

14

**STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2014-15)**

SIXTEENTH LOK SABHA

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

**[Action Taken by the Government on the Observations/Recommendations of the
Committee contained in their First Report (Sixteenth Lok Sabha) on
'Demands for Grants (2014-15)']**

FOURTEENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

August, 2015/Shravana, 1937 (Saka)

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(DEPARTMENT OF POSTS)**

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Committee contained in their First Report (Sixteenth Lok Sabha) on
'Demands for Grants (2014-15)']**

***Presented to Lok Sabha on 13 August, 2015
Laid in Rajya Sabha on 13 August, 2015***



**LOK SABHA SECRETARIAT
NEW DELHI**

August, 2015/Shravana, 1937 (Saka)

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*Not appended with the cyclostyled copy

COMPOSITION OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2014-15)

Shri Anurag Singh Thakur - Chairperson

Lok Sabha

2. Shri L.K. Advani
3. Shri Prasun Banerjee
4. Dr. Sunil Baliram Gaikwad
- * 5. Dr. K.C. Patel
6. Shri Hemant Tukaram Godse
7. Dr. Anupam Hazra
8. Dr. J. Jayavardhan
9. Shri P. Karunakaran
10. Shri Virender Kashyap
11. Shri Harinder Singh Khalsa
12. Smt. Hema Malini
13. Shri Keshav Prasad Maurya
14. Ms. Mehbooba Mufti
15. Shri Paresh Rawal
16. Dr. (Smt.) Bhartiben Dhirubhai Shiyal
17. Shri Abhishek Singh
18. Shri D.K. Suresh
19. Shri Ramdas C. Tadas
20. Smt. R. Vanaroja
- @21. Shri Raosaheb Danve Patil

Rajya Sabha

22. Shri Javed Akhtar
23. Shri Salim Ansari
24. Smt. Jaya Bachchan
25. Shri Vijay Jawaharlal Darda
26. Shri Santiuse Kujur
27. Shri Derek O'Brien
28. Dr. K.V.P. Ramachandra Rao
29. Shri Sachin Ramesh Tendulkar
30. Mahant Shambhuprasadji Tundiya
- # 31. Shri Meghraj Jain

Secretariat

- | | |
|--------------------------|----------------------|
| 1. Shri K. Vijaykrishnan | Additional Secretary |
| 2. Shri J. M. Baisakh | Director |
| 3. Shri Abhishek Sharma | Executive Assistant |

* Nominated to the Committee w.e.f. 11.09.2014 vide Shri Feroze Varun Gandhi, M.P., vide Bulletin Part – II w.e.f. 11.09.2014.
@ Nominated to the Committee w.e.f. 15.07.2015 vide Bulletin Part-II dated 17.07.2015
Nominated to the Committee w.e.f. 14.01.2015 vide Bulletin Part – II dated 16.01.2015.

INTRODUCTION

I, the Chairperson, Standing Committee on Information Technology (2014-2015), having been authorised by the Committee, do present the Fourteenth Report on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their First Report (Sixteenth Lok Sabha) on 'Demands for Grants (2014-15)' of the Ministry of Communications and Information Technology (Department of Posts).

2. The First Report was presented to Lok Sabha/laid on the Table of Rajya Sabha on 22nd December, 2014. The Department of Posts furnished their Action Taken Notes on the Observations/Recommendations contained in the First Report on 26th March, 2015.

3. The Report was considered and adopted by the Committee at their sitting held on 11th August, 2015.

4. For facility of reference and convenience, Observations/Recommendations of the Committee have been printed in bold in Chapter-I of the Report.

5. An analysis of Action Taken by the Government on the Observations/Recommendations contained in the First Report of the Committee is given at Annexure-II.

New Delhi;
11 August, 2015
20 Shrawana, 1937 (Saka)

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

CHAPTER I

REPORT

This Report of the Standing Committee on Information Technology deals with the action taken by the Government on the Observations/Recommendations of the Committee contained in their First Report (Sixteenth Lok Sabha) on 'Demands for Grants (2014-15)' relating to the Ministry of Communications and Information Technology (Department of Posts).

2. The First Report was presented to Lok Sabha/laid in Rajya Sabha on the 22nd December, 2014. It contained 22 Observations/ Recommendations.

3. Action Taken Notes in respect of all the Observations/Recommendations contained in the Report have been received from the Department of Posts and are categorized as under:-

(i) Observations/Recommendations which have been accepted by the Government

Rec. Sl. Nos.:- 1, 2, 3, 4, 5, 8, 9, 10, 12, 14, 15, 16, 17, 20 and 22

(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government

Rec. Sl. No.: Nil

(iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and require reiteration

Rec. Sl. Nos.:- 6, 13 and 19

(iv) Observations/Recommendations in respect of which the reply of the Government are of interim in nature

Rec. Sl. Nos.:- 7, 11, 18 and 21

4. The Committee trust that utmost importance would be given to implementation of the Observations/Recommendations accepted by the Government. The Committee further desire that Action Taken Notes on the Observations/Recommendations contained in Chapter-I and final action taken replies to the Observations /Recommendations contained in Chapter-V of this Report should be furnished to them at an early date.

