

45

**STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2012-13)**

FIFTEENTH LOK SABHA

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

**DEMANDS FOR GRANTS
(2013-14)**

FORTY-FIFTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 2013/ Vaisakha, 1935 (Saka)

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(2012-13)**

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(DEPARTMENT OF POSTS)**

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(2013-14)**

Presented to Lok Sabha on 30 April, 2013

Laid in Rajya Sabha on 30 April, 2013



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 2013/Vaisakha, 1935 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY

(2012-13)

Shri Rao Inderjit Singh - Chairman

Lok Sabha

2. Shri Abdul Rahman
3. Shri Rajendra Agrawal
4. Shri Raj Babbar
5. Shri Nikhil Kumar Choudhary
- * 6. Shri Khagen Das
7. Shri A. Ganeshamurthi
8. Shri Rajen Gohain
9. Smt. Darshana Jardosh
10. Shri H. D. Kumaraswamy
11. Shri Baidya Nath Prasad Mahato
12. Shri Sadashivrao D. Mandlik
13. Dr. Thokchom Meinya
- ** 14. Dr. Prasanna Kumar Patasani
15. Shri Tapas Paul
16. Shri Radhe Mohan Singh (Ghazipur)
17. Smt. Seema Upadhyay
18. Vacant
19. Vacant
20. Vacant
21. Vacant

Rajya Sabha

22. Shri Joy Abraham
23. Shri Mohammed Adeeb
24. Shri Javed Akhtar
25. Shri Salim Ansari
26. Shri Bharatsinh Prabhatsinh Parmar
- # 27. Dr. Kanwar Deep Singh
28. Shri Sachin Ramesh Tendulkar
29. Dr. C.P. Thakur
- @ 30. Vacant
31. Vacant

Secretariat

1. Shri Brahm Dutt - Joint Secretary
2. Shri N.C. Gupta - Director
3. Shri Ajay Kumar Garg - Additional Director
4. Shri Abhishek Sharma - Executive Assistant

* Nominated to the Committee w.e.f. 13.12.2012 vide Shri Ramsinh Rathwa, vide Lok Sabha Bulletin Part-II dated 13.12.2012.

** Nominated to the Committee w.e.f. 09.01.2013 vide Lok Sabha Bulletin Part-II dated 09.01.2013.

Nominated to the Committee w.e.f. 28.03. 2013 vide Rajya Sabha Bulletin Part-II dated 01.04.2013

@ Shri Rajkumar Dhoot, M.P. Rajya Sabha resigned on 11.02.2013 from Committee.

(i)

LIST OF ABBREVIATIONS

| | | |
|---------|---|--|
| AMPC | - | Automatic Mail Processing |
| BE | - | Budget Estimates |
| BPO | - | Branch Post Office |
| CMPF | - | Coal Mines Family Pension |
| CBS | - | Core Banking Solution |
| DGS&D | - | Directorate General of Supplies & Disposal |
| DoP | - | Department of Posts |
| DoT | - | Department of Telecommunications |
| DSO | - | Departmental Sub Office |
| EDBO | - | Extra Departmental Branch Office |
| EPFO | - | Employee's Provident Fund Organisation |
| EoI | - | Expression of Interest |
| HPO | - | Head Post Office |
| IAY | - | Indira Awaas Yojna |
| IMO | - | International Money Order |
| IMTS | - | International Money Transfer Service |
| IRDA | - | Insurance Regulatory Development Authority |
| KVP | - | Kisan Vikas Patra |
| MIS | - | Monthly Installment Scheme |
| MO | - | Mail Office/Money Order |
| MoF | - | Ministry of Finance |
| MoU | - | Memorandum of Understanding |
| MGNREGA | - | Mahatma Gandhi National Rural Employment Guarantee Act |
| MPCM | - | Multi Purpose Counter Machine |
| NSC | - | National Saving Certificate |
| PBI | - | Post Bank of India |
| PLI | - | Postal Life Insurance |
| PO | - | Post Office |
| POSB | - | Post Office Savings Bank |
| RE | - | Revised Estimate |
| RFP | - | Request for Proposal |
| RPLI | - | Rural Postal Life Insurance |
| SB/CC | - | Savings Bank/Cash Certificate |
| SPO | - | Sub Post Office |
| TRCA | - | Time Related Continuity Allowances |
| UIDAI | - | Unique Identity Development Authority of India |
| WUMT | - | Western Union Money |
| WUFSI | - | Western Union Financial Services International |

INTRODUCTION

I, the Chairman, Standing Committee on Information Technology (2012-13) having been authorized by the Committee to submit the Report on their behalf, present this Forty-fifth Report on Demands for Grants (2013-14) of the Ministry of Communications and Information Technology (Department of Posts).

2. The Standing Committee on Information Technology (2012-13) was constituted on 31st August, 2012. 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 year 2013-14 which were laid on the Table of the House on 13th March, 2013. The Committee took oral evidence of the representatives of the Department of Posts on 3rd April, 2013.

4. The Report was considered and adopted by the Committee at their sitting held on 17th April, 2013.

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

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

7. 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
23 April, 2013
03 Vaisakha, 1935 (Saka)

RAO INDERJIT SINGH
Chairman
Standing Committee on
Information Technology

REPORT

PART – I

NARRATION ANALYSIS

CHAPTER I

Introductory

The Department of Posts, which forms a part of the Ministry of Communications and Information Technology, operates the largest postal network in the world with 1,54,822 Post offices spread across the length and breadth of India and employing 4,74,574 people. Providing mail delivery services is the core activity of the Department which involves booking, processing, transmission and delivery of mails. Mail is collected from more than 5.62 lakh letter boxes in the country, booked across the counters and specialized booking offices for onward dispatch to the destination. This is processed by a network of Mail Offices (including speed post hubs, computerized registration centres) and conveyed by road, rail and air across the country.

1.2 Postal operations at the post office counter encompass the entire gamut of basic postal services that include sale of stamps, booking of registered articles, insured articles, value payable articles, remittance of money through e-money orders, iMO, mobile to mobile money remittance, booking of parcels and Savings Bank services. In this era of economic liberalization, post office is gearing itself to meet its social obligations like social benefit payments, MGNREGA payments etc. as well as challenges of commercial and competitive environment. The networked and IT enabled post office through its countrywide network and reach is moving to become a Direct Benefit Transfer provider.

1.3 The Department also discharges certain agency functions in respect of Savings Bank and other Small Savings Schemes, collection of customs duty on Postal articles and disbursement of pension to Military and Railway Pensioners, Family Pension to Industrial Employees of Coal Mines etc. The Department administer Postal Life Insurance for the benefit of Postal, Telecom and other Central Government Employees and Employees of State Governments, Public Sector Undertakings, Nationalized Banks, Local bodies etc.

1.4 India Post provide postal facilities at affordable price within easy reach of every citizen in the country through its vast network of 1,39,086 Post Offices in rural areas and 15,736 Post Offices in urban areas, serving a population of 7817 persons per post office on an average while covering an area of approximately 21.23 kms per post office. There are 25,444 Departmental Post Offices and 1,29,378 Extra Departmental Post Offices.

1.5 For the purpose of administration, the entire country has been divided into 22 Postal Circles. Besides these 22 Circles, the communication needs of the armed forces are served by the Base Circle which is headed by Additional Director General, Army Postal Service. Post Offices in the country are categorized as Head, Sub and Branch Post Office. Branch Post Offices are mostly located in rural areas and manned by Gramin Dak Sevaks. The Sub Post Offices are Departmental Post Offices located in both rural and urban areas while the Head Post Offices are located in important towns and cities mostly at district level.

1.6 The Department of Posts faces various challenges in the present era such as Globalization, entry of private sector, growth of telephony, focus on inclusive growth and higher level of delivery standards. It faces certain hindrances like Multiplicity of application software, Co-existence of manual and computerized processes, Existing processes not in tune with rising customer expectations, training requirements of a large network and a huge workforce, rationalization of Network, Enhanced productivity norms, Demand for greater accountability and transparency etc.

1.7 The objectives of Department of Posts are:-

- Modernize and consolidate the network,
- Provide best in class customer service,
- Develop Financial Services,
- Grow in existing businesses, and
- Develop professional workforce

1.8 The Demands for Grants of Department of Posts for the year 2013-14 were presented to Lok Sabha on 13th March, 2013 under Demand No. 13.

1.9 The Committee in their Report have analyzed the financial and physical performance of the Department of Posts particularly with regard to the services being offered as well as the various Plan Schemes being implemented by Department in the context of examination of Demands for Grants 2013-14.

CHAPTER-II

IMPLEMENTATION STATUS OF THE RECOMMENDATIONS CONTAINED IN THE THIRTY-THIRD REPORT ON DEMANDS FOR GRANTS (2012-13) OF THE DEPARTMENT OF POSTS

1.10 The Standing Committee on Information Technology presented/laid the Thirty-third Report on Demands for Grants (2012-13) relating to the Department of Posts to Lok Sabha and Rajya Sabha on 2 May, 2012. Out of 33 recommendations made by the Committee in the said report, 18 recommendations (Sl Nos. 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 17, 19, 20, 24, 25, 27 and 31) were accepted by the Government. Replies to 08 recommendations (Sl. No. 4, 14, 15, 21, 22, 29, 30 and 33) were found to be interim in nature. The Committee reiterated 07 recommendations (Sl. Nos. 13, 16, 18, 23, 26, 28, and 32) in their Thirty-eighth Report. The Thirty-eighth Report on Action Taken by the Government on the Recommendations/Observations of the Committee contained in the Thirty-third Report was presented to Lok Sabha/laid in Rajya Sabha on 18 December, 2012. The statement indicating the status of implementation of recommendations contained in the Thirty-third Report was made by the Minister in the House on 13 March, 2013 in pursuance of Direction 73A of Directions by the Speaker.

CHAPTER-III

BUDGETARY ANALYSIS

(i) Overview of Demands for Grants for 2013-14

1.11 The Department of Posts have presented Demand No.13 for Grants to the Parliament for the year 2013-14, the details of which are as follows:

| (Rs. in crore) | | | | |
|----------------|----------|----------|---------|----------|
| 1 | 2 | Revenue | Capital | Total |
| Voted | Plan | 376.69 | 423.31 | 800.00 |
| | Non-Plan | 16499.28 | 10.00 | 16509.28 |
| | Total | 16875.97 | 433.31 | 17309.28 |
| Charged | Plan | - | - | - |
| | Non-Plan | 0.20 | - | 0.20 |
| | Total | 16876.17 | 433.31 | 17309.48 |

1.12 Head wise details of the Revenue and Capital Section for 2013-14 are as follows:-

| Revenue Section | | Capital Section | | |
|-----------------|--------------------------|-----------------|------------------------|------------|
| Head of Account | | BE 2013-14 | Object | BE 2013-14 |
| 1. | General | 859.89 | Others | 3.50 |
| 2. | Operation | 10474.63 | Postal Network | 31.354 |
| 3. | Agency Services | 477.34 | Mechanization Services | 347.81 |
| 4. | Accounts & Audit | 312.85 | Administrative | 1.00 |
| 5. | Engineering | 129.16 | Staff Quarters | 1.30 |
| 6. | Amenities to Staff | 88.10 | | |
| 7. | Pension | 4300.00 | | |
| 8. | Stationery & Printing | 131.05 | | |
| 9. | Other Expenses | 71.50 | | |
| | Total | 16844.52 | | 384.96 |
| 10. | Provision for North East | 31.65 | North Eastern Areas | 48.35 |
| | Grand Total | 16876.17 | | 433.31 |

(ii) Revenue Section

1.13 The comparative analysis of the Demands for Grants indicating BE, RE for the year (2012-13) and Actual for the year 2010-11 and 2011-12 along with BE 2013-14 is given below:

| Particulars | | Actual 2010-11 | Actual 2011-12 | BE 2012-13 | RE 2012-13 | BE 2013-14 |
|-------------------|----------|-------------------|-------------------|---------------|---------------|---------------|
| 1 | 2 | 3 | 4 | 5 | 6 | |
| Revenue Section | | | | | | |
| Gross Expenditure | 13793.67 | 14163.91 | 14379.71 | 15321.24 | 16876.17 | |

| | | | | | |
|-------------------|----------|----------|----------|----------|----------|
| Deduct-Recoveries | 485.72 | 458.64 | 665.05 | 623.03 | 680.58 |
| Net Expenditure | 13307.95 | 13705.27 | 13714.66 | 14698.21 | 16195.59 |
| Postal Receipts | 6962.33 | 7899.35 | 7793.31 | 8762.75 | 9101.81 |
| Deficit | 6345.62 | 5805.92 | 5921.35 | 5935.46 | 7093.78 |
| Capital Section | | | | | |
| Gross Expenditure | 273.73 | 210.23 | 615.77 | 207.60 | 433.31 |
| Deduct-Recoveries | - | - | - | - | - |
| Net Expenditure | 273.73 | 210.23 | 615.77 | 207.60 | 433.31 |

1.14 The financial achievements of the Department under Revenue Section from the year 2009-10 onwards are as under:-

(a) Gross Expenditure

1.15 Gross Expenditure of the Department of Posts from the year 2009-10 onwards is as under:-

(Rs. in crore)

| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|----------------|----------------|----------------|----------------|---------------------------|----------------|
| BE | 12090.20 | 11328.78 | 13522.36 | 14379.71 | 16876.17 |
| RE | 12526.80 | 13427.83 | 13763.91 | 15321.24 | |
| Actuals | 13346.94 | 13793.67 | 14163.91 | 12791.65 (upto Jan' 2013) | |

1.16 It is observed from the above data that the Gross Expenditure of the Department of Posts has been gradually increasing from the year 2009-10 to the year 2012-13. The working expenses increased from Rs. 13346.94 crore in 2009-10 to Rs. 13793.67 crore in 2010-11. In 2011-12, the Gross Expenditure of the Department was Rs. 14163.91 crore. During 2012-13, the gross expenditure at BE stage was Rs. 14379.71 crore which increased to Rs. 15321.24 crore at RE stage and the actual expenditure upto January, 2013 was Rs. 12791.65 crore which may have further increased by the close of the Financial Year. When asked to provide the reasons for increasing gross expenditure, the Department have stated as under:-

“The gross expenditure of the Department of Posts has been increasing continuously over the years. It increased in the year 2009-10 and 2010-11 due to implementation of Sixth Pay Commission recommendations and Gramin Dak Sewak Committee’s Report. Arrear of 60% of Pay and allowances to regular employees and 40% arrear of TRCA to Gramin Dak Sewaks have been paid in the year 2009-10. During the year 2010-11 it hiked due to payment of 60% arrear of TRCA to GDS. As the main components of the Gross Expenditure of the Department are Salary of its regular employees and GDS and Pensionery charges of the retirees. Both the components, which constitute more than 92% of the Gross Expenditure, are subject to increase due to annual increment,

enhancement in DA and MACP. Increase in the cost of materials, services, AMC, petrol, oil and fuel also factors in the increase of Gross expenditure of the Department.”

1.17 On the steps being taken to restrict the gross expenditure to the level of Revised Estimate stage, the Department stated as under:-

“The fund spending authorities and units are time and again issued with the instructions to keep their expenditure within the Budget allotment under each Head of Accounts. The expenditure is reviewed on month to month basis by holding Video conference by the Secretary (Posts) with all the Heads of Circles so as to ensure to keep the expenditure within the ceiling in RE 2012-13 under respective Head of Accounts. Recently, Department of Posts has conveyed instructions in this regard to its subordinate units vide letter No. 20-1/2012 BGT(PA)/3213-73 dated 8-3-2013 from ADG(BGT), DO letter No. 20-1/2012-BGT(PA)/3339-3360 dated 8-3-2012 from FA(Posts), DO Letter No. 4-11/2010/FCPosts/IFW dated 14-2-2013 from Secretary (Posts) and DO Letter No. 4-11/2012/FCPosts/IFW dated 19-12-2012 from Secretary (Posts) and requested them to strictly follow the instructions stating that under no circumstances, expenditure should be exceeded the budgetary allocation for the year 2012-13.”

1.18 When asked about the measures taken to ensure that the gross expenditure of the Department is restricted to the Budget Estimate level for the year 2013-14, the Committee were informed that the estimates of expenditure for the year 2013-14 have been attempted on the realistic basis and trend of expenditure during the year 2012-13 hoping to contain it within the BE 2013-14 provision. The expenditure is reviewed on month to month basis by holding Video conference by the Secretary (Posts) with all the Heads of Circles so as to ensure to keep the expenditure to the Budget Estimate level for the year 2013-14.

