.50	Approved
8.	Computerisation of Administration Offices	15.00	Approved
8. Scheme VIII: Materials Management			
1.	Upgradation of technology for seals and stamps	10.00	Scheme yet to be Approved
9. Scheme IX: Human Resource Management			
1.	In-service Institutional Training in India and Abroad	28.00	
2.	Technology Training for Trainers and Facilitators	5.00	
3.	Training on Business Orientation Programmes	3.00	
4.	Workplace and Distance Learning Programmes	21.00	
5.	Infrastructure Development	43.45	
10. Scheme X: Marketing, Research and Product Development			
1.	Setting up Marketing, Research & Product Development Centre	8.00	
2.	National Address Database Management System	5.00	

1	2	3	4
3.	Creating Brand identity for India Post	8.00	
4.	Promotion, Publicity and Brand Visibility	85.00	
5.	Marketing Plan for Philately	5.00	
6.	Business Expansion of Speed Post	40.00	
7.	Product Development & Marketing of premium products	14.00	
8.	Infrastructure for Logistics & Parcels	80.00	
9.	Marketing Plan for Financial Services	30.00	
10.	Setting up of market structure and mechanism for promotion of India Post's Global Business	15.00	Scheme yet to be approved
11.	Setting up Call Centres based on Interactive Voice Response System	7.88	Scheme approved
11. Scheme XI: Quality Management			
1.	Implementation of Citizens Charter in Post Offices Training of Project Managers for 'Sevottam' Information Kiosks & Software HOs/SOs Electrical scrolls for display of service norms	5.12	
2.	Monitoring of service quality and Process improvement using Six Sigma	1.25	
12. Scheme XII: Support for Payment of wages under NREGS			
Support for payment of wages under NREGS		100.00	EFC under submission

APPENDIX V

NORMS FOR OPENING POST OFFICES

1. Norms for opening Extra Departmental Branch Post Offices:

1.1 Population:

(a) In Normal Areas:

3000 population in a group of villages (including the PPO village)

(b) In Hilly, Tribal, Desert and Inaccessible Areas:

500 population in an individual village or 1000 population in a group of villages.

1.2 Distance:

(a) In Normal Areas:

The minimum distance from the nearest existing post office will be 3 Kms.

(b) In Hilly, Tribal, Desert and Inaccessible Areas:

The distance limit will be the same as above except that in Hilly Areas, the minimum distance limit can be relaxed by the Directorate in cases where such relaxation is warranted by special circumstances which should be clearly explained while submitting a proposal.

1.3 Anticipated Income:

(a) In Normal Areas:

The minimum anticipated revenue will be $33\frac{1}{3}\%$ of the cost.

(b) In Hilly, Tribal, Desert and Inaccessible Areas:

The minimum anticipated income will be 15% of the cost.

It is further to be ensured that as a result of the opening of a new post office, the loss in respect of the parent post office does not increase beyond the permissible limit nor is its income reduced below the minimum prescribed.

2. Criteria for upgrading/opening Departmental Sub Post Offices:

(a) In Rural Areas:

The minimum work load of the Extra Departmental Branch Post Office, proposed to be upgraded should be five hours per day. The permissible limit of annual loss is Rs. 2400 in Normal Rural areas and Rs. 4800 in Tribal and Hilly areas.

It is further to be ensured that as a result of the opening of a new post office, the loss in respect of the parent post office does not increase beyond the permissible limit nor is its income reduced below the minimum prescribed.

(b) In Urban Areas:

In Urban areas, the post office should initially be self-supporting, and, at the time of the first annual review, it should show a 5% profit to be eligible for further retention.

The minimum distance between two post offices should be 1.5 Kms. in cities with a population of 20 lakhs and above, and 2 Kms. in other Urban Areas. No two delivery offices, however, should be closer than 5 Kms. from each other.

A Delivery Post Office in Urban Area should have a minimum of 7 Postmen's beats.

There is a set pattern for opening and retention of post offices. A copy of norms for opening of new post offices is available at Annexure VII.