1.19 On plans to sustain a robust growth in revenues in conjunction with reduction in expenditure in order to bridge the deficit during the Twelfth plan in general and 2013-14 in particular and details of any particular areas of concern for achieving the desired objective, the Department, in their written reply, submitted as under:-

“The Department has curtailed its deficit to the extent of Rs. 5805.92 crore during the year 2011-12 which is 8.51% less than the previous year where as the revenue of the Department is 13.46% increase over the previous year. The net expenditure during the year 2012-13 (RE) is expected to be increased by 7.24 % in

comparison to previous year. Similarly the net expenditure in 2013-14 (BE) would be high by 10.19 % over the projection in RE 2012-13 against the revenue growth of 10.93% and 3.87 % respectively.

The department of Posts has formulated plan schemes in respect of mail operations with a view to improve the quality of mail operations. The initiatives/ plan in pipeline with respect to first class mail include:

1. Restructuring of existing first class mail network through consolidation of mail offices and optimisation of network.
2. Streamlining of process followed at mail offices
3. Introduction of tracking facility for registered post
4. Quality measurement system for first class mail
5. Installation and commissioning of sorting machines in Delhi and Kolkata for sorting of first class mail.
6. These initiatives are expected to result in improved quality of mail operations, which in turn, may lead to increase in mail volumes and corresponding revenue

In Financial Service Sector, the Department of Posts has tied up with Money Gram Payment Systems Inc. to offer International Inward Money Transfer Service through selected Post Offices. The scheme will help in generating additional revenue for the Department.

The Business Development and Marketing Directorate under Department of Posts offers a number of Premium Services like Speed Post, Express Parcel Post, Logistic Post etc to generate additional revenue for the Department. Further, the Department review its services and products from time to time in view of the changing market scenario, changing customer needs, industry benchmark etc and takes step /action to modify service features accordingly for revenue growth and for providing prompt services.”

(b) Recoveries

1.20 The Recoveries of Department of Posts from the year 2009-10 onwards are as under:-

(Rs. in Crore)

| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|----------------|----------------|----------------|----------------|-------------------------|----------------|
| BE | 322.00 | 436.55 | 695.11 | 665.05 | 680.58 |
| RE | 375.49 | 566.58 | 572.05 | 623.03 | |
| Actuals | 438.94 | 485.72 | 458.64 | 425.97 (upto Jan' 2013) | |

1.21 The aforesaid data indicates that the recoveries of the Department have marginally increased from Rs. 438.94 crore in 2009-10 to Rs. 485.72 crore in 2010-11 and then went down to Rs.458.64 crore in 2011-12. The recoveries during 2012-13 upto January, 2013 are Rs.425.97 crore only. When asked about low recovery in the year 2012-13, the Department stated that a major source of revenue by way of recovery is the Postal Life Insurance Sector. The revenue from PLI & RPLI Business during the year 2012-13 is estimated to the tune of Rs. 496.25 crore apart from the recovery of Rs. 126.78 crore from the other sources. Details are given in the table below:-

| Recoveries | Actual 2008-09 | Actual 2009-10 | Actual 2010-11 | Actual 2011-12 | Actual 2012-13 Upto Feb.13 | Estimated Upto Mar.13 | (Rs. In crore) BE 2013-14 |
|---------------------|----------------|----------------|----------------|----------------|-------------------------------|-----------------------|------------------------------|
| Commission on WUMTS | 38.96 | 61.97 | 33.46 | 23.42 | 24.77 | 50.00 | 50.00 |
| Custom Duty | 1.92 | 1.74 | 1.95 | 2.04 | | 3.00 | 3.00 |
| EPF | 1.94 | 1.14 | 9.74 | 0.72 | 0.55 | 3.50 | 3.50 |
| Coal Mines | 1.27 | 1.29 | 1.46 | 0.41 | 0.08 | 11.46 | 0.26 |
| Railway | 6.92 | 15.93 | 7.36 | 7.61 | 7.01 | 17.00 | 10.00 |
| BSNL | 5.86 | 8.51 | 11.21 | 9.78 | 8.90 | 11.59 | 10.00 |
| WUFSI | 40.16 | 39.36 | 29.07 | 21.07 | 21.43 | 25.00 | 22.00 |
| PLI | 194.97 | 297.84 | 381.60 | 389.63 | 424.10 | 496.25 | 576.58 |
| APS | 8.28 | 10.14 | 7.54 | 2.69 | | 2.90 | 2.90 |
| Others | 0.52 | 1.02 | 2.33 | 1.27 | 1.00 | 2.33 | 2.34 |
| Total | 300.82 | 438.94 | 485.72 | 458.64 | 487.84 | 623.03 | 680.58 |

1.22 When asked to elaborate on the measures proposed to be taken by the Department to increase the gross revenue by increasing recoveries, the Department in their written reply, submitted as under:-

“Estimated Recoveries during the year 2013-14 on account of PLI/RPLI operations is Rs. 576.58 crores. The Recoveries have two elements namely 1. percentage of premium income (4% and 12% for PLI and RPLI respectively) and 2. Direct Expenses. Both are on the increasing trend and the expected Recoveries are likely to be achieved.

In order to increase revenue from Insurance business in 2013-14, the following initiatives will be taken:-

- (i) Increase of premium income targets a minimum of 15% over the actual achievement for the year 2012-13.
- (ii) Procurement of high value PLI/RPLI policies

- (iii) Coverage of newly expanded clientele of PLI such as , employees of commercial banks, joint ventures, credit co-operative societies, deemed universities etc
- (iv) Aggressive marketing and publicity of PLI/RPLI products through various media
- (v) Explore issue of introduction of new products both under PLI and RPLI.”

(c) Revenue Receipts

1.23 Revenue Receipts of the Department of Posts from the year 2009-10 onwards are as under:-

(Rs. in Crore)

| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|----------------|----------------|----------------|----------------|-----------------------------|----------------|
| BE | 6135.74 | 6955.54 | 7517.70 | 7793.31 | 9101.81 |
| RE | 6552.62 | 6814.59 | 7522.02 | 8762.75 | |
| Actuals | 6266.70 | 6962.33 | 7899.35 | 7342.92 (upto Jan' 2013) | |

1.24 The details of Revenue Receipts of the Department under various heads during the last three years, RE for the year 2012-13 and BE 2013-14, as furnished by the Department are given below:-

(Rs. in crore)

| Items | 2009-10 | 2010-11 | 2011-12 | 2012-13 (RE) | 2013-14 (BE) |
|-----------------------------------|----------------|----------------|----------------|-------------------------|-------------------------|
| PRC on Ordinary Services | 534.56 | 476.76 | 463.22 | 514.79 | 514.79 |
| Speed Post | 609.47 | 748.82 | 889.63 | 1267.00 | 1267.00 |
| Business Post | 674.33 | 818.52 | 773.98 | 835.00 | 835.00 |
| Bill Mail Services | 118.38 | 120.64 | 105.86 | 122.20 | 122.20 |
| Sale of Postage Stamps | 604.91 | 555.26 | 563.00 | 571.44 | 571.44 |
| MO Commission | 339.84 | 262.21 | 490.77 | 604.27 | 604.27 |
| Sale of Passport Application Form | 3.43 | 5.31 | 0.85 | 0.31 | 0.31 |
| Others** | 249.01 | 412.04 | 304.06 | 284.99 | 284.99 |
| Total Postal Operation | 3133.93 | 3399.56 | 3591.37 | 4200.00 | 4200.00 |
| SB/CC Remuneration | 3132.77 | 3562.77 | 4307.98 | 4562.75 | 4901.81 |
| Total Revenue | 6266.70 | 6962.33 | 7899.35 | 8762.75 | 9101.81 |

* N.B. - Account of the year 2012-13 is yet to be finalised.

** Others- include the various other products run by the Department to realize revenue for it.

1.25 From the above table it is observed that the total Revenue Receipts of the Department are gradually increasing. However, under the head, PRC on Ordinary Services, there is a decline in the revenue receipts of the Department. The revenue under the head Speed-Post and SB/CC Remuneration shows continuous

year-on-year growth while the Business Post and Bill Mail Services show a slight decrease in revenue receipts in 2011-12 over 2010-11.

1.26 Reiterating the position in this regard, the Secretary, Department of Posts during the course of the oral evidence stated as under:

“The Department of Posts has four main areas of work from which we generate revenue – Mail, Savings Bank, Life Insurance and Money Remittance Service. The four services together are what we are going to focus on revenue generation. We expect the IT project which has just taken off to give us deliverables which will ensure that we improve the service delivery to the customer and thereby we will be able to improve the business of the Department.”

(d) Revenue Deficit

1.27 The Revenue Deficit of the Department from the year 2009-10 onwards is as under:-

| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | (Rs. in Crore) |
|----------------|----------------|----------------|----------------|--------------------------|----------------|----------------|
| BE | 5632.46 | 3936.59 | 5309.55 | 5921.35 | 7093.78 | |
| RE | 5598.69 | 6046.66 | 5669.84 | 5935.46 | | |
| Actuals | 6641.30 | 6345.62 | 5805.92 | 5022.76 (upto Jan' 2013) | | |

1.28 From above, it may be seen that Revenue Deficit of the Department of Posts from 2009-10 to 2012-13 has been gradually decreasing. It was Rs. 6641.30 crore in 2009-10, Rs. 6345.62 crore in 2010-11, and Rs. 5805.92 crore in 2011-12. During 2012-13, the Revenue Deficit at BE stage was Rs. 5921.35 crore and actual Revenue Deficit upto January, 2013 was Rs. 5022.76 crore.

1.29 In reply to the additional steps proposed to be taken by the Department to contain the Revenue Deficit to the level of the BE in the year 2013-14, the Department, in their written reply, submitted as under:-

“The Department has optimized the mail network for Speed Post and other categories of mail under Mail Network Optimization Project. The process relating to restructuring and consolidation of operational network has been completed. Infrastructure at mail offices is being upgraded. Track and trace facility for Registered mail has been already introduced. In the year 2013-14, the Department would put in place a new operational network for parcels and

introduce online tracking facility for parcels. Improvement in mail operations would result in better quality of operations.

The Department will also take the following steps to increase revenue:-

- Publicity of Small Savings Schemes and Money Remittances through Post Offices.
- Special drives will be launched to open savings as well as RD accounts belonging to the unbanked rural population like BPLs.
- Special drives will be launched to contact those customers of International Money Transfer who have shifted from Post Office to other distributors.
- Targets will be given at the start of the financial year to all the Circles and the same will be monitored at the highest level.
- BD&M Directorate of the Department of Posts has been continually engaged in providing greater impetus to business activities of the Department and formulating/ organizing and implementing various policies keeping in mind the market considerations of its products and services. Further, BD&M Directorate is working on exploring new business areas by way of customizing its existing services/ introduction of new services. For e.g. some of the services being contemplated for release shortly by BD&M Directorate are as given below:-
 - a) Cash on Delivery facility for Speed Post articles
 - b) Business reply Speed Post Service
 - c) Revamping of Parcel Segment”

(iii) Capital Section

1.30 Capital Expenditure of the Department of Posts during the past four years and the projections for the current fiscal are given as under:-

| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | (Rs. in crore) |
|----------------|----------------|----------------|----------------|---------------------------|----------------|----------------|
| BE | 388.80 | 329.55 | 518.12 | 615.77 | 433.23 | |
| RE | 329.55 | 297.65 | 263.27 | 207.60 | | |
| Actuals | 261.66 | 273.73 | 210.23 | 73.97 (upto Jan' 2013) | | |

1.31 When asked about the reasons for persistent underutilization of the funds allocated to the Department under capital section during all the years in general and 2012-13 in particular and the measures taken/proposed to be taken to fully

utilize the allocations made under the capital section, the Department, in their written reply, submitted as under:-

- (i) “ During 2009-10 the approval of two major schemes i.e. Setting up of AMPCs and IT induction – Postal Operations -Phase I got approved only in March, 2010 that is the last quarter of the financial year. The implementation of these schemes could commence only thereafter. In the meantime funds were reduced at RE stage from Rs 382.80 crore (BE) to Rs 214.77 crore (RE), thereby department had to restrict the implementation of the schemes only to the extent of funds available at RE stage. However funds to the extent of Rs. 254.33 crore has been utilized which is more than RE outlay.
- (ii) During 2010-11 Rs 319.55 crore was earmarked under plan segment for capital section. The major scheme IT Induction Postal operations - Phase II got approved by August, 2010. More than 90% of the BE allocation was earmarked under IT Induction segment. The second phase of the IT Project being very large and all-encompassing in scope several preliminary activities prior to actual implementation were taken up such an exhaustive BPR (Business Process Re-engineering) exercise and constitution of Steering Committee to oversee the implementation of the Project. In the meantime funds were reduced by Ministry of Finance at RE stage from BE outlay of Rs. 319.55 crore to Rs 287.65 crore, out of which Rs. 266.10 crore has been utilized which amounts to 92.5% utilization.
- (iii) During 2011-12 the major activities under IT Induction could not materialize as anticipated due to delays in completing the codal formalities for finalizing the RFPs. The delays arose partly due to the complex nature of the RFPs which resulted in several clarifications/queries being raised which had to be sorted out to the ratification of all stake-holders concerned. Hence funds were restricted at RE stage only to the extent required and out of the RE outlay of Rs 253.27 crore , funds to the extent of Rs 205.93 crore has been utilized which amounts to 81.3% utilization.
- (iv) 2012-13 being the first year of plan period of twelfth plan period, no new schemes could be implemented without approval/appraisal of schemes . Funds were provided only for ongoing schemes and to meet spillover payments of previous year. The approved outlays of twelfth plan was communicated by Planning Commission only in October 2012. Only thereafter action was initiated to obtain the approval/appraisal of the schemes from competent authority. Funds were mainly requested

for spillover payments under the schemes 'IT Induction & Modernisation', Setting up of AMPCs' and Estates Management'. Funds earmarked under 'IT Induction & Modernisation' could not be spent as the activities did not materialize as anticipated which resulted in under utilization of funds. Hence funds were retained only to the extent of requirement and committed liabilities at RE stage. Further at FG stage only Rs 222.90 crore has been retained and Rs 110.92 cr has been utilized upto Feb 2013."

1.32 On the plans of the Department to utilize the Capital Outlay of Rs. 433.31 crore during 2013-14, the Department replied that:

"Rs 423.31 crore is being earmarked under plan segment in 2013-14. Efforts are being made by the department to obtain the approval of the schemes before the end of the current financial year so that implementation can commence immediately from April 2013 onwards. One of the major scheme 'IT Induction & Modernisation' is already approved and RFPs are also being floated. Out of 6 RFPs 4 have already commenced. Apart from that approval of 4 schemes has been obtained and rest are in pipeline. Therefore, it is anticipated that most of schemes will take off in full swing from the beginning of the year itself. Hence, the Department has aim to utilize the funds fully.

1.33 The major schemes to be implemented are :

- i. Mail Operations - Rs 83 crore
- ii. IT Induction & Modernisation - Rs 288.02 crore
- iii. Estates Management - Rs 21.50 crore.
- iv. Financial Services – Rs 8.80 crore
- v. Premium Services –Rs 5.00 crore
- vi. Project Arrow – Rs 6.99 crore
- vii. Others - Rs 10 crore"

CHAPTER-IV

REVIEW OF PLAN SCHEMES

Analysis Of Proposed/Approved Twelfth Five Year Plan Outlays

1.34 During the Eleventh Plan period, the focus was mainly on technology induction and entrepreneurial management. The Planning Commission approved an outlay of Rs. 4000 crore for the Eleventh plan period. The allocation at BE stage was Rs. 2995 crore out of which Rs. 1593.63 crore had been the actual utilization. For the Twelfth Five Year Plan, the Department proposed an outlay of Rs. 12000 crore out of which Rs. 5527 crore has been approved by the Planning Commission. The scheme-wise proposed and approved outlay for the Twelfth Five Year Plan are given below:

(Rs. In crore)

| SI No | Name of the Scheme | Proposed Outlay | Approved Outlay |
|-------|---|-----------------|-----------------|
| 1 | Mail Operations including International Mails & Global Business | 821.20 | 567.95 |
| 2 | Financial Services (Savings Bank & Remittances) | 1045.00 | 784.00 |
| 3 | Postal Life Insurance | 560.00 | 52.00 |
| 4 | Rural Business and Access to Postal Network | 593.58 | 200.50 |
| 5 | Postal Operations including Service Delivery Excellence | 303.17 | 313.80 |
| 6 | Premium Services | 998.50 | 156.25 |
| 7 | IT Induction and Modernisation | 6926.34 | 3046.75 |
| 8 | Human Resource Management including Postal Accounts & Finance | 253.47 | 174.00 |
| 9 | Estates Management | 421.24 | 207.00 |
| 10 | Philately Operations | 77.50 | 24.75 |
| | Total | 12000.00 | 5527.00 |

1.35 From above, it may be seen that Rs. 12000 crore was the proposed outlay for the Twelfth Plan, out of which, the Planning Commission approved an outlay of Rs. 5527 crore.

1.36 As submitted to the Committee, the various challenges ahead of the department are - Globalization , entry of the private sector, growth of telephony, focus on inclusive growth, higher level of delivery standards, developments in other Postal Administrations etc, and the hindrances are Multiplicity of

application software, Co-existence of manual and computerized processes, Existing processes not in tune with rising customer expectations, Training requirements in a large network and for a large workforce, Rationalisation of Network, Enhanced productivity norms, Demand for greater accountability and transparency etc.

1.37 The Department of Posts has initiated POST 2012 - an end to end IT modernization project in the 11th Plan and the benefit of it will flow into 12th plan also. The 12th plan proposals are broadly classified under the following objectives:

- Modernise and consolidate the network.
- Provide best in class customer service.
- Develop financial Services.
- Grow in existing businesses.
- Develop professional workforce

1.38 The scheme-wise performance during the first year (2012-13) of the Twelfth Plan Period as furnished by the Department is given below:

(Rs. In crore)

| Sl. No | Name of the Scheme | BE (2012-13) | RE (2012-13) | Exp. Upto Jan, 2013 | BE (2013-14) |
|--------|---|--------------|--------------|---------------------|--------------|
| 1 | 2 | 3 | 4 | 5 | 6 |
| 1 | Mail Operations | 77.60 | 51.20 | 35.32 | 92.15 |
| 2 | Financial Services (Savings Bank & Remittances) | 24.50 | 3.56 | 0 | 55.87 |
| 3 | Postal Life Insurance | 4.00 | 2.00 | 0.10 | 10.00 |
| 4 | Rural Business & Access to Postal Network | 14.26 | 7.67 | 1.885 | 17.57 |
| 5 | Premium Services | 15.50 | 4.56 | 0.02 | 10.00 |
| 6 | IT Induction & Modernization | 516.00 | 109.36 | 16.19 | 532.21 |
| 7 | Human Resource Management | 28.20 | 28.20 | 9.14 | 27.00 |
| 8 | Postal Operations | 85.00 | 74.51 | 18.47 | 26.40 |
| 9 | Estates Management | 31.27 | 17.24 | 6.03 | 23.50 |
| 10 | Philately Operations | 3.67 | 1.70 | 0.20 | 5.30 |
| Total | | 800.00 | 300.00 | 87.36 | 800.00 |

1.39 When asked about the poor utilization in the approved plan expenditure of the Schemes for the Twelfth Five Year Plan, the Department, in their written reply, submitted as under:-

“Since EFC for most of the schemes could not be held in 2012-13, there is variation from the approved plan expenditure for 12th Plan.

2012-13 being the first year of plan period of twelfth plan period, no new schemes could be implemented without approval/appraisal of schemes . Funds were provided only for ongoing schemes and to meet spillover payments of previous year. Funds actually utilized upto Feb 2013 for the year 2012-13 are mainly related to spillover payments.

Although Budget Estimates for 2013-14 are projected based on the approved outlays for 12th plan schemes , the actual outlay approved is based on funds made available by Planning Commission which varies from the projection. However the *inter-se* allocations are always made keeping the status of the implementation of the scheme.”

CHAPTER-V

RURAL BUSINESS AND ACCESS TO POSTAL NETWORK

1.40 As per the Budget Brief (2013-14), this is an important scheme of Department of Posts which aims to increase access to the postal network, keeping in view the Universal Service Obligation, and to bring postal facilities within reach of every citizen of the country. This Plan scheme is continued from 11th plan into 12th plan with slight modification in scope and object with some new activities being initiated with nomenclature as 'Rural Business & Access to Postal Network'.

1.41 The details of financial targets for the scheme during the annual plans are as follows:-

| Sl.No | year | Proposed Allocation | BE | RE | Actual Expenditure | (Rs. in Crore) |
|-------|---------|---------------------|-------|------|-----------------------|----------------------------|
| | | | | | | % of expenditure w.r.t. BE |
| 1 | 2009-10 | 17.82 | 5.00 | 3.00 | 3.11 | 62.20 |
| 2 | 2010-11 | 11.41 | 0.53 | 0.51 | 0.46 | 86.79 |
| 3 | 2011-12 | 14.71 | 0.28 | 0.46 | 0.62 | 221.43 |
| 4 | 2012-13 | 13.50 | 14.26 | 7.67 | 1.89 (upto Jan' 2013) | 13.25 |
| 5 | 2013-14 | 52.00 | 17.57 | - | - | - |

1.42 From the above table, it can be seen that in the Rural Business and Access to Postal Network Scheme, BE(2012-13) was Rs. 14.26 crore and RE(2012-13) was reduced to 7.67 crore. However, the actual expenditure upto January, 2013 is Rs. 1.89 crore i.e. a mere 13.25 % of Budget Estimate.

1.43 On the reasons for poor utilization of funds in this scheme during the financial year 2012-13 and the extent to which the activities of the Department would be affected by the reduced allocation, the Department replied as under:-

"As per the information received from Circles, Rs. 4.80 crore has been utilized by Circles upto 28th February, 2013. Due to delay in completion of tender procedures in supply of infrastructure equipments to EDBOs in some of the Circles, allocated funds could not be utilized upto expected limit. However, tender procedures have been completed by all Circles and it is expected that the allocated funds will be fully utilized by the Circles by March, 2013.

Out of Rs.14.26 crore [allocated in BE 2012-13], Rs.4.71 crore was for the activity – opening of Branch Post Offices and Sub-Post Offices by creation of new posts/relocation/redeployment, Rs.2.00 crore was

for embedding cash chests at BOs. The above activities/ sub-schemes (except opening of BOs and SOs by relocation/redeployment) under the Plan Scheme – ‘Rural Business & Access to Postal Network’ are new activities for implementation during 12th Plan. For implementation of these activities and utilization of allocated funds during 12th Plan, approval of SFC/EFC was required. It was not possible to complete the procedures during the first year of the current plan i.e. 2012-13. In view of this, allocation of funds has been reduced to Rs.7.67 crore in RE 2012-13. Since above activities/ sub-schemes are not being implemented in 2012-13, there will not be any affect on these activities/ sub-schemes due to reduced allocation.”

1.44 When asked about the current status of progress on the three new Schemes/Projects initiated/proposed under the scheme i.e. Embedding cash chests in Branch Post Offices, installation of new improved letter boxes and installation of signages for Rural Branch Post Offices, the Department, in their written reply, submitted as under:-

“The Standing Finance Committee (SFC) and Hon’ble Minister (C&IT) have approved the proposal for implementation of three new sub-schemes/ projects namely (i) Embedding cash chests in Branch Post Offices; (ii) Installation of new improved letter boxes; and (iii) Installation of signages for Rural Branch Post Offices, under the Plan Scheme –‘Rural Business and Access to Postal Network’ , during 12th Plan. It has been decided to implement these new sub-schemes from the next financial year 2013-14.”

1.45 On the impact of reduced allocation for the year 2013-14, the Department stated that due to reduced allocation made by Planning Commission proportionate reduction had to be made under all schemes accordingly.

1.46 When asked about the schemes/projects likely to be affected due to reduced allocation by the Planning Commission, the Department, submitted as under:-

“The proposal of Rs.52.00 crore included requirements for activities/ sub-schemes namely (i) opening of Branch Post Offices (BOs) and Sub-Post Offices by creation of new posts – Rs.32.166 crore; and (ii) Provision of Infrastructure Equipments to EDBOs – Rs.9.75 crore. However, Rs.0.02 crore and Rs.7.50 crore have been allocated for these activities/ sub-schemes. Regarding opening of Branch Post Offices (BOs) and Sub-Post Offices by creation of new posts, Department has decided not to implement this activity/ sub-scheme during the 12th Plan. Therefore, Provision of Infrastructure

Equipments to EDBOs will be affected due to reduced allocation of funds.

1.47 On the underlying reasons for low achievement of physical targets in both the schemes, the Department, submitted as under:-

“In Outcome Budget (2013-14), physical targets for activities/ sub-schemes ‘Provision of infrastructure in EDBOs’ and ‘Embedding of cash chests at rural BOs’ are 10750 and 12500 respectively. These will be achieved during 2013-14.

In Outcome Budget (2012-13), physical targets for activities/ sub-schemes ‘Provision of infrastructure in EDBOs’ and ‘Embedding of cash chests at rural BOs’ were 11750 and 2000 respectively. 9,602 EDBOs have been provided infrastructure equipments upto 28th February, 2013. It is expected that remaining EDBOs will be provided by March, 2013. The delay in supply of infrastructure equipments to EDBOs in some of the Circles is due to completion of the tender procedures. Embedding of Cash Chests at Rural BOs is a new activity under the Plan Scheme –‘Rural Business & Access to Postal Network’. Approval of SFC was required for implementation of this activity. Recently, SFC has approved the proposal and it has been decided to implement this activity from the next financial year i.e. 2013-14.”

(i) Franchisee Outlets

1.48 The objective of the scheme is to open franchise outlets to increase access to the postal facilities in urban & semi-urban areas where there is need and justification for opening of Post Offices but Department is not in a position to open new Post Offices due to some reasons. As per the information furnished by the Department, the Franchisee Scheme was launched in February, 2007 on pilot basis in 100 selected urban locations to provide basic post facilities to the public. Based on the performance of franchisees, this scheme was extended to all Circles [except Kerala Circle] for its implementation. The number of Franchisee Outlets has been increased significantly and 1670 Franchisee Outlets are functional as on 31.3.2012. The physical targets for opening of 250 new Franchise Outlets have been given to the Circles for the current financial year 2012-13, out of which 205 Franchise Outlets have been opened by the Circles upto 28th February, 2013.

**Business Transacted by Franchisee Outlets (FOs) during
2009-10, 2010-11 & 2011-12**

| Year | No. of FOs (as on 31st March) | Stamps/ Stationery sold (in lakhs) | Registered Post Articles (in number) | Speed Post Articles (in numbers) | Money Orders (in numbers) | Other Retails (in numbers) |
|---------|-------------------------------|------------------------------------|--------------------------------------|----------------------------------|---------------------------|----------------------------|
| 2009-10 | 1082 | 1537.17 | 28,48,205 | 14,44,235 | 1,53,343 | 2,63,504 |

| | | | | | | |
|----------------|------|---------|-----------|-----------|--------|----------|
| 2010-11 | 1155 | 2636.19 | 25,42,859 | 22,69,881 | 37,348 | 1,49,887 |
| 2011-12 | 1670 | 3535.42 | 50,49,490 | 35,93,283 | 55,595 | 80,441 |

1.49 The Department also informed that the Panchayat Sanchar Sewa Yojana Scheme has not been effective, most of the PSSKs are showing nil or negligible transactions because of (i) fall in demand for postage stamps/ stationery due to availability of alternate modes of communication; (ii) lack of interest on part of Panchayat Sanchar Sewa Kendra(PSSK) Agents; (iii) non-supervision on part of Gram Panchayats over the functioning of Panchayat Sanchar Sewa Kendra Agents despite their commitment to do so; and (iv) non-selection of suitable candidates by Gram Panchayats. The number of PSSKs have been reducing comparing with previous years.

**Business Transacted by Panchayat Sanchar Sewa Kendra (PSSK) Agents
during 2009-10, 2010-11 & 2011-12**

| Year | No. of PSSKs (as on 31st March) | Stamps/ Stationery sold (in lakhs) | Registered Post Articles (in number) | Certificates of posting issued (in number) |
|---------|---------------------------------|--|--|--|
| 2009-10 | 4555 | 953.56 | 7,08,421 | 18,909 |
| 2010-11 | 4271 | 1178.70 | 8,12,691 | 1749 |
| 2011-12 | 3746 | 959.93 | 7,30,334 | 9452 |

1.50 On being asked about the proposals of the Department for the two commission based schemes in the Twelfth Plan, the Committee were informed as under that the Franchisee Scheme is being implemented by the Department during 12th Plan by opening of franchise outlets to increase access the postal facilities in urban & semi-urban areas where there is need and justification for opening of Post Offices but Department is not in a position to open new Post Offices due to some reasons. There is proposal for opening of 1,050 new Franchise Outlets during 12th Plan which are as below:

Proposal for opening new Franchisee Outlets (FOs) during the 12th Plan period

| Year | Physical Target |
|---------|-----------------|
| 2012-13 | 250 |
| 2013-14 | 200 |
| 2014-15 | 200 |
| 2015-16 | 200 |
| 2016-17 | 200 |
| Total | 1050 |

1.51 There is no proposal for opening of any new PSSKs during 12th Plan Period.

CHAPTER-VI

MAIL OPERATIONS

1.52 The objective of the scheme is to streamline mail operations, keeping in view the emerging needs of various customers segments, with special emphasis on the business mail segment and speedy transmission of mails. Most of the Plan programmes are the logical continuation of programmes contained in eleventh plan to twelfth plan. The new Schemes/Projects initiated/proposed during 2012-13 and 2013-14 are:

1. Development of road transport network.
2. Providing vehicles for bulk mail and speed post mails delivery/collection and bicycles to postmen.
3. Provision of GPS in vehicles.
4. Creation of a centre of Excellence for International Cooperation.
5. Quality improvement programme of EMS (international)
6. Developing outside delivery area (ODA)
7. Social Media Marketing (Global Business)

1.53 The proposed outlay for the Scheme in the Twelfth Five Year Plan was Rs. 821.20 crore and the approved outlay for the same is Rs. 567.95 crore.

1.54 The details of allocation for Mail Operations are as follows:

| (Rs. in Crore) | | | | | | |
|----------------|---------|---------------------|--------|--------|------------------------|-----------------------------------|
| Sl. No | Year | Proposed Allocation | BE | RE | Actual Exp. | % of achievement compared with BE |
| 1 | 2009-10 | 207.80 | 71.00 | 83.45 | 90.19 | 127.03 |
| 2 | 2010-11 | 250.00 | 125.00 | 129.65 | 129.52 | 103.62 |
| 3 | 2011-12 | 86.93 | 49.93 | 57.60 | 53.27 | 106.69 |
| 4 | 2012-13 | 63.75 | 77.60 | 51.20 | 35.32 (upto Jan' 2013) | 45.52 (upto Jan' 2013) |
| 5 | 2013-14 | 166.34 | 92.15 | - | - | - |

1.55 When asked about the proposed allocation of Rs. 166.34 crore for the year 2013-14 showing an increase of 160.93% over last year's proposed allocation, the plans/schemes necessitating such an increase in the proposed allocation and the plans/schemes likely to get affected on account of reduced allocation at BE stage, the Department, in their written reply, submitted as under:-

“The details of plan schemes on Mail Operations are as follows:

| Sl. No | Name of Scheme/Programme | Annual Plan (2013-14) Proposed |
|--------|-----------------------------------|--------------------------------|
| 1 | Mail Network Optimization Project | 94.44 |
| 2 | Setting up of AMPCs | 20.00 |

| | | |
|----|---|-------|
| 3 | National Address Database Management Project/ Standardization of mails | 5.00 |
| 4 | Charter of Helicopter/Aircraft for carriage of mail in NE Region | 1.00 |
| 5 | Up gradation of Speed Post Centres | 26.27 |
| 6 | Development of Road Transport Network | 10.00 |
| 7 | Development of Road Transport Network | 5.00 |
| 8 | Upgradation of MMS vehicles and containerized transportation of mail | 2.00 |
| 9 | Providing vehicles for bulk and Speed Post mail delivery & collection | 1.00 |
| 10 | Providing bicycles to Postmen for delivery of mail | 11.50 |
| 11 | Provision of GPS in vehicles | 1.00" |

1.56 It is expected that almost all the schemes listed above would be approved by the competent authority in the first to second quarter of the financial year 2013-14. Accordingly, further action would be initiated during the year 2013-14 and therefore, higher outlay has been proposed compared to 2012-13. Since the plan schemes could not be approved in 2012-13, the expenditure could not incur.

1.57 In the Mail Operations Scheme, the BE (2012-13) is Rs. 77.60 crore which was reduced to Rs. 51.20 crore. The actual expenditure upto January 2013 is Rs. 35.32 crore i.e. an achievement of 45.52%. On being asked about the reasons for underutilization in the year 2012-13, the Department stated that the plan schemes in mail operations are yet to be approved by the competent authority and therefore, funds could not be released to the circles for the planned activities. However, it is expected that the Department would be able to incur an expenditure of Rs. 51 crore on mail operations in the year 2012-13.