APPENDIX VI

POINT 27: COMPARATIVE LIST OF CURRENT INTEREST RATES OF POST OFFICE SMALL SAVINGS SCHEMES AND NATIONALIZED BANKS

Name of Scheme	Comparative Interest Rates							
	Post Office Small Saving Schemes		State of Bank of India (SBI)		UCO Bank			
	General	Sr. Citizens	General	Sr. Citizens	General (less than 15 Lakh)	General (above 15 Lakh)	Sr. Citizens (less than 15 Lakh)	Sr. Citizens (above 15 Lakh)
1	2	3	4	5	6	7	8	9
Savings Account		3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Time deposit	1 Year	6.25%	6.25%	6.50%	7.00%	7.00%	6.50%	7.50%
	2 Years	6.50%	6.50%	7.00%	7.50%	7.00%	6.50%	7.50%
	3 Years	7.25%	7.25%	7.25%	7.75%	7.75%	7.50%	8.00%
	5 Years	7.50%	7.50%	7.50%	8.00%	7.50%	7.50%	8.00%
5 year Recurring Deposit	5 Years	7.50%	7.50%	9.00%	9.00%	8.75%	8.75%	8.75%
Monthly Income Accounts	6 Years	8%	8%	No such scheme in banks				

1	2	3	4	5	6	7	8	9	10
Sr. Citizen Savings Scheme	5 Years		9%		9%		9%		9%
Public Provident Fund Scheme	15 Years		8%	8%	8%	8%	8%		8%
National Savings Certificate (VII) Issue	6 Years		8%	8%		No such scheme in banks			
Kisan Vikas Patras	5 $\frac{1}{2}$ Years		8.4%	8.4%		No such scheme in banks			

APPENDIX VII
DEPOSITS

2008-2009

(Rs. in Crores)

Circles	2008-2009										2009-2010						
	S.B.	R.D.	M/S	SCSS	1 TD	2 TD	3 TD	5 TD	FD	CTD	NSS- 87	NSS- 92	PPF	6 NSC	KVP	IVP	Others
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Andhra Pradesh	4454	2262	1681	138	697	17	46	23	0	0	24	2	90	250	614	0	0
Assam	689	451	261	5	143	6	18	6	0	0	1	1	50	180	242	0	0
Bihar	2156	794	796	27	764	19	125	50	0	0	0	0	38	344	1308	0	0
Base	273	64	26	2	2	0	0	0	0	0	2	0	5	0	1	0	0
Delhi	1466	712	1065	136	258	13	47	26	0	0	0	0	406	330	440	0	0
Gujarat	3685	2291	3020	168	1358	38	129	50	0	0	53	0	540	780	1899	0	0
Haryana	1608	953	523	41	731	21	25	15	0	0	5	0	156	152	294	0	0
Himachal Pradesh	1071	620	169	8	285	11	32	21	0	0	1	0	34	26	142	0	0
Jammu & Kashmir	533	133	87	5	360	8	13	5	0	0	0	1	10	32	288	0	0
Karnataka	2416	1425	765	61	68	7	24	18	0	0	22	0	188	267	295	0	0
Kerala	2122	1947	264	13	44	37	12	8	0	0	5	0	27	84	104	0	0

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Maharashtra	3617	3860	2692	189	359	27	50	41	0	0	-3	37	388	1033	1067	0	0	
Madhya Pradesh	2021	1262	501	27	171	22	28	15	0	0	21	1	81	242	309	0	0	
N.E.	400	251	112	3	51	3	8	8	0	0	1	0	9	26	89	0	0	
Orissa	1237	508	338	16	152	6	14	14	0	0	1	0	20	173	359	0	0	
Punjab	3164	1083	982	75	1808	14	56	10	0	0	14	0	367	256	655	0	0	
Rajasthan	4455	2224	757	50	330	35	33	24	0	0	19	1	303	217	320	0	0	
Tamil Nadu	4639	1997	789	88	305	23	41	21	0	0	20	1	265	219	337	0	0	
Uttar Pradesh	5222	2777	2103	78	1788	34	64	41	0	0	11	1	227	893	2910	0	0	
West Bengal	6078	1581	5854	196	1057	44	164	172	0	0	19	4	249	1002	3065	2	0	
Chandigarh	550	445	193	13	65	4	9	9	0	0	7	0	71	267	313	-399	0	
Jharkhand	862	302	512	32	136	5	38	41	0	0	0	0	36	171	423	0	0	
Uttaranchal	846	501	315	12	251	13	29	39	0	0	0	0	25	116	234	0	0	
Total	53564	28443	23805	1383	11183	407	1005	657	0	0	223	49	3585	7080	15708	-397	0	

WITHDRAWLS

2008-2009

(Rs. in Crores)

Circles	S.B.	R.D.	MIS	SCSS	1 TD	2 TD	3 TD	5 TD	FD	CTD	NSS- 87	NSS- 92	PPF	6 NSC	KVP	IVP	Others
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Andhra Pradesh	4356	2432	2031	189	628	22	72	48	0	0	23	10	42	276	844	0	2
Assam	615	392	171	6	123	7	152	533	0	0	1	1	20	176	240	0	0
Bihar	1999	633	500	36	658	21	91	32	0	0	0	3	13	319	1083	1	0
Base	260	54	12	2	1	0	11	383	0	0	0	0	2	2	2	0	0
Delhi	1436	753	1727	363	263	27	119	271	0	0	55	1	225	399	701	-121	2
Gujarat	3518	2616	3416	258	1447	60	253	110	0	0	58	6	195	1372	1893	8	18
Haryana	1503	942	718	79	823	26	51	40	0	0	12	1	50	223	619	-2	1
Himachal Pradesh	1007	469	164	10	318	15	60	15	0	0	2	0	8	43	184	0	0
Jammu and Kashmir	514	129	107	10	391	12	26	5	0	0	1	0	4	56	291	0	0
Karnataka	2320	1510	1318	253	86	12	79	48	0	0	35	3	54	406	526	1	0

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Kerala	2061	1710	769	86	45	48	34	466	0	0	10	6	14	105	236	0	0	0
Maharashtra	3431	4314	2472	611	295	34	88	135	0	0	56	8	208	1429	1482	46	2	
Madhya Pradesh	1757	1161	837	77	173	58	79	30	0	0	22	4	28	296	542	1	-4	
N.E.	379	216	109	5	54	4	15	11	0	0	1	0	2	36	130	0	0	
Orissa	1109	443	366	41	145	8	22	12	0	0	2	3	7	138	379	0	0	
Punjab	3047	1045	1178	147	1942	21	116	43	0	0	22	0	142	382	1012	-6	-5	
Rajasthan	4238	2678	1296	135	372	93	102	531	0	0	20	4	166	387	712	-11	0	
Tamil Nadu	4452	1800	1485	230	278	25	96	35	0	0	27	4	93	323	762	2	2	
Uttar Pradesh	4909	2542	1865	139	1776	44	117	62	0	0	13	18	92	1059	3078	5	3	
West Bengal	5705	1537	5043	155	965	57	244	254	0	0	25	16	81	1300	3018	-10	-14	
Chandigarh	496	378	355	26	72	7	19	8	0	0	3	0	37	100	174	0	0	
Jharkhand	804	287	455	46	125	7	40	24	0	1	0	4	49	228	438	-124	-1	
Uttaranchal	747	401	297	25	268	16	43	31	0	0	4	1	9	104	253	0	0	
Total	50663	28442	26691	2929	11248	624	1929	3127	0	1	392	93	1541	9159	18599	-210	6	

ANNEXURE I

MINUTES OF THE SECOND SITTING OF THE STANDING
COMMITTEE ON INFORMATION TECHNOLOGY (2009-10)

The Committee sat on Friday, the 23rd October, 2009 from 1100 hours to 1300 hours in Committee Room'D', Parliament House Annex, New Delhi.