1.58 When asked about the current status of progress on the new Schemes/Projects initiated/proposed during the Twelfth plan for the years 2012-13 and 2013-14, the Department, replied as under:-

| Sl. No. | Name of Plan/Scheme | Current Status |
|---------|--|--|
| 1. | Mail Network Optimization Project (MNOP) | The proposal for consideration of EFC has been sent to Ministry of Finance & Planning Commission |
| 2. | Setting up of AMPCs | The Department is currently in the process of finalization of land related issues in Mumbai and Chennai. The proposal for setting up of AMPCs for consideration of Expenditure Finance Committee (EFC) is under preparation and would be sent to ministry of Finance and Planning Commission soon. |
| 3. | National Address Database Management | The plan scheme has been approved and action has been initiated. GIS mapping of Delhi and Kolkata have been tested. |
| 4. | Upgradation of Speed Post Centres | A combined proposal for consideration of the EFC on MNOP and this scheme has been sent to |

| | | |
|----|---------------------------------------|---|
| | | Ministry of Finance and Planning Commission. |
| 5. | Development of Road Transport Network | The proposals for consideration of Standing Finance Committee (SFC) is under preparation. |

(i) Setting up of Automated Mail Processing Centres (AMPCs)

1.59 When asked about the achievements that have been made by the Department in setting up of targeted AMPCs during the Twelfth Plan, the Department, in their written replies, stated as under:-

“The department has proposed to replace the existing letter sorting machine at AMPCs in Mumbai and Chennai by one Letter Sorting Machine (LSM) and one Mixed Mail Sorter (MMS) each in these cities. Besides, the Department has also proposed to set up AMPCs in Bangalore and Hyderabad comprising one LSM and one MMS each. The Department is currently in the process of finalization of land related issues in these cities. The proposal for setting up of AMPCs for consideration of Expenditure Finance Committee (EFC) is under preparation and would be sent to Ministry of Finance and Planning Commission soon.”

1.60 When asked about the total number of AMPCs currently functioning in the country and the amount of mails handled by them as a percentage of total mails handled by the Department, the Department stated that the AMPC set up in Mumbai in 1993 is still functional. Besides, two new AMPCs have been set up in Delhi and Kolkata in 2012. Thus, a total of 3 AMPCs are functional in the country. The mail handled by these centres in comparison to the total mail handled by the Department is 5.44% at this stage.

1.61 On setting up of AMPCs, the Secretary, Department of Posts, during evidence before the Committee stated:-

“..... Similarly, for the AMPCs, there are two-three related issues. The first one is the availability of land for which we are dependent on the airport authorities or the State Government. I am happy to note that the land for most of them has been allotted. In Hyderabad land has been allotted; in Mumbai land has been allotted and MIAL has agreed to construct the building on that land; and even in Bangalore the land has been finalised. Even this project will take off and we have to just do the EFC.”

(ii) Providing bicycles to Postmen for delivery of mails

1.62 Under this scheme, during (2013-14), 30,000 bicycles are to be provided to postmen for delivery of mails. Out of a physical target of 300, the achievement in

this scheme, upto December 2012 is shown as Nil. When asked to provide the underlying reasons, the Department informed that the plan scheme was not approved till December 2012. It has now been approved by competent authority and action has been initiated.

CHAPTER-VII

FINANCIAL SERVICES (SAVINGS BANK AND REMITTANCES)

1.63 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 promote the habit of thrift and savings among citizens of the country. The scheme is being continued in 12th plan under the nomenclature of 'Financial Services (savings bank & remittances) with a widened scope and object. The emphasis, as the words "small savings" suggest, is to bring the small depositor into the fold of the savings movement. The activities continued from 11th plan to 12th plan include:

- (a) Expansion of Core banking - set up Automatic Teller Machines, Circle Processing centres and call centers. Issue debit cards to customers.
- (b) Setting up of Post Bank of India - keeping the demand for rural banking, it is proposed to set up 'Post Bank of India'.

1.64 The new Schemes/Projects initiated/proposed during 2012-13 and 2013-14 include 'Creation of Anti Money Laundering (AML) /Combating of Financial of Terrorism (CFT) Compliance Structure. Since June 2009 Department of Posts is a regulated entity under Prevention of Money Laundering Act and its provisions relating to Customer Due Diligence, Record Keeping and Reporting are now mandatorily applicable to all financial activities conducted by Department of Posts. In addition the new provisions have to be kept updated with reference to changes in law, rule and government sanctions. This scheme will provide for all logistical modifications and support required to meet the changing needs of AML/CFT under Prevention of Money Laundering Act.

1.65 The proposed outlay for the scheme during the Twelfth Five Year Plan is Rs. 1045 crore out of which the approved outlay is Rs. 784 crore.

1.66 The details of allocation are as follows:

| Sl. No | Year | Proposed Allocation | BE | RE | Actual Exp. | (Rs. in Crore) |
|--------|---------|---------------------|-------|-------|-------------|---------------------------------|
| | | | | | | % of Exp. when compared with BE |
| 1 | 2009-10 | 42.96 | 14.50 | 3.90 | 3.87 | 26.69 |
| 2 | 2010-11 | 35.88 | 6.00 | 1.137 | 0.73 | 12.17 |
| 3 | 2011-12 | 105.88 | 8.50 | 2.00 | 0.47 | 5.53 |
| 4 | 2012-13 | 26.60 | 24.50 | 3.56 | - | - |
| 5 | 2013-14 | 578.50 | 55.87 | - | - | - |

1.67 From the above data, it is evident that there has been significant reduction in proposed allocation at the BE stage. The percentage of actual expenditure compared with BE is even worse and shows a declining trend.

1.68 On the reasons for consistent gross under-utilisation of funds over the years in such an important scheme of the Department, the Department, in their written replies, submitted as under:-

“In the year 2009-10, due to overall cut in the Annual Plan of the Department of Posts in RE from Rs.650 Cr to 350 Cr. there was a corresponding cut in FS Division RE. Moreover, the major activity of the Division i.e Implementation of Core Banking Solution (CBS) was included in the overall IT Project of the Department in 2009. Due to delay in approval of EFC/CCEA for the IT Project, funds on this activity could not be utilized. In the year 2012-13, funds to the tune of Rs.22 Cr. earmarked for creation of AML/CFT compliance structure could not be utilized as this activity was also linked to implementation of CBS.”

1.69 The BE (2012-13) was Rs. 24.50 crore which was reduced to Rs. 3.56 crore at RE stage. However, even after a reduction of 85.47 per cent at RE stage, the actual expenditure upto December, 2012 is Nil. When asked about the reasons thereof, the Department replied that EFC could not be held in 2012-13 for Core Banking Solution and AML/CFT related activities. For setting up of Post Bank, Consultant was appointed only in Feb 2013 due to which no expenditure could be booked during 2012-13.

1.70 For 2013-14, the Department has sought an allocation of Rs. 578.50 crore. However it was significantly reduced to just 55.87 crore at the BE stage. When asked about the schemes likely to be affected due to such a steep reduction at BE stage, the Department stated that due to reduced allocation, seed money asked for Post Bank of India will not be available at BE stage if project is approved by the Cabinet during 2013-14.

(i) Centralised Banking for Post Office Savings Bank (POSB)

1.71 On the plans of the Department to provide Core Banking Solutions during Twelfth plan in general and 2013-14 in particular, the Committee were informed that the core banking project is part of the IT project, 2012 that aims to bring in various IT solutions with the required IT infrastructure to the post offices. India Post plans to implement core banking in all departmental post offices (around 25,000) by September, 2014. The 1.3 lakh branch offices will also be covered by deploying the CBS (Core Banking Solution) mobile application in hand-held devices that are to be supplied to these offices. The project will bring in facilities of ATM banking, Internet Banking, Mobile banking and Phone banking to the Post Office Savings Bank customers. It enables POSB customers to perform transactions 24x7 in ATMs and to transfer money from their account to any bank

account through NEFT and RTGS. In 2013-14, Core Banking along with installation of ATMs will be implemented in all Head Post Offices of 22 circles. In addition around 1500 Sub Offices of Pilot circles will also be covered under Core Banking by 2013-14.

1.72 The Department of Post has signed the contract with the Financial Services System Integrator (FSI) vendor, for implementing Core Banking Solutions and for installing ATMs. The project has started from 28.9.12. CBS will be rolled out in pilot Post Offices by August, 2013. All the departmental Post Offices will be covered under Core Banking by 2014-15.

1.73 Regarding the share of Department of Posts in International and Domestic Money Remittances in India, the Department informed the Committee that they are offering International Money Remittances in collaboration with Western Union and Money Gram. As per Market Survey carried out by M/s IMRB, market share of International Money Transfer Service of Department of Posts is 2.5 per cent of overall money remitted into India through all channels and Department of Posts is having 44.3 per cent share out of total money remitted through Western Union in India for the last year. Share of India Post with regard to Money Remitted through Money Gram is very less as the service is new and has just started picking up. As regards domestic remittances, Department of Posts is offering domestic money transfer through its traditional service called Money Order where money is delivered at the doorstep of the payee and any comparable service is not being offered by any other player in the market.

1.74 On physical achievement for 'Cards and Tie-ups' during 2012-13 and the targets for 2013-14, the Committee were informed that the project has started in September, 2012 and the ATM installation operations is planned to take off in the pilot offices in 2013-14. There was no requirement to issue cards during the financial year 2012-13. Issuing of ATM cards is being taken up in the Twelfth Five Year Plan and the EFC memo is under preparation.

1.75 As per Annual Plan 2012-13, there was a target of setting up 4000 ATMs. However, the actual achievement upto December 2012 was Nil. When asked for the reason, the Department stated that during 2012-13, no ATM could be installed as the appraisal of the scheme was under process being the first year of the 12th Five Year Plan. 1000 ATMs are being deployed as part of the IT project 2012. The ATM switch solution that will connect ATMs to core banking solution is to be deployed by 2013-14. Hence, further deployment of ATM would start thereafter only. The number of ATM to be installed would depend upon the actual requirements and availability of funds.

1.76 The project on implementation of CBS in 120 Post Offices which was to be completed by September 2012, was extended to be completed by March 2013. The Department has informed that the project to implement CBS in 120 Post Offices has started from 28.09.2012. CBS will be rolled out in 120 pilot Post Offices by 2013 end.

(ii) Creation of an Anti-Money Laundering (AML)/Combating Financing of Terrorism (CFT) compliance structure

1.77 One new activity is being initiated during 2012-13 and 2013-14 i.e. Creation of Anti Money Laundering (AML) /Combatting of Financial of Terrorism (CFT) Compliance Structure. Since June 2009 Department of Posts is a regulated entity under Prevention of Money Laundering Act and its provisions relating to Customer Due Diligence, Record Keeping and Reporting are now mandatorily applicable to all financial activities conducted by Department of Posts. In addition the new provisions have to be kept updated with reference to changes in law, rule and government sanctions. This scheme will provide for all logistical modifications and support required to meet the changing needs of AML/CFT under Prevention of Money Laundering Act.

1.78 Regarding the creation of AML/CFT compliance structure in a total of 22 circles which was targeted to be completed during 2012-13, the Committee have been informed that the Department has circulated Master Circulars to all Post Offices for implementation of KYC norms in Money Transfer and Small Savings Schemes as per guidelines issued by RBI as well as Min. of Finance. AML/CFT compliance structure is part of the IT 2012 Project being implemented by the Department and will be rolled out from 2014 onwards. In addition, physical infrastructure for preservation of records is planned. EFC approval for this activity will be obtained in 2013-14 for implementation during the Twelfth Plan.

(iii) Training of Officials and Agents

1.79 As per the Outcome Budget (2013-14), efforts to improve the skills and capabilities of employees through training, strategic collaborations with leading service providers in banking and insurance sectors and provision of more and more homogeneous products and services on agency basis are among the initiatives that India Post is currently focusing on to meet the emerging challenges before it.

1.80 When asked about the details of training imparted to the employees in various fields relating to financial services such as implementation of CBS, financial products offered by the Department and marketing of financial products etc., the Department, in their written replies, stated as under:-

“Training relating to Financial Services including marketing of Financial Products is part of the overall training being imparted to the employees of various categories from Group ‘C’ and above through Work Place Computer Training Centres, Postal Training Centres and Staff College of this Department. During 2011-12, around 50,000 employees were trained through these institutions. As regards implementation of CBS, training relating to pre-migration activities from current software to CBS software is being imparted by Project Managers of National Institute of Smart Government (NISG) for all operative staff working on Post Office Savings Bank in the post offices from last one year and the same will continue till migration to CBS software”

1.81 Regarding the number of employees, duration of the training, and other initiatives taken by the Department to meet the training requirements of the workforce pertaining to the financial services, the Department stated that during Twelfth Plan, Department has planned to train all Group ‘C’ and above employees in overall IT Project related activities which include Financial Services also. For implementation of CBS, around 18,000 staff at various levels will be trained by Financial Services System Integrator during 2013-14. The duration of this training ranges from four days to one week depending on the operational role of the Post Office staff.

(iv) Post Bank of India

1.82 The Committee were informed that the aim of setting up of Post Bank of India is to provide full banking services primarily to the rural poor who still do not have the privilege of modern banking facilities and have to depend on the informal sector for their credit requirements.

1.83 While the post office Savings Bank (POSB) offers only saving scheme as an agency on behalf of MoF, Post Bank of India will provide the entire range of services as offered by a full-fledged bank. India post will use its vast reach of approx. 1.55 lakh post offices to offer banking services in areas that are yet to be covered by any nationalized banks.

1.84 The Committee have been informed that the scheme for creation of Post Bank was first envisaged in the Year 2005. Internal discussions and debates on merits and demerits continued till 2007. The concept was again taken up in the year 2009 and first feasibility study was undertaken through the Administrative Staff College of India (ASCI) which submitted its report in Feb.2011. MoC&IT gave in principle approval to the concept of Post Bank of India on 30.04.2011 subject to financial viability of the same. Inputs/comments on the ASCI report were sought from the Ministry of Finance & RBI. After receipt of their comments, the

Hon'ble MoC&IT directed the selection of a Consultant for preparing a Detailed Project Report for setting up of Post Bank of India in February 2012. Consequently, the EOI was floated on 26.04.2012 for short listing consultant firms for carrying out DPR. The approved RFP was issued to shortlisted bidders on 04.09.2012. Successful bidder was selected as Consultant on 23.11.2012. Contract for carrying out DPR was signed on 15.2.2013 after getting the contract vetted from Ministry of Law & Justice.

1.85 The major recommendations of the study report by ASCI on setting up of Post Bank of India were:

- Post Bank will operate through the entire India Post network.
- Deployment of banking experienced manpower (recruit from market) in approximately 4000 post offices.
- In the rest of India Post network, the post office will be used as a franchisee of Post Bank remunerated on quantum of banking business generated.
- The Chief Executive Officer to be recruited from the market.
- Expertise in new areas of Treasury Management, Credit Management and Forex Management to be developed.
- Operate in rural, micro-finance and government business sectors as well as a business correspondent.
- Continue as an agency function on behalf of Ministry of Finance.
- Offer new products like current account, credit, tax collection, clearing services,
- Mobile technology based transactions, funds transfer and retailing of government securities.
- Loans against Term deposits, KVPs, NSCs, G-secs & Gold.

1.86 The consultant is scheduled to submit the report in June 2013 after which the report will be examined and a Cabinet Note will be prepared for taking the final decision on this issue.

1.87 On being asked about the additional infrastructure and manpower requirements of setting up of Post Bank of India, the Committee have been informed that the IT infrastructure and Core Banking Solution software that is being implemented as part of the IT project along with training imparted will meet the IT and Software requirements of 'Post Bank'. Additional infrastructure & manpower requirement is also part of the terms of reference of the Consultant who is carrying out the exercise of preparing Detailed Project Report (DPR) for setting up of Post Bank of India.

CHAPTER-VIII

POSTAL LIFE INSURANCE

1.88 Postal Life Insurance (PLI) was introduced in 1884 and is the oldest Life Insurance Scheme for the benefit of Government employees. The policy is meant for Central and State Government employees, personnel of Local Bodies, Government aided Educational Institutions, Universities, Nationalized Banks, autonomous and financial institutions and Public Sector Undertakings of Central and State Governments. The Rural Postal Life Insurance (RPLI) scheme was introduced in 1995 for the benefit of rural populace to cover people living in rural areas with special emphasis on weaker section and women workers. The objective of this 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. Activities initiated in 11th plan and are being continued in 12th plan with a change in nomenclature as 'Postal Life Insurance'.

1.89 The ongoing schemes are: (i) publicity of Insurance Products and (ii) training of personnel in marketing and in underwriting, (iii) Development of Software and (iv) Computerisation of PLI/RPLI Operations.