PRESENT

Shri Rao Inderjit Singh—*Chairman*

MEMBERS

Lok Sabha

2. Shri Nikhil Kumar Choudhary
3. Shri Milind Deora
4. Shri Rajen Gohain
5. Smt. Darshana Jardosh
6. Shri Inder Singh Namdhari
7. Shri Abdul Rahman
8. Shri Prem Das Rai
9. Shri Tathagata Satpathy
10. Dr. Bhola Singh
11. Shri C. Sivasami

Rajya Sabha

12. Shri Dharam Pal Sabharwal
13. Shri Ravi Shankar Prasad
14. Shri Prabhat Jha
15. Shri P. Rajeeve
16. Shri Shriram Pal
17. Shri N.R. Govindarajar
18. Shri M.P. Achuthan

SECRETARIAT

1. Shri T.K. Mukherjee	— <i>Joint Secretary</i>
2. Smt. Sudesh Luthra	— <i>Director</i>
3. Shri H.R. Kamboj	— <i>Deputy Secretary</i>
4. Dr. Yumnam Arun Kumar	— <i>Under Secretary</i>

WITNESSES

Representatives of the Department of Posts

1. Smt. Radhika Doraiswamy	— Secretary (Posts)
2. Shri S. Samant	— Member (Tech.)
3. Shri Indra Krishna Kumar	— Member (HRD)
4. Shri R.K. Singh	— Member (P)
5. Shri Uday Balakrishnan	— Member (PLI)
6. Shri D.K. Budki	— Member (Planning)
7. Smt. Manjula Prashar	— Member (O)
8. Smt. Annie Moraes	— JS & FA
9. Shri S.K. Sinha	— CGM (PLI)
10. Smt. Sunita Trivedi	— CGM (BD & MD)
11. Smt. Kalpana Tiwari	— CGN (MB)
12. Smt. Anuradha Joshi Durgapal	— DDG (PAF)
13. Shri Aindri Anurag	— DDG (CP)
14. Shri A.S. Prasad	— DDG (FS)
15. Shri Salim Haq	— DDG (P)
16. Shri A.K. Sharma	— DDG (Estt.)
17. Shri A.P. Singh	— DDG (Tech.)
18. Smt. Aruna Jain	— DDG (Training)
19. Dr. Y.P. Rai	— DDG (Planning)
20. Smt. Meera Handa	— DDG (PO, I, MM & Estates)
21. Dr. Brajesh Singh	— Director (Budget & Admin.)
22. Shri N.M. Perumal	— Director (Parl.)

2. At the outset, the Committee condoled the sad demise of Shri Ram Birender Singh, former Chief Minister of Haryana and passed a condolence resolution in this regard.

(The representatives of the Ministry were then called in.)

3. The Chairman welcomed the Secretary, Department of Posts and other officers accompanying her to the sitting of the Committee. The representatives of the Department then explained the salient features of the Demands for Grants (2009-10) with the help of a power point presentation.

4. The Members sought certain clarifications on the issues relating to the Demands for Grants (2009-10) of the Department and the representatives of the Department responded to the same. The Secretary assured to the Committee to furnish the written replies for the issues on which the information was not readily available.

5. The Chairman thanked the representatives of the Department of Posts for appearing before the Committee as well as for furnishing valuable information that the Committee desired in connection with the examination of the Demands for Grants (2009-10).

A copy of verbatim proceedings of the sitting has been kept.

The Committee then adjourned.

ANNEXURE II

MINUTES OF THE SEVENTH SITTING OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2009-10)

The Committee sat on Monday, the 14th December, 2009 from 1600 hours to 1645 hours in Committee Room 'B', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Rao Inderjit Singh — *Chairman*

MEMBERS

2. Shri Rajendra Agrawal
3. Shri Milind Deora
4. Shri Rajen Gohain
5. Smt. Darshana Jardosh
6. Shri Mithilesh Kumar
7. Shri Sadashivrao Dadoba Mandlik
8. Shri Prem Das Rai
9. Shri Dharam Pal Sabharwal
10. Shri P. Rajeeve

SECRETARIAT

1. Shri T.K. Mukherjee — *Joint Secretary*
2. Smt. Sudesh Luthra — *Director*
3. Shri H.R. Kamboj — *Deputy Secretary*

2. At the outset, the Chairman welcomed the Members to the sitting of the Committee.
3. Thereafter, the Committee took up the following draft Reports for consideration and adopted the same without any modification:—

- (i) Draft Report on Demands for Grants (2009-10) relating to the Department of Posts (Ministry of Communications and Information Technology);

(ii) ***

***Matter not related to the Report.

4. The Committee, then, authorized the Chairman to finalise the above Draft Reports in the 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.