1.90 The details of allocation are as follows:

| SI No. | Year | Proposed Allocation | BE | RE | Actual Exp. | (Rs. in Crore) |
|--------|---------|---------------------|-------|-------|-----------------------|--|
| | | | | | | % age of Achievement when compared with BE |
| 1 | 2009-10 | 9.00 | 7.00 | 2.25 | 2.26 | 32.29 |
| 2 | 2010-11 | 10.00 | 5.00 | 3.661 | 3.58 | 71.60 |
| 3 | 2011-12 | 8.73 | 5.00 | 5.00 | 4.68 | 93.60 |
| 4 | 2012-13 | 4.00 | 4.00 | 2.00 | 0.10 (upto Jan' 2013) | 2.50 (upto Jan' 2013) |
| 5 | 2013-14 | 10.00 | 10.00 | - | - | - |

1.91 Although the percentage of achievement when compared with BE shows improvement from 2009-10 to 2010-11 and from 2010-11 to 2011-12, the utilization is abysmally low at just 2.50% of BE in 2012-13(upto Jan' 2013). When asked about the reasons for abysmally low utilization for the year 2012-13 upto Jan' 2013, the Department replied as under:-

"SFC of 12th Plan scheme comprising "Publicity of Insurance Products and Training of Marketing Personnel & Back office Staff" has been approved only on 20.03.2013. Hence the BE/RE outlays could not be utilized and BE physical targets could not be achieved. Accordingly, outlay for 2012-13 and physical targets are as under in the FG stage :-

(Rs. in Cr)

| Sl. No. | Activity | FG outlay | Physical targets |
|----------------|---|------------------|--|
| 1. | Publicity of Insurance Products | 0.52 | Publicity of PLI/RPLI as per Sales, Publicity & Media Plan |
| 2. | Training of Marketing personnel & Back office staff | 0.23 | 1500 |

1.92 On the reason for such a massive shortfall in imparting training to the officials in the Postal Life Insurance scheme, the Department stated that SFC of 12th Plan scheme has been appraised and approved only on 20.03.2013 and the physical targets for training of marketing personnel & back office staff has been reduced from 15000 to 2000.”

1.93 When asked about the share of Department in the life insurance sector in terms of number of policies, premium amount collected and total claims settled, the Department replied as under:-

“Business underwritten in the year 2011-12 , the place of PLI/RPLI in life insurance industry in terms of No. of policies, premium income is as under :-

| Products | In terms of policies issued in the year | In terms of premium income underwritten in the year |
|-----------------|--|--|
| PLI | 21.5% | 1.80% |
| RPLI | 25% | |

1.94 On the number of complaints received regarding settlement of Postal life-insurance claims, the existing mechanism to deal with such complaints and the total number of such complaints received during the last three years, the Department replied as under:-

“Complaints are received from PLI/RPLI customers regarding delay in payment of claim amount, delay in receipt of policy document, premium receipt book etc in each Circle. There is a customer care centre and complaints are indexed and settled promptly. We have a all India toll free customer care no. 1800 180 5232/ 155232. During the last 3 years , total number of complaints received and disposed off at PLI Directorate are as under :-

| 2011 | | 2012 | | 2013 (Jan to March , 2013) | |
|----------|--------------|----------|--------------|----------------------------|--------------|
| Received | Disposed off | Received | Disposed off | Received | Disposed off |
| 408 | 293 | 632 | 352 | 274 | 74 |

1.95 Statement of performance of PLI & RPLI and corresponding withdrawals during the last three years as furnished by the Department are given below:-

Postal Life Insurance (PLI)

| Year | Number of Policies As on 31st March | Number of Policies Procured during the year | Premium collected during the year (Rs. In cr.) | Corpus (Rs. in cr) | No. of Surrender (Withdrawal) During the year |
|---------|-------------------------------------|---|--|--------------------|---|
| 2009-10 | 42,83,302 | 5,97,234 | 2412.75 | 16,656.02 | 13,974 |
| 2010-11 | 46,86,245 | 5,40,743 | 3125.55 | 19,801.91 | 10,570 |
| 2011-12 | 50,06,060 | 4,82,423 | 3681.03 | 23,010.56 | 14,200 |

Rural Postal Life Insurance (RPLI)

| Year | Number of Policies As on 31st March | Number of Policies Procured during the year | Premium collected during the year (Rs. In cr.) | Corpus (Rs. in cr) | No. of Surrender (Withdrawal) During the year |
|---------|-------------------------------------|---|--|--------------------|---|
| 2009-10 | 9925103 | 4027863 | 1357.31 | 5524.69 | 16,295 |
| 2010-11 | 12203345 | 3636063 | 1528.94 | 6607.79 | 22,118 |
| 2011-12 | 1,35,47,355 | 27,14,856 | 1604.43 | 9141.43 | 28,776 |

1.96 When asked about the steps being taken to popularize the Postal Life Insurance scheme amongst the targeted beneficiaries, the Department have furnished the following measures:

- Publicity of PLI/RPLI products through various media i.e. print media, electronic media, outdoor displays, radio jingles, RPLI wall paintings etc across the circles
- Sum assured limit of PLI and RPLI has been raised from Rs. 10 lacs to Rs. 20 lacs and from Rs. 3 lacs to Rs. 5 lacs respectively
- Online payment of premium through www.e.postoffice.com
- Payment of premium in any Post office across the country
- Payment of maturity proceeds through post dated cheques
- Website with all information on PLI/RPLI and downloadable forms (www.postallifeinsurance.gov.in)
- Payment of outstanding premium on installment basis

- Decentralization of maturity claims up to Rs. 5 lacs of sum assured, loan & revival at Division level
- Training to marketing personnel and back office staff in marketing skill and underwriting issues is imparted to improve quality of service
- Launching of Financial Services Integration a comprehensive insurance software for PLI and RPLI operations – in 2013-14 would result quicker administration of services pre and post acceptance which would attract more new business

1.97 When asked about the facilities to PLI/RPLI customers to view and pay their premium online, the Department have informed that presently, all work relating to services of PLI/ RPLI like issue of Policy Bond, sanction of claims, surrender of policies, sanction of loans, transfer of policies etc. is carried out in software developed by NIC in Oracle 10g. However, premium is collected in Post Offices in Meghdoot software which is uploaded/ updated in Oracle 10g software in the following month at Circle level. Online premium is collected through website www.epostoffice.gov.in. The database in the present structure is Circle wise and as such, Circles can view the data relating to policies issued/ available in the records of their Circles only. Customers/ insurants cannot view their policy details through this software. Besides, agents/ marketing staff also cannot view the details of business performed.

1.98 Regarding the current status of overall computerization of services offered through Postal Life Insurance, the Department has replied as under:-

“The Department is restructuring/ computerizing all operations of PLI/ RPLI under the Financial Services Integration Project. Under the project, comprehensive software is being developed by M/s Infosys. On rolling out of this software, all work from issue of policy bond, collection of premium through post office or online, surrender of policies, sanction of loans, etc. will be done through this software only. The customers/ insurants will have facility to view details of their policies and make several types of service requests online through Customer Portal. An Agent Portal is also being provided in this software, through which Agents will also be able to view various information relating to targets given to them, their performance, details of incentive due/ paid, leads for them etc. There will be provision in this software to scan all documents relating to services of a policy. This software will roll out in Pilot Phase, Phase-I and Phase-II. Phase I roll out is scheduled for July, 2013 in circles. This one would be a comprehensive software and futuristic in view and encompasses all activities of PLI/RPLI at both policy administration level and apex management level.”

1.99 When asked about introduction of low cost insurance plans such as term-insurance, the Department have informed that in PLI and RPLI there are no specific term insurance as the term insurance though having low premium provide insurance coverage for a limited period of time. After that period, insurance is no longer guaranteed. In PLI and RPLI we have, however, Anticipated Endowment Assurance Policy and children policy for a specific term i.e. 15 years /20 years and 5 years to 20 years respectively and 10- years RPLI policy (Gram Priya). But under these policies both death benefit if the insurant dies within the fixed term and also maturity amount with accrued bonus is paid if insurant survives till the date of maturity/fixed term. All the existing traditional plans under PLI/RPLI are providing death cover as well maturity value coverage with accrued bonus. Term insurance policies provide pure death coverage and at times though having lower premium rate is not beneficial to insurant/claimant as the no life coverage/maturity benefit is provided after a specific period.

1.100 On being asked about any plans to introduce term-insurance plans in view of the fact that it offers the cheapest form of insurance which can provide life cover to rural population at significantly lower cost, the Department have replied that Term insurance plans under PLI & RPLI are under examination by the Consulting Actuary.

CHAPTER-IX

IT INDUCTION AND MODERNIZATION

1.101 IT Induction and Modernization is an important scheme of Department of Posts that got the maximum outlay of Rs. 3046.75 crore amongst all the schemes for the entire Twelfth Plan of the Department. The Eleventh Plan envisaged extensive technology upgradation and modernization. IT Induction schemes were taken up in two phases in the 11th Plan. It is being continued in 12th plan with a comprehensive IT roadmap to be developed for network architecture, integrated software, proper data management including strengthening/ establishment of National Data Centre(s) and Disaster Recovery Centre. Eight Request for Proposals (RFPs) have been floated as proposed in the DPR and are pending for finalization at various stages.

1.102 During the course of oral evidence, the Secretary, Department of Posts, informed as under:

“Sir, as you rightly mentioned, the utilization of funds during the last year has not been full. We had to cut down our BE and even we had to reduce the fund allocation. Basically, this was because the fund allocation was to be used for two major projects. One is the IT project of India Posts and second is the AMPCs. In both these projects we were not able move forward because IT project had to be introduced with eight requests for proposals and of these only four could get finalised and started in the month of September. So, payments could not be made. As of today, seven out of eight IT projects have been finalised; four have started work; the fifth and the sixth which are connected will start work as soon as the sixth one produces its performance bank guarantee; for the seventh one also, the contract is being vetted in the Ministry of Law. With this, seven out of eight IT projects would start work. So, the utilisation of funds in the current year is expected to improve.”

1.103 The updated status on the Eight Request for Proposals (RFPs) that have been floated as proposed in the DPR and pending for finalization at various stages is as follows:

| Status of the IT Modernisation Project | | |
|---|---|---------------------------------|
| RPF Name | Status | Remarks |
| Finance System Integrator | <ul style="list-style-type: none">• Project kicked off on 28th September, 2012 and Vendors - Infosys, Sify & TCS, are On-board | Implementation work in progress |
| Network Integrator | | |
| Change Management | | |
| Data Center Facility | | |

| | | |
|--------------------------------|---|---|
| | <ul style="list-style-type: none"> DCF Project kicked off on 28th December, 2012 - M/s Reliance | |
| Rural system Integrator (RSI) | Contract signed with M/s Infosys | Contract signed on 28 th Feb, 2013 |
| Rural Hardware (RH) | Lol issued to M/s Sai | Contract under Finalization |
| Core system Integrator (CSI) | Lol issued to M/s TCS | Contract under Finalization |
| Mail Operations Hardware (MOH) | Fresh RFP preparation | Re-tendering under process |

1.104 The Department also informed that so far 24,969 Departmental Post Office have been computerized. Out of this 23,552 computerized post offices have internet facility. There are plans to computerize all the departmental Post offices by 31-3-2013. With regard to setting up of National Data Centre and Disaster Recovery Center, the Committee were informed that the Data Center has been set up at the Vendor's space and Disaster Recovery Center (DRC) would be set up at CEPT Mysore. The final acceptance of Data Center from the vendor is under process. Under the IT Modernization project-2012, it is envisaged that all the departmental offices would be electronically networked by Dec.2013 subject to availability of funds.

1.105 When asked about the status of the procurement of hardware and software under IT Induction and Modernization scheme, the Department stated that funds to the tune of Rs 4.22 crores have been allotted for site preparation, procurement of computers, printers and power back up systems for remaining 176 A, B, C, Class Post Offices in the circles on 12.2.2013. M/S Sify technology Ltd is arranging supply of NI instruments to 122 pilot locations and 12,576 locations under Phase I.

CHAPTER-X

ESTATES MANAGEMENT

1.106 The objective of the scheme is to fulfil the Universal Service Obligation and provide a congenial environment to customers while transacting postal business besides a good working atmosphere to the employees. As a part of fulfilling objective of service conditions, staff quarters are also being constructed for staff posted in far flung areas. This is an ongoing scheme. Since, the Department of Posts has modernized and computerized all the Head Offices and a large number of Sub Post Offices in the country, it has become all the more necessary to provide these offices with departmental buildings as a basic pre-requisite for computerization hence the scheme is being continued in 12th plan.

1.107 The thrust areas for the development of Postal Estates are:-

- i. To provide functionally useful modern space for post office operations;
- ii. To improve the general ambience and aesthetics of postal buildings;
- iii. To provide convenient, modern facilities and amenities to the users of the post offices;
- iv. To design the buildings in such a manner that they are attractive to the customers resulting in increased footfall within the postal buildings and retaining and bringing new customers to the post office for transacting business;
- v. To prevent encroachments on the prime land owned by the Department;
- vi. To preserve the Heritage buildings owned by the Department.

1.108 The Circle-wise information as furnished to the Committee regarding number of vacant plots available with the Department is provided in the table below:

| Details of Departmental vacant Plots | | |
|---|-----------------------|----------------------------------|
| Sl. No. | Name of Circle | Number of plots available |
| 1 | Andhra Pradesh | 218 |
| 2 | Assam | 30 |
| 3 | Bihar | 93 |
| 4 | Chhattisgarh | 5 |
| 5 | Delhi | 18 |
| 6 | Gujarat | 110 |
| 7 | Haryana | 15 |
| 8 | Himachal Pradesh | 23 |

| | | |
|----|-----------------|-------------|
| 9 | Jammu & Kashmir | 8 |
| 10 | Jharkhand | 63 |
| 11 | Karnataka | 332 |
| 12 | Kerala | 143 |
| 13 | Maharashtra | 92 |
| 14 | Madhya Pradesh | 36 |
| 15 | North East | 25 |
| 16 | Orissa | 46 |
| 17 | Punjab | 19 |
| 18 | Rajasthan | 196 |
| 19 | Tamil Nadu | 155 |
| 20 | Uttarakhand | 19 |
| 21 | Uttar Pradesh | 65 |
| 22 | West Bengal | 91 |
| | Total | 1802 |

1.109 Out of the total vacant plots available with the Department, 370 plots are situated at prime locations. When asked about the total numbers of plots that have been encroached upon, the Department furnished the Circle-wise number of plots under encroachments as given below:

| Circle-wise number of Plots under Encroachment | | |
|--|------------------|------------------------------------|
| Sl. No. | Name of Circle | Number of plots under encroachment |
| 1 | Andhra Pradesh | 16 |
| 2 | Assam | 10 |
| 3 | Bihar | 23 |
| 4 | Chhattisgarh | 0 |
| 5 | Delhi | 0 |
| 6 | Gujarat | 11 |
| 7 | Haryana | 0 |
| 8 | Himachal Pradesh | 4 |
| 9 | Jammu & Kashmir | 1 |
| 10 | Jharkhand | 14 |
| 11 | Karnataka | 41 |
| 12 | Kerala | 5 |
| 13 | Maharashtra | 19 |
| 14 | Madhya Pradesh | 7 |
| 15 | North East | 8 |
| 16 | Orissa | 8 |
| 17 | Punjab | 1 |
| 18 | Rajasthan | 31 |

| | | |
|----|---------------|------------|
| 19 | Tamil Nadu | 1 |
| 20 | Uttarakhand | 3 |
| 21 | Uttar Pradesh | 20 |
| 22 | West Bengal | 20 |
| | Total | 243 |

1.110 The Committee were also informed that Heads of Circles have been persuaded to take immediate action including litigation so that all the Departmental plots are free of encroachments. Besides all the Circles have been instructed to put up sign boards on all the vacant plots indicating that it property of India Post. Further, to protect the vacant plots from encroachment, the construction of boundary walls and fencing of plots is being undertaken extensively. Temporary structures are being put up on vacant plots at certain circles for storage and warehousing purpose. During the current Twelfth Five Year Plan, it is proposed to provide an outlay of Rs. 45.00 Cr. for construction of 550 boundary walls, subject to approval of "EFC".

1.111 The Circle-wise breakup of the number of Post Offices operating from rented accommodation and the expenditure incurred towards the payment of rent in the last three years (i.e. 2009-10, 2010-11 & 2011-12) is as under:

| Number of Post Offices operating from rented accommodation and the expenditure incurred towards the payment of rent in the last three years | | | | | |
|---|------------------|--|--|---------|---------|
| Sl. No. | Name of Circle | Number of Post Offices operating from rented accommodation | Expenditure incurred towards payment of rent for the last three years (Rs. In thousands) | | |
| | | | 2009-10 | 2010-11 | 2011-12 |
| 1 | Andhra Pradesh | 2016 | 48115 | 53604 | 57879 |
| 2 | Assam | 475 | 17669 | 17856 | 24466 |
| 3 | Bihar | 800 | 21111 | 16031 | 11911 |
| 4 | Chhattisgarh | 277 | 4791 | 7776 | 8490 |
| 5 | Delhi | 214 | 17995 | 55052 | 24003 |
| 6 | Gujarat | 1094 | 19044 | 24055 | 25486 |
| 7 | Haryana | 354 | 9323 | 10404 | 11259 |
| 8 | Himachal Pradesh | 370 | 5550 | 5999 | 6421 |
| 9 | Jharkhand | 329 | 7816 | 5801 | 7696 |
| 10 | Jammu & Kashmir | 200 | 6114 | 7364 | 8604 |
| 11 | Karnataka | 1313 | 39042 | 59960 | 46565 |
| 12 | Kerala | 1216 | 38710 | 43430 | 43777 |
| 13 | Maharashtra | 786 | 14013 | 15381 | 18012 |
| 14 | Madhya Pradesh | 1498 | 69564 | 73954 | 72271 |
| 15 | North East | 190 | 6819 | 7810 | 7869 |
| 16 | Orissa | 948 | 14744 | 15622 | 20301 |

| | | | | | |
|----|---------------|--------------|---------------|---------------|---------------|
| 17 | Punjab | 526 | 12696 | 13006 | 13254 |
| 18 | Rajasthan | 930 | 27868 | 32119 | 29678 |
| 19 | Tamil Nadu | 2270 | 180463 | 122873 | 75307 |
| 20 | Uttar Pradesh | 2059 | 55914 | 56389 | 69084 |
| 21 | Uttarakhand | 297 | 8821 | 10200 | 10605 |
| 22 | West Bengal | 1496 | 67776 | 91880 | 81888 |
| | Total | 19658 | 693958 | 746566 | 674826 |

1.112 On the current status of the proposal for commercial utilization of land under Public Private Partnership, the Committee were informed that the Expression of Interest (EOI) for hiring a Consultant for drafting a Model Concession Agreement has been finalized and the Request for Proposal (RFP) is under preparation.

1.113 During the evidence, the Secretary also informed that:

“.....There is one more item left, Sir, and that is regarding the 1800 vacant plots. We have prioritised the construction of post offices to ensure that our bigger post offices where we a larger amount of rent, that is Head Offices, the HSG1 and HSG2 post offices, and the LSG offices should be provided buildings first. Then we go down to the smaller post offices which are single and double handed post offices which are working in single room which is rented out for the post office. If some plots are vacant, it is because the turn has not come for construction of those post offices because the priority is for the larger post offices. In order to protect these vacant plots of land, we are spending about Rs.45 crore on construction of boundary walls on these plots. A special allocation has been made this year of Rs.45 crore for constructing boundary walls on the vacant plots so that these plots are protected.....”

1.114 When asked if the amount is sufficient, the Secretary replied that it should be sufficient. The Secretary also informed the Committee that wherever encroachment has been made, we get in touch with the local police authorities and the District Administration to remove the encroachments.

CHAPTER-XI

MISCELLANEOUS

(i) Issues Pending with the Ministry Of Finance

1.115 Some of the issues recommended by the Committee which are long pending with the Ministry of Finance for implementation include providing autonomy to the Department of Posts on the issues of rates of interest provided under various Small Saving Schemes, increasing the ceiling of Deposits in Single and Joint Accounts of the Postal Savings Bank, starting of new schemes under Small savings schemes, in terms of policy matters with regard to insurance activities of DoP and positive consideration in fixing the rate of remuneration provided to DoP for various agency services, etc.

1.116 The Department were asked to furnish the latest status on the following points:-

- Increasing the ceiling of Deposits in Single and Joint Accounts of the Postal Savings Bank
- Enhancement of rate of remuneration for maintaining SB and SC accounts including zero balance account.
- Provision of competitive rates of interest under various Small Savings Schemes.
- Providing autonomy to the Department of Posts particularly with regard to taking initiatives to extend their clientele and introduce new products on their own.
- The draft Post Office Bill, 2011.
- Opinion sought from the Ministry of Law on the competence of the IRDA to regulate the insurance activities of the DoP.

1.117 The Department replied that the issue of extension of clientele and introduction of new products was under correspondence with the Ministry of Finance for a long time. On reference by Ministry of Finance to Ministry of Law regarding insurance business of Department of Posts, the Ministry of Law , Department of Legal Affairs vide their FTS 686/2011/B dated 11.05.2011 opined as below :-

“In view of the above factual and legal position since PLI and RPLI are covered by the exemption under section 44(d) of LIC Act and admittedly there is no change in the legal status it can be safely concluded that the DoP can sail with life insurance by proposing new schemes according to the need. Hence it would be advisable to allow DoP to carry out insurance business with the proposed new schemes as a Government Department by making use of the

exception accorded under section 118(c) of the Insurance Act, 1938.....”

1.118 Furthermore their opinion on regulation by the IRDA was “.. With regard to the concerns of the IRDA in regulating the Government Department, it would be appropriate to say that regulatory authorities are being statutory bodies constituted for discharging the functions on behalf of the Government of India and are amenable to the directions issued by the Government, it may not be legally correct to allow regulatory bodies created by Government to regulate the Government Department. Powers of the Central Government to issue directions is different and distinct from the powers and functions conferred on IRDA.”

1.119 On receipt of legal opinion from Ministry of Law as communicated by Ministry of Finance, the Department has informed its intent to introduce new products/schemes wherever required. Views/instructions of Ministry of Finance were solicited. Ministry of Finance *vide* their letter No. H-12013/01/2010-Ins-I dated 14.06.2012 communicated that :-

- Department of Posts shall continue to issue policies relating to insurance as they are doing at present. For any new products or changes in the existing policies, Department of Post will take approval from IRDA.
- Department of Post will follow all prudential policies/guidelines laid down by IRDA from time to time.
- The ceiling in Single and Joint Accounts has been removed by Min. of Finance.
- Rate on remuneration has been revised by Ministry of Finance for all Small Savings Schemes except Zero Balance accounts which is still pending with Ministry of Rural Development for decision.
- Ministry of Finance is now revising interest rates of Small Savings Schemes every financial year as per recommendations of the Expert Committee headed by then Deputy Governor of RBI.
- This has not been agreed to by the Ministry of Finance as Department of Posts is operating these schemes as an agency function.

(ii) Implementation of UIDAI Project by the Department of Posts

1.120 When asked about the total number of Post Offices provided with the facility for collecting data for UID card, the Department furnished as under:-

“The number of Post Offices provided with the facility for collection data for UID cards is as follows:

| | |
|---|------|
| Phase I | 4414 |
| Phase II | 251 |
| (5 circle has started the enrolment work in Phase-II) | |

- Enrolment As per UIDAI portal Department of Posts has done 93,01,084 successful enrolments.
- Delivery The status of delivery of UIDAI Aadhaar Speed Post letters as on 25.03.2013 is as under:

| Aadhaar Speed Post letters status as on 25.03.2013 | | | | | |
|--|---------------|------------------|-----------------|----------------|--------------------|
| | Booked | Delivered | Returned | Transit | Undelivered |
| Total | 193731886 | 190126504 | 2327702 | 4 | 1277676 |
| % w.r.t. booked articles | | 98.14% | 1.20% | 0.00 | 0.66% |

Since January 4, 2013, as an interim measure, UIDAI has started posting of Aadhaar letters as first class franked mail. Till 21st March, 2013, more than 5.69 crore Aadhaar letters have been posted as first class franked articles.”

1.121 On the cases of delay in delivering the UID Card to the applicants and measures taken by the Department to ensure speedy delivery, the Department replied as under:-

“Delivery of “Aadhaar” letters covered a very large population covering migrants, people living in slums etc. Despite inherent challenges, Department has been able to handle more than 99% of Aadhaar Speed Post letters successfully. Department of Posts has delivered more than 98% Aadhaar Speed Post letters out of 19.37 crore Aadhaar Speed Post letters booked till 25.03.2013. Further, 1.20% of “Aadhaar” letters were returned back to UIDAI as the same could not be delivered due to addressee leaving the address, incomplete address, incorrect Pin code etc. and a very small percentage (0.66%) of Aadhaar letters is still in mail flow pipe line. The Department of Posts has also provided delivery information electronically of all the articles delivered across the length and breadth of the country as a special measure.

Cases pertaining to delay in delivery of Aadhaar letters due to insufficient address, Addressee absent etc. have been received from time to time. For monitoring of delivery of UIDAI Aadhaar letters and handling of UIDAI complaints, nodal officers have been nominated in all the Postal Circles for liaison and coordination with the regional offices of UIDAI.”

1.122 When asked about the problems being faced by DoP for the implementation of UID Project, the Department have furnished the following:

- Enrolment Due to non receipt of Enrolment Agency wise, State/UT wise and Month wise details of successful enrolment from UIDAI, the Department is unable to settle the accounts with all enrolment agencies. Further, UIDAI has unilaterally reduced the amount being paid to the Department for each successful enrolment from Rs. 50/- to Rs. 40/-. Both the matters have been taken up with UIDAI.
- Delivery As far as delivery of Aadhaar letters is concerned, some operational issues have cropped up from time to time due to the magnitude of the project and the same are addressed. Further, dedicated teams have been set-up at each circle level to monitor the delivery of Aadhar letters.

PART II
RECOMMENDATIONS/OBSERVATIONS OF THE COMMITTEE

Overview

2.1 The Committee note that the Department of Posts (Ministry of Communications and Information Technology) has touched the lives of every citizen, be it through mail, banking, life insurance, money transfers or retail services. Over the years, from the traditional postal functions, the posts have diversified into many business and financial activities relevant to people's business and financial needs to ensure its relevance to the society. However, the core activity of the Department is processing, transmission and delivery of mails. As on 31.03.2012, it operates a network of 1,54,822 Post Offices in the Country out of which 1,39,086 Post Offices are in the rural areas. The earnings of the Department are in the form of 'Revenue' and 'Recoveries'. The capital expenditure and deficit of the Department are met through the Budgetary Support. The Demands for Grants No. 13 of Department of Posts for the year 2013-14 have been placed at Rs. 17,309.48 crore comprising Rs. 16,876.17 under the Revenue section and Rs. 433.31 crore under the Capital section. The Committee have examined the Demands for Grants of Department of Posts for the year 2013-14 in detail and endorse the same. The various aspects arising out of the examination of the Demands for Grants are dealt with in the succeeding paragraphs.

BUDGETARY ANALYSIS

Revenue Section

Gross Expenditure

2.2. The Committee find that year after year, there has been a gradual increase in the Gross Expenditure of the Department of Posts. It has risen from Rs. 13346.94 crore in 2009-10 to Rs. 15,231.24 crore in 2012-13 at RE stage and the actual expenditure was Rs. 12,791.65 crore upto January, 2013 and might

have further increased by the closing of the financial year. It has been projected at Rs. 16876.17 crore in 2013-14. According to the Department, the increase in expenditure is mainly on account of payment of salary of its regular employees and Gramin Dak Sewaks and Pensionery charges of the retirees. Both the components, which constitute more than 92 per cent of the Gross Expenditure, are subject to increase due to annual increment, enhancement in DA and MACP. Increase in the cost of materials, services, AMC, petrol, oil and fuel also factors in the increase of Gross Expenditure of the Department. In this regard, the Committee note that to contain the expenditure within the BE 2013-14 provision, the Department is reviewing it on month to month basis. While the Committee are aware of the constraints being faced by the Department in controlling the expenditures under Revenue Section, the Committee desire that the Department should focus on efficient utilization of the available resources and identify areas where introduction of technology can bring in the desired efficiency in curtailing the expenditure. The Committee also desire that all possible steps to be taken to use the existing manpower and resources to their optimum utilization in expanding its activities. The Committee would like to be apprised of the initiatives taken by the Department in this regard.

(Para No. 2.2, Recommendation No. 1)

Recoveries

2.3 The Committee note that the Department of Posts are paid agency charges for the services rendered by them on behalf of other Departments/Organizations. The Committee find that the recoveries of the Department have marginally increased from Rs. 438.94 crore in 2009-10 to Rs. 485.72 crore in 2010-11 and then reduced to Rs. 458.64 crore in 2011-12. The recoveries during 2012-13 upto January, 2013 are Rs. 425.97 crore only as against Rs. 665.05 crore at the BE stage which was reduced to Rs. 623.03 crore at RE stage. As regards the reasons for low recovery in the year 2012-13, the Department has stated that a major source of revenue by way of

recovery is the Postal Life Insurance sector and the revenue from PLI & RPLI business during the year 2012-13 is estimated to the tune of Rs. 496.25 crore apart from the recovery of Rs. 126.78 crore from the other sources. The Committee also note that the estimated recoveries during 2013-14 on account of PLI/RPLI operations is Rs. 576.58 crore. While the Committee appreciate the increase in recoveries from PLI/RPLI, there is a concern that the efforts made by the Department in increasing recoveries from other heads particularly the commission from WUMTS are not bearing the desired results. The Committee, therefore, recommend that the Department needs to intensify their efforts to stem the decreasing trend in recoveries from other areas in general and money remittances in particular and the Committee may be apprised of the new initiatives taken in this regard. The Committee also note that in the Railway Budget (2012-13) Speech delivered on 14 March, 2012, there was a mention of a proposal for sale of PRS tickets through 151 Post Offices. The Committee would like to be apprised of the progress, if any, made on this proposal.

(Para No. 2.3, Recommendation No. 2)

Revenue Receipts

2.4 The Committee note that 'Revenue Receipts' are an account of sale of postal articles, commission on money orders and Indian Postal Orders, receipts from other premium services, remuneration for Savings Bank, Saving Certificates, etc. The Committee note that the revenue receipts of the Department show a gradual increase. The revenue receipts of the Department of Posts during 2009-10 was Rs. 6266.70 crores which increased to Rs. 6962.33 crore in 2010-11. The Revenue Receipts in 2011-12 were Rs. 7899.35 crore. During 2012-13, the revenue receipts at BE stage were Rs. 7793.31 crore which improved at RE stage to Rs. 8762.75 crore and the actual upto January, 2013 has been Rs. 7342.92 crore. For the year, 2013-14, the Receipts have been projected at Rs. 9101.81 crore. While the revenue from 'PRC on Ordinary Services' and 'Sale of Postage Stamps' shows a sharp decline, the areas where the revenue

receipts of the Department show an upward trend include Speed Post and SB/CC Remuneration. The Committee feel that the Department should take steps to increase its revenue receipts in order to meet the increasing working expenditure. Further, on analysis of cost and revenue from the various postal services, it is observed that out of 18 services, only 3 services viz. Competition Postcard, Letters and Insurance are net revenue generating services. The Committee do not feel contend with this and would like the Department to focus on bringing more products and services in the net revenue generating category. Further, the Department should focus on Schemes envisaged in the Twelfth Plan which include implementation of new and improved processes that are efficient and cost effective, integration and interlinking of applications, network access, etc. which will also help the Department to retail products and services of other service providers. The Committee may be apprised of the action taken in this regard.

(Para No. 2.4, Recommendation No. 3)

Revenue Deficit

2.5 The Revenue Deficit of the Department is the difference between the net expenditure and the revenue receipts. The revenue deficit of the Department in 2009-10 was Rs. 6641.30 crore which was reduced to Rs. 6345.62 crore in 2010-11. It further reduced to Rs. 5805.92 crore in 2011-12. In 2012-13, the revenue deficit at BE stage was Rs. 5921.35 crore which increased to Rs. 5935.46 crore at RE stage. The actual deficit upto January, 2013 was Rs. 5022.76 crore. Appreciating the efforts made by the Department to reduce the deficit, the Committee hope that the Department would make all efforts to maintain the positive trend of reduction in revenue deficit. The Committee trust that the Department would follow two pronged strategy to curtail the deficit viz. reduction in gross expenditure coupled with increase in revenue receipts to reduce the gap between the two as much as possible. The Committee hope that the thrust areas during the Twelfth Plan i.e. IT Induction and Modernization and

introduction of Financial Services (Savings Bank and Remittances) would help in achieving the desired objective of reduction in revenue deficit. The Committee would accordingly like the Department to continue the efforts in this regard.

(Para No. 2.5, Recommendation No. 4)

Capital Section

2.6 The Committee are concerned to note that there is persistent underutilization of funds allocated to the Department under the Capital section. During the year 2012-13, the allocation at BE stage was Rs. 615.77 crore which was reduced to Rs. 207.60 crore at the RE stage while the actual utilization upto January 2013 is just Rs.73.97 crore which is a mere 12 per cent of the Budget Estimates. When asked about reasons for such low utilization of funds during 2012-13, the Department submitted that being the first year of the Twelfth Plan period, no new scheme could be implemented due to delay in approval of Plan schemes. The actual utilization is on account of ongoing schemes and to meet spillover payments of previous year. However, the Committee note that underutilization of allocated funds under the Capital section is a perennial problem. The Committee are of the strong opinion that under utilization of funds meant for capital section has a direct bearing on improving the desired infrastructure for better performance in Department schemes. Such severe underutilization indicates some serious flaws in the planning and execution of the projects undertaken by the Department. The Committee strongly feel that there is an urgent need to have a relook at the planning and execution processes followed by the Department in implementation of the various projects that leads to significant underutilization of the allocated funds. The Committee hope that such a step would enable the Department in ensuring that allocation of funds of Rs. 433.23 crore for the year 2013-14 meant for capital expenditure are prudently and optimally utilized.

(Para No. 2.6, Recommendation No. 5)

Review of Plan Schemes

2.7 The Committee note that there has been under-spending of Plan Outlays by the Department during the Eleventh Five Year Plan. Out of Rs. 4180 crore which was the total approved outlay for the Plan Schemes during the Eleventh Plan, the total budgetary allocation at BE stage was Rs. 2995 crore out of which Rs. 1593.63 crore had been the actual utilization. The Committee find it surprising that the Department could utilize about half of the allocated outlay during the entire Eleventh Plan. For the Twelfth Five Year Plan (2012-17), against proposed outlay of Rs. 12000 crore, Rs. 5527 crore has been approved by the Planning Commission. While observing that for the Twelfth Plan, there is massive gap between the proposed allocation by the Department and the amount allocated by Planning Commission at BE stage, the Committee are dismayed to note that the utilization of funds during the first year (2012-13) of the Twelfth Plan is quite low. The Department has informed that the low utilization of funds during the first year of the Plan-period is owing to pending approvals for a number of schemes. A case in point is IT Induction and Modernization scheme, which has been allocated Rs. 3046.75 crore for the entire Twelfth Plan period out of total allocation of Rs. 5527 crore for all the schemes. The BE of Rs. 516.00 crore of this Scheme for 2012-13 was reduced to Rs. 109.36 crore at RE stage and the actual utilization in the scheme upto January 2013 has been shown as Rs. 16.19 crore only. During the evidence, the Secretary, Posts had informed the Committee that the projects were not able to move forward because they were at various stages of approval and funds were provided only for ongoing schemes and to meet spillover payments of previous year. With the approval of Twelfth Plan outlay/projects, the Committee expect that the Department would make concerted efforts to streamline the approval system of the schemes and steps would be taken to ensure that schemes are approved expeditiously and the funds allocated are fully utilized.

(Para No. 2.7, Recommendation No. 6)

RURAL BUSINESS AND ACCESS TO POSTAL NETWORK

Franchisee Outlets

2.8 The Committee note that the Department of Posts have been implementing two commission based schemes i.e. 'Franchisee Outlets' in the urban and upcoming urban areas and 'Panchayat Sanchar Sewa Kendra' (PSSK) in the rural areas for expanding the postal network. As per its mandate, Franchisee Outlets are opened where there is a need and justification for opening of Post Offices but the Department is not in a position to open the same due to departmental norms. There was a proposal for opening of 10,000 Franchisee Outlets during the Eleventh Plan which was reduced to 8100 Franchisee Outlets and only 463 could be opened during the entire Eleventh Plan. In contrast, during the Twelfth Plan, there is a proposal of opening 1050 Franchisee outlets while there is no proposal to open any new PSSKs during the 12th Plan period as the PSSK scheme was not found to be effective. As on 31.03.2012, there are 1670 Franchisee Outlets functioning in the country. The Committee also note that against the physical target of opening 250 new Franchisee Outlets during 2012-13, 205 Outlets have been opened upto 28 February, 2013. The Committee appreciate the proposal of the Department for expansion of the range of services to be offered by the franchisees, extension of the area of activity of franchisee scheme and for provision of additional commission beyond the prescribed amount of transactions under the franchise scheme. The Committee are of the view that the concept of Franchisee Outlets is a novel idea for the expansion of postal network in the expanding urban areas as it do not add to the establishment cost of the Department. Therefore, initiatives should be taken by the Department to increase the Franchise Outlets in areas that are currently not covered by the postal network and measures should be taken to ensure that the targets of opening new Franchisee Outlets during the Twelfth Plan are fully achieved.

(Para No. 2.8, Recommendation No. 7)

MAIL OPERATIONS

2.9 The Committee note that Mail Operations is an important scheme of the Department with the objective to streamline mail operations, keeping in view the emerging needs of various customer segments, with special emphasis on the business mail segment and speedy transmission of mails. Some of the important plan schemes under Mail Operations slated for Twelfth Plan are Mail Network Optimization Project; setting up of AMPCs upgradation of Speed Post Centres; development of road transport network; providing bicycles to Postmen for delivery of mail etc. The Department had proposed an amount of Rs. 821.20 crore against which an amount of Rs. 567.95 crore was approved. The Committee are unhappy to find under utilisation of fund in the scheme during the first year of the Twelfth Plan. During 2012-13, Rs. 77.60 crore was allocated at BE stage which was reduced to Rs. 51.20 crore at RE stage and the actual utilization upto January, 2013 was only Rs. 35.32 crore. The Committee find that the main reason for under utilization was non-approval of the plan schemes during 2012-13. The Department is hopeful that almost all the schemes would be approved by the competent authorities in the first to second quarter of the financial year 2013-14. Since many of the plan schemes under Mail Operations are logical continuation of programmes contained in Eleventh Plan, the Committee feel that it is high time that the Department should start implementing the schemes at the earliest. The Committee while expressing their concern over the sluggish approval process, recommend that all necessary approvals for implementation of various schemes and some of which are pending with the Ministry of Finance and the Planning Commission, may be finalized at the earliest so as to ensure meaningful utilization of Rs. 92.15 crore allocated for Mail Operations during 2013-14. The Committee also recommend that the Government may undertake a review of their approval process so that the activities planned during the first year of the Five Year Plans do not suffer on account of delay in approvals from various quarters.

Setting up of Automated Mail Processing Centres

2.10 The Committee note that the setting up of 'Automated Mail Processing Centres' (AMPCs) is one of the major activities which have been continued from the Eleventh Plan. The objective of the Scheme was to extend the AMPCs facility to more cities to enhance the mail handling capacity, reducing the cost of operations and improving the quality of the service. The financial outlay approved for this scheme was Rs. 40 crore during 2012-13 and Rs. 20 crore during 2013-14. The Committee have been informed that AMPC set up in 1993 is still functional in Mumbai. Besides, two new AMPCs have been set up in Delhi and Kolkata in 2012. The mail handled by these centres in comparison to the total mail handled by the Department is 5.44 per cent. The Department has also informed the Committee that it is also proposed to replace the existing AMPC in Mumbai and Chennai and set up new AMPC in Bangalore and Hyderabad. The Committee note that one of the main issues involved in setting up of AMPCs is availability of land. The Committee are however dismayed to find that even when land has been allotted in Hyderabad and Mumbai and finalized for Bangalore, the proposal for setting up AMPCs at these places is yet to be sent to the Ministry of Finance and the Planning Commission for their approval as the same is still under preparation for consideration of the Expenditure Finance Committee (EFC). The Committee deprecate such a lackadaisical attitude of the Department towards the implementation of such an important scheme. In view of the important function performed by AMPC in streamlining the mail operations and speedy delivery of mails, the Committee strongly recommend that the proposal for setting up AMPCs may be prepared and submitted to EFC without any further delay so that the subsequent approval of the Ministry of Finance and Planning Commission can be obtained at the earliest. The Committee also recommend that the Department should set up a specific time frame for implementation of the entire project. The Committee may be

apprised of the progress made in this regard after 3 months of the presentation of this Report.

(Para No. 2.10, Recommendation No. 9)

Providing bicycles to Postmen for delivery of Mails

2.11 The Committee note that providing bicycles for delivery of mails is an important activity under the 'Mail Operations including International Mails and Global Business' Scheme as a part of the new Schemes/Projects initiated during 2012-13. Under this activity, Rs. 11.50 crore has been allocated during 2013-14 for providing 30,000 bicycles to postmen for delivery of mails. The Committee are, however, constrained to note that the Scheme could not be approved till December, 2012 and only recently, the Competent Authority has accorded the approval and the action has been initiated. The Committee feel that the mobility of Postmen is critical in ensuring timely delivery of Mails in the villages located in the rural and far flung areas. To deliver the dak from the post offices to the villages, which are not connected with the motorable roads, the bicycles are the best options in such areas to overcome the problem of last mile connectivity. The Committee while finding the delay in approval of the scheme to provide bicycles to postmen for delivery of mails is quite disheartening are of the opinion that this Scheme should be given utmost attention by the Department. The Committee, therefore, recommend that all steps must be taken by the Department for ensuring timely implementation of the Scheme so that delivery of mails, especially in far-flung and rural areas is not hampered and the mobility of the postmen is ensured. The Committee may be informed about the progress made in this activity.

(Para No. 2.11, Recommendation No. 10)

FINANCIAL SERVICES (SAVINGS BANK AND REMITTANCES)

Centralized Banking for Post Office Savings Bank (POSB)

2.12 The Committee note that the Department plans to implement core banking in all the Departmental Post Offices by September, 2014. This includes setting up of ATMs, Circle Processing Centres, Call Centres and issue of debit cards to customers. The 1.3 lakh Branch Offices are also proposed to be covered by deploying the Core Banking Solution (CBS) mobile application in hand held devices that are to be supplied to these offices. As per Annual Plan 2012-13, there was a target of setting up 4000 ATMS. However, upto December, 2012 not a single ATM was opened. The Department informed that during 2012-13 no ATM could be installed since it was the first year of the Twelfth Plan and the appraisal of the scheme was under process. The Committee are unhappy to note that the scheme for Centralised Banking for POSB is pending for a long time. The Committee feel that computerization of Post Offices and implementation of centralized Banking for POSB are inter-linked since computerization and networking of Post Offices is a necessary pre-requisite for implementation of Centralized Banking for Post Office Savings Bank (POSB). Despite the issue being repeatedly highlighted by the Committee in their previous reports, the Department is yet to achieve full computerization and networking of its Post Offices. The Committee are also dismayed to note that while full computerization of all the Post offices is still a distant dream, the Department has proposed new schemes such as setting up of Post Bank of India that would require computerization and networking of Post Offices for its smooth functioning. Such oversight on the part of Department is a cause of concern. Since all these schemes are inter-dependent, failure to achieve the objectives in one scheme can have cascading effect on the performance of other schemes as well. The Committee exhorts the Department to focus on implementation of computerization of Post Offices so that the other Schemes such as Centralized Banking for POSB and setting up of Post Bank of India do not

suffer on account of under-achievement in the ongoing schemes. The Committee may be apprised of the progress made in this regard.

(Para No. 2.12, Recommendation No. 11)

Creation of Anti-Money Laundering (AML)/Combating Financing of Terrorism (CFT) Compliance structure

2.13 The Committee note that since June 2009 Department of Posts is a regulated entity under the Prevention of Money Laundering Act and the provisions of the Act relating to Customer Due Diligence, Record Keeping and Reporting are now mandatorily applicable to all financial activities undertaken by the Department. In addition, any new provisions have to be kept updated with reference to changes in law, rule and government sanctions. The Scheme 'Creation of Anti Money Laundering (AML) /Combating of Financial of Terrorism (CFT) Compliance Structure' being initiated by the Department during 2012-13 and 2013-14 aims to provide all logistical modifications and support required to meet the changing needs of AML/CFT under the Prevention of Money Laundering Act is part of the IT 2012 Project being implemented and rolled out from 2014 onwards and EFC approval for physical storage facilities in the circles is to be obtained in 2013-14 for implementation during Twelfth Plan. The Committee note that a financial outlay of Rs. 22 crore was approved during 2012-13 for implementation of this Scheme. When asked about the implementation of AML/CFT compliance structure in a total of 22 circles which was targeted to be completed during 2012-13, the Committee were informed that AML/CFT compliance structure is part of the IT 2012 Project being implemented by the Department. In addition, physical infrastructure for preservation of records has also been planned. In view of the contemporary threats posed by Money Laundering and activities related to Financing of Terrorism, the Committee strongly feel that the Department should ensure timely implementation of AML/CFT compliance structure in all the 22 circles on a priority basis to ensure that guidelines under Prevention of Money Laundering

Act and its provisions relating to Customer Due Diligence, Record Keeping and Reporting are fully adhered to in all the financial activities conducted by Department of Posts

(Para No. 2.13, Recommendation No. 12)

Training of officials and Agents

2.14 The Committee note that training related to Financial Services including marketing of Financial products is critical in improving the performance of the Postal employees and feel that efforts to improve the skills and capabilities of employees through training and strategic collaborations with leading service providers in banking and insurance sectors are necessary to equip the workforce with the knowledge of financial products and services offered/proposed to be offered by DoP and should be taken up on a priority basis. The Committee also feel that since the domain of Banking and Insurance offers specialized products, a basic knowledge of the diverse range of products is a necessary pre-requisite to improve the productivity of the employees. In this regard, the Department has informed the Committee that training related to Financial Services including marketing of Financial Products is part of the overall training being imparted to the employees of various categories from Group 'C' and above through Work Place Computer training Centres, Postal Training Centres and Staff college of Department of Posts. The Committee note that during 2011-12, around 50,000 employees were trained through these institutions. During Twelfth Plan, the Department has planned to train all Group 'C' and above employees in overall IT Project related activities which also includes Financial Services. For implementation of Core Banking Solution (CBS), around 18,000 staff at various levels will be trained by Financial Services System Integrator during 2013-14. The Committee feel that since Department of Posts is a service oriented entity having a large workforce of 4.74 lakh employees, proper emphasis on training requirement of the human resource should be a priority area. While appreciating the existing efforts of the Department to meet

the training requirement of its large workforce, the Committee stress upon the need to focus on training requirements of such a large workforce particularly in the area of Financial Services including marketing of Financial products and the related IT tools.

(Para No. 2.14, Recommendation No. 13)

(iv) Post Bank of India

2.15 The Committee note that the objective of creation of Post Bank of India is to provide full banking services primarily to the rural people who still do not have the privilege of modern banking facilities and have to depend on the informal sector for their credit requirements. The Department of Posts, with its vast network of 1,55,000 Post Offices across the country and a formidable presence in rural areas is well equipped to fulfill the objective of Financial Inclusion by offering full fledged banking services to fulfill the financial requirements of the large rural population which is as yet outside the purview of formal banking sector and have to depend on informal sources for their credit requirements. The Department is already offering Small Savings Schemes through the Post Offices Savings Bank (POSB) to a large population as an agency function on behalf of the Ministry of Finance. The Committee, therefore, in their Thirty-third Report presented to Lok Sabha on 2 May, 2012 recommended that the Department may work out the details including finalisaiton of EoI/RFP to engage a consultant so that the Detailed Project Report (DPR) for the project is completed at the earliest.

2.16 In this regard, the Committee note that after receipt of inputs/comments from the Ministry of Finance and Reserve Bank of India on the study Report of the Administrative Staff College of India on this project the Department on the direction of the Ministry of Communications and Information Technology in February, 2012 has initiated the process of selection of consultant for preparing a Detailed Project Report (DPR). The Committee note that the Expression of

Interest (EoI) was floated on 26th April, 2012 for eligible firms and Request for Proposal (RFP) was issued to successful bidders on 4th September, 2012. The Committee are happy to find that the successful bidder was selected as Consultant on 23rd November, 2012 and the contract for carrying out DPR has been signed on 15th February, 2013. The Committee have also been informed that the Consultant is scheduled to submit the report in January, 2013 and an outlay of Rs. 502 crore for the Twelfth Plan has been earmarked for setting up of Post Bank of India. The Committee urge the Department to speed up the process of setting up of Post Bank of India as it would act as a milestone in bringing a large population specially in the rural areas under the fold of formal banking domain and will go a long way in achieving the objective of financial inclusion.

(Para Nos. 2.15 & 2.16, Recommendation No. 14)

Postal Life Insurance (PLI)

2.17 The Committee note that Postal Life Insurance (PLI) is amongst the few services offered by the Department that makes significant contribution to the revenue of Department of Posts. During the evidence, it was identified by the Secretary of Posts as amongst the areas of work where the Department is going to focus in order to improve its revenue receipts. The Committee are, however, unhappy to find that although the overall subscription to PLI Schemes is rising, the year-on-year number of policy procurement shows a decline for both PLI and RPLI. In PLI, the number of Policies procured during 2009-10 was 5,97,234, during 2010-11 it reduced to 5,40,482 and during 2011-12 it further reduced to 4,82,423. The trend is an indicator of waning popularity of the Postal Life Insurance schemes amongst the subscribers. When viewed in light of the fact that PLI contributes significantly towards the revenue of the Department of Posts, it assumes even greater significance. There is also a simultaneous increase in the number of policy surrender/withdrawal in RPLI. In RPLI, the total

number of surrender(withdrawal) of policies during 2009-10 was 16,295, during 2010-11 it increased to 22,118 and during 2011-12, it further increased to 28,776. The trend of declining policy procurement coupled with increasing surrender/withdrawal compounds the problem and presents a bleak outlook for a scheme that contributes significantly to the revenue of Department of Posts. The Committee trust that the Department would take immediate measures to stem the decline in subscriptions and focus on initiatives to popularize the Postal Life Insurance Schemes amongst the intended beneficiaries.

(Para No. 2.17, Recommendation No. 15)

Introduction of new products under PLI/RPLI

2.18 The Committee note that the objective of Postal Life Insurance (PLI) is to provide insurance schemes for the benefit of Government employees which includes the Central and State Government employees, personnel of local bodies, Government aided Educational institutions, Universities, Nationalized Banks, autonomous and financial institutions and PSUs of Central and State Governments. The Committee also note that the objective of Rural Postal Life Insurance (RPLI), which was introduced in 1995, is to provide insurance coverage to the people living in rural areas with special emphasis on weaker section and women workers. However, from the information furnished by the Department, the Committee finds that in PLI and RPLI, there are no specific term-insurance plans. Since the products under PLI & RPLI offer insurance-cum-investment benefits, their premiums are relatively higher in comparison to 'pure insurance' or 'term-insurance' plans, the Committee feel that introduction of low premium products such as term-plans would help the Department in offering life-insurance cover to economically weaker sections of the society thereby achieving the desired objectives of the scheme. Such plans, owing to their lower premium, would also help the Department to increase its market

share in the life insurance sector by bringing in more customers. On plans to introduce term-insurance in PLI and RPLI, the Committee note that term-insurance plans under PLI and RPLI are presently under examination by Consulting Actuary. The Committee, therefore, recommend that apart from the existing products, the Department should also explore introduction of lower premium products such as term-insurance plans so as to make the PLI and RPLI schemes more affordable and accessible to women and economically weaker sections of society.

(Para No. 2.18, Recommendation No. 16)

Online viewing and payment of premium of PLI/RPLI policies

2.19 The Committee are disappointed to note that the Department of Posts has been unable to meet the long pending demand for facility of online viewing and payment of premium of PLI/RPLI policies by the customers. The Committee had also taken up the issue in their Twenty-fourth Report of Demands for Grants (2011-12). However, the facility to view and pay the premium online is yet to be rolled out for the benefit of PLI/RPLI customers.

In this regard, the Committee note that the Department is presently in the process of restructuring/computerizing all operations of PLI/RPLI under the Financial Services Integration Project. Under the project, comprehensive software is being developed by M/s Infosys which will handle all aspects related to issue of policy bond, collection of premium through post office or online, surrender of policies and sanction of loans etc. This software is slated to roll out in Pilot Phase, Phase-I & Phase-II and the Phase-I rollout is scheduled for July, 2013. The Committee strongly recommend that the Department should make sincere efforts to facilitate introduction of online view and pay facility for its PLI/RPLI customers to make the Postal Life insurance products more accessible and user-friendly. The Committee may be apprised about the outcome of the efforts made by the Department in this regards.

IT INDUCTION AND MODERNIZATION

2.20 The Committee note that IT Induction and Modernization is an important scheme of the Department that got maximum Outlay of Rs. 3046.75 crore for the entire Twelfth Five Year Plan. The Committee also note that the Scheme is a continuation from the Eleventh Plan with some additions and changes in its scope and objectives. The new initiatives to be implemented under this schemes includes supply of Mail Office Hardware; Development and deployment of Rural ICT solutions and Banking and PLI solutions; setting up of Data Centre and Disaster Recovery system; Network Integration, etc. The Secretary, Posts, while depositing before the Committee acknowledged the importance of the scheme to the Department. Under this Scheme, the Department had floated 8 Requests for Proposals (RFPs) which are at various stages of finalization. There were plans to computerize all the Departmental Post Offices by 31st March, 2013. It is also proposed that all the Departmental Offices would be electronically networked by December, 2013. As regard setting up of National Data Center and Disaster Recovery Center, the Committee note that the Data Center has been set up at the Vendor's space and DRC would be set up at CEPT Mysore. The Committee have been repeatedly emphasizing the need for computerization of Post Offices since a number of core activities of the Department such as implementation of Core Banking Solution, setting up of Post Bank of India and delivery of Financial Services are reliant upon computerization of Post Offices. However, the Committee are perturbed to note that despite being continued from the Eleventh Plan, the objective of computerization of Post Offices is yet to be achieved. As per information furnished by the Department, 24,969 Departmental Post Offices have been computerized so far and out of this 23,552 computerized post offices have internet facility. While noting that being the first year of the Plan period, projects under the scheme are at various stages of approval, the Committee

find gross under utilization of allocations in such an important scheme is a cause for concern. The Committee find that for 2012-13, an amount of Rs. 516.00 crore was allocated at BE stage which was reduced to Rs. 109.36 crore at RE stage and the actual utilization upto January, 2013 was only Rs. 16.19 crore. The Committee while observing that IT induction and modernization is an all encompassing Scheme that will improve the performance and efficiency of the Department in all its functional areas are of the opinion that any delay in implementation of this Scheme is likely to have a cascading effect on other areas as well. Therefore, the Committee urge the Department to give due importance to the Scheme and ensure that the various projects are completed in a time-bound manner while making optimum utilization of the allocated funds. The Committee also recommend that the appropriate monitoring mechanism is also put into place for ensuring the time bound implementation of the planned physical and financial targets.

(Para No. 2.20, Recommendation No. 18)

ESTATES MANAGEMENT

2.21 The Committee note that out of a total of 1802 vacant plots available with the Department of Posts in all the 22 circles, 243 plots (i.e. 13.49 per cent of the total plots) are under encroachment. The situation becomes more worrisome when it is taken into account that the Department is operating from rented accommodation in these 22 circles and has incurred expenditure of Rs. 69.40 crore, Rs. 74.66 crore and Rs. 67.48 crore for the years 2009-10, 2010-11 and 2011-12 respectively. During the evidence, the Department had informed the Committee that a special allocation of Rs. 45 crore has been made this year for construction of boundary walls on the vacant plots to prevent further encroachment. The Committee are perturbed to note that while the plots in possession of the Department are lying vacant and prone to encroachment, the Department is incurring huge expenditure by way of operating from rented

accommodation. In some of the States such as Andhra Pradesh, Gujarat, Karnataka, Kerala, Maharashtra, Rajasthan, Tamil Nadu and West Bengal, both the number of vacant plots as well as the number of Post Offices operating from rented accommodation are quite high. The Committee, therefore, desire that the Department needs to focus on such States to convert these vacant plots into productive assets by construction of its own buildings thereby reducing its reliance on rented accommodation while cutting down on rental expenditure at the same time. The Committee feel that such a measure would help the Department in curtailing its increasing expenditure and also prevent the encroachment of its vacant plots in the 22 Postal Circles. The Committee would like to be apprised of the efforts made by the Department in this regard.

2.22 The Committee also note that 'Preservation of heritage buildings' is an important activity under the Estates Management Scheme that got an allocation of Rs. 2.00 crore during 2012-13 with a physical target of preservation of 10 heritage buildings while for the year 2013-14, there is an allocation of Rs. 2.00 crore for preservation of 5 heritage buildings. The Committee feel that there is a need to identify heritage buildings owned by the Department of Posts and steps should be taken to preserve their heritage character. The Committee may be apprised about the initiatives taken in this regard.

(Para Nos . 2.21 and 2.22, Recommendation No. 19)

MISCELLANEOUS ISSUES

Issues pending with Ministry of Finance

2.23 The Committee note that some of their recommendations made in the previous Reports which were taken up by the Department with the Ministry of Finance were long pending. These issues included providing autonomy to the Department of Posts on the issue of rates of interest provided under various Small Saving Schemes, increasing the ceiling of Deposits in Single and Joint Accounts of the Postal Savings Bank, starting of new schemes under Small

savings schemes, in terms of policy matters with regard to insurance activities of DoP and positive consideration in fixing the rate of remuneration provided to DoP for various agency services, etc. In this regard, the Committee are pleased to note that the ceiling in Single and Joint Accounts has been removed by the Ministry of Finance and that the Department is now revising interest rates of Small Savings Schemes every financial year. However, revision of the rate of remuneration for Zero Balance Accounts is still pending with the Ministry of Rural Development for decision. The Committee, therefore, recommend that the Department should pursue the same with the Ministry of Rural Development so that the rate of remuneration for Zero Balance Accounts can be appropriately revised. The Committee may be apprised about the progress made in this regard.

(Para No. 2.23, Recommendation No. 20)

Implementation of UIDAI Project by the Department of Posts

2.24 The Committee note that the Department has signed MoU with UIDAI for enrollment and dispatch/delivery of Aadhar letters. The Department has informed that a total of 4665 Post Offices are provided with the facility of collection of data for UID Card. According to UIDAI portal, the Department of Posts has done 93,01,084 successful enrolments of UID cards and as on 25 March, 2013, the Department has delivered a total of 19.01 crore UID cards. The data reveals that share of Department in delivery of UID cards far exceeds its share in enrolment. Out of total number of UIDAI Aadhar Speed Post Letters, as on 25 March, 2013, 98.14 per cent were delivered successfully, 1.20 per cent were returned back to UIDAI due to reasons such as addressee leaving the address, incomplete address, pin code, etc. and 0.66 per cent were in mail flow pipeline. The Committee were informed that due to non-receipt of Enrolment Agency wise, State/UT wise and month wise details of successful enrolment from UIDAI, the Department is unable to settle accounts with all enrolment

agencies. Further, UIDAI has unilaterally reduced the amount paid to the Department for each successful enrolment from Rs. 50/- to Rs. 40/-. The Department has taken up both the issues with UIDAI. The Committee appreciate the significant role played by the Department in successful delivery of 19.01 crore Aadhar letters. The Committee, feel there is a lot of scope for further increasing the enrolment for UID cards through Post Offices. The Committee recommend that the Department should set up more Enrolment Centres to increase the enrolment and take measures to further improve timely delivery of Aadhar letters. The Committee desire that they may be apprised of any difficulties being countered by the Department in this regard.

(Para No. 2.24, Recommendation No. 21)

New Delhi
23 April, 2013
03 Vaisakha, 1935 (Saka)

RAO INDERJIT SINGH
Chairman
Standing Committee on
Information Technology

**STANDING COMMITTEE ON INFORMATION TECHNOLOGY
(2012-2013)**

MINUTES OF THE NINTH SITTING OF THE COMMITTEE

The Committee sat on Wednesday, the 3rd April, 2013 from 1100 hours to 1250 hours in Committee Room 'D', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Dr. Thokchom Meinya- In the Chair

MEMBERS

LokSabha

2. Shri Abdul Rahman
3. Shri Raj Babbar
4. Shri Nikhil Kumar Choudhary
5. Shri Khagen Das
6. Shri A. Ganeshamurthi
7. Shri Baidya Nath Prasad Mahato
8. Dr. (Prof.) Prasanna Kumar Patasani
9. Shri Radhe Mohan Singh (Ghazipur)

RajyaSabha

10. Shri Joy Abraham
11. Shri Salim Ansari
12. Shri Bharatsinh Prabhatsinh Parmar
13. Dr. C.P. Thakur

SECRETARIAT

| | | |
|-------------------------|---|---------------------|
| 1. Shri BrahmDutt | - | Joint Secretary |
| 2. Shri N.C. Gupta | - | Director |
| 3. Shri Ajay Kumar Garg | - | Additional Director |
| 4. Dr. Sagarika Dash | - | Deputy Secretary |

WITNESSES

DEPARTMENT OF POSTS

| Sl. No. | Name | Designation |
|----------------|------------------------|--------------------|
| 1. | Ms. P. Gopinath | Secretary (Posts) |
| 2. | Shri Kamleshwar Prasad | Member (PLI & O) |
| 3. | Ms. Kavery Banerjee | Member (Tech.) |
| 4. | Ms. Sunita Trivedi | Member (Planning) |
| 5. | Shri S. Sarkar | Member (P & HRD) |
| 6. | Ms. Saroj Punhani | JSFA (Posts) |
| 7. | Shri S.K. Sinha | CGM (MB) |
| 8. | Ms. Kalpana Tiwari | CGM (BD & Mkg.) |

2. In the absence of the Chairman, the Committee chose Shri Thokchom Meinya, a Member of the Committee to act as the Chairman for the sitting in accordance with Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. At the outset, the Chairman welcomed the Members to the sitting of the Committee convened to take evidence of the representatives of the Ministry of Communications and Information Technology (Department of Posts) in connection with examination of Demands for Grants (2013-14) of the Department of Posts.

[The representatives of the Department were then called in]

4. The Chairman welcomed the representatives of the Department of Posts to the sitting of the Committee and drew their attention to Direction 55 (1) relating to confidentiality of the proceedings and Direction 58 regarding evidence liable to be treated as public.

5. The representatives of the Department of Posts made a presentation before the Committee covering various issues relating to Demands for Grants (2013-14) viz. the functions and responsibilities of the Department, Eleventh Plan targets and achievements, Plan activities for the year 2013-14, thrust areas for the Twelfth Five Year Plan and social commitment and Financial inclusion schemes of the Department.

6. The Members of the Committee during the course of deliberations raised pertinent issues related to under utilisation of funds, measures to speed up delivery of services, expansion of the postal network in rural areas, opening up of

Postal Bank and competition with private couriers. Issues related to Postal Life Insurance, computerization and modernization of Post Offices, rationalization of the workforce and development activities in the North-East region were also taken up. The representatives of the Ministry responded to the queries raised by the Members. They were directed to send written replies to the points which were not replied to during evidence.

7. The Chairman, then, thanked the representatives of the Department of Posts for appearing before the Committee and for furnishing valuable information that was desired by the Committee.

[The witnesses then withdrew]

A copy of verbatim proceedings of the sitting has been kept on record separately.

The Committee, then, adjourned.

**STANDING COMMITTEE ON INFORMATION TECHNOLOGY
(2012-13)**

MINUTES OF THE ELEVENTH SITTING OF THE COMMITTEE

The Committee sat on Wednesday, the 17th April, 2013 from 1100 hours to 1200 hours in Committee Room 'D', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Rao Inderjit Singh – Chairman

MEMBERS

Lok Sabha

2. Shri Abdul Rahman
3. Shri Rajendra Agrawal
4. Shri Nikhil Kumar Choudhary
5. Shri Rajen Gohain
6. Smt. Darshana Jardosh
7. Dr. Thokchom Meinya

Rajya Sabha

8. Shri Joy Abraham
9. Shri Mohammed Adeeb
10. Shri Salim Ansari
11. Shri Bharatsinh Prabhatsinh Parmar
12. Dr. C.P. Thakur

SECRETARIAT

5. Shri Brahm Dutt - Joint Secretary
6. Shri N.C. Gupta - Director
7. Shri A.K. Garg - Additional Director
8. Dr. Sagarika Dash - Deputy Secretary

2. At the outset, the Chairman welcomed the Members to the sitting of the Committee convened to consider and adopt four draft Reports relating to Demands for Grants (2013-14) of the Ministries/Departments under their jurisdiction.

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

- (i) xxxxx xxxxx xxxxx xxxxx;
- (ii) xxxxx xxxxx xxxxx xxxxx;
- (iii) Draft Forty-fifth Report on Demands for Grants (2013-14) of the Department of Posts; and
- (iv) xxxxx xxxxx xxxxx xxxxx.

4. However, Members suggested certain changes in the draft ..xxxxx..; Forty-fifth Report on Demands for Grants (2013-14) of the Department of Posts; ..xxxxx.. which were agreed to and the aforesaid draft Reports were also adopted with slight modifications.

4. The Committee, then, authorized the Chairman to finalize and present the reports to the House in the current session of Parliament.

5. The Committee also placed on record their appreciation for the valuable assistance provided by the officials of the Secretariat attached to the Committee.

The Committee, then, adjourned.

xxxx Matters not related to the Report.