5. The Committee will now deal with action taken by the Government on some of their recommendations.

A. Revenue Receipts

(Recommendation Sl. No. 3)

6. The Committee, in their Original Report, had recommended as under:-

"The Committee note that the major sources of Revenue Receipts for the Department include sale of postal articles, Speed Post, Postal Order, Business Post and remuneration from Savings Bank and saving certificates, etc. For the year 2013-14, of the total revenue generation of ` 10730.42 crore (upto March, 2014), the postal operations accounted for ` 4815.15 crore and remuneration generated was ` 5915.27 crore. The Committee also note that the Revenue Receipts have shown a consistent growth over the previous years and for the year 2014-15, the BE is ` 10281.90 crore against the BE of ` 9101.81 crore for 2013-14. Items like PRC on ordinary services, Business Post, commission on money orders and postal orders and Speed Post have shown considerable increase in 2013-14 as compared to 2012-13. The Committee desire that the Department should sustain the momentum and take further steps to increase their revenue to offset increasing working expenditure. In this regard, the Committee note that the Department, through its Business Development and Marketing Directorate (BD&MD), are engaged in exploring new business areas by way of customizing its existing services/introduction of new services. The BD&MD have reportedly taken several initiatives like exploring and capturing the emerging e-Commerce market, introduction of express parcel post and business parcel post and introduction of Cash on Delivery (CoD) facility as a value addition to the Speed Post. The BD&M Directorate is also focusing on the service 'Business Reply Speed Post Articles', booking of Notices/Summons issued by the Delhi High Court through Speed Post Service with Proof of Delivery facility, e-IPO (electronic Indian Postal Order) for Indian Citizens living abroad and in India for paying RTI fee online and tie-ups with third parties for the use of DoP network for selling their products/services through Post Offices, e.g. PRS for booking of railway tickets, sale of various application forms, collection of examination fee, etc. have also been introduced by the Department. While appreciating

the initiatives taken by the Department in exploring new business areas to augment their revenue by focusing on emerging areas having significant potential for revenue generation, the Committee emphasize that focus on emerging areas assumes even greater significance owing to intense competition from organized and unorganized players in the market. The Committee would also like to urge the Department to ensure implementation of schemes envisaged during the Twelfth Plan like IT Induction and Modernization Project, Financial services, Human Resource Management, etc. so as to improve overall efficiency in their operations and better utilization of resources for achieving of the larger objective of bridging the revenue deficit. The Committee would like to be apprised of the initiatives taken in this regard."

7. The Department of Posts, in the action taken note, have stated as under:-

"The Department of Posts has been actively working towards maximizing revenue generation. Towards this end it is focusing on growth sectors like e-commerce and insurance, to fulfill the needs of the urban and rural markets. As a part of the strategy to provide payment solutions to e-commerce customers, Department of Posts has rationalized its service offerings and introduced Cash on Delivery (CoD) facility. Tie-ups have been made with various e-Commerce companies viz. Amazon.in, M/s Naaptol, Homeshop 18, Telebrands etc. Upgradation of the parcel distribution infrastructure is one of the prime focus areas of the Department. The Department is also expanding its Retail Post and Business Post opportunities. This will enable business to market and distribute their products through India Post. It has also been planned to expand the Passenger Reservation System (PRS) of Indian Railways through more post offices. Department has also taken aggressive marketing steps to popularize its services among all categories of the customers as well as Departmental employees through internal marketing. Business Development and Marketing Directorate is also working towards providing more value additions and add-ons on existing products/services. For example a Single Account Management for bulk customers is under a pilot run. 'Project Arrow' which is an important plan scheme of the Department strives to make a visible impact on the working of Post Office by upgrading the 'Look and Feel' of Post Offices as well as improving the working of Post Offices by focusing on 'Core Operations'. By bringing in a qualitative change in the products and services offered to the common man, Project Arrow has resulted in an increase in number of foot falls in the Post Offices thereby enhancing the overall revenue generation. During the financial year 2013-14, 100 Post Offices were covered under on line 'Core Operations' monitoring. During current financial year it is proposed to cover 292 post offices under 'Look and Feel' and 2000 under 'Core Operations'. Operation of POSB schemes does not strictly fall under the

revenue generating category for DoP as Ministry of Finance only reimburses the cost of operations to the Department. However, all efforts are being made to increase revenue under POSB by allotting targets to each Circle and constant monitoring of monthly achievement. Further, FS Division of the Department is exploring the possibilities of retailing third party products which may generate net revenue, e.g. Sale of Mutual Funds, Sale of Foreign Exchange etc. In order to increase PLI business, the Department has recently enhanced the maximum sum assured limits from Rs. 20 lakh to Rs. 50 lakh. The maximum sum assured in RPLI is proposed to be enhanced from Rs. 5 lakh to Rs. 10 lakh. Besides, the categories of employees eligible for PLI have also been expanded to include teachers, employees of banks and local bodies etc."

8. While appreciating the initiatives taken by the Department in exploring new business areas to augment their revenue by focusing on emerging areas having significant potential for revenue generation, the Committee had emphasized that the focus on emerging areas assumes even greater significance owing to intense competition from organized and unorganized players in the market. The Committee had urged the Department to ensure implementation of various schemes envisaged during the Twelfth Plan like IT Induction and Modernization Project, Financial services, Human Resource Management, etc. so as to improve overall efficiency in their operations and better utilization of resources for achieving of the larger objective of bridging the revenue deficit. The Department of Posts, in their Action Taken Note, have stated that they have been actively working towards maximizing revenue generation through various initiatives such as focus on growth sectors like e-Commerce and insurance, rationalizing its service offerings to cater to specific customer needs, entering into tie-ups with various e-Commerce companies, upgradation of the parcel distribution infrastructure, expansion of Retail Post and Business Post services, implementation of 'Project Arrow' to improve the 'Look and Feel' of Post Offices and focus on 'Core Operations', enhancing the maximum sum assured limits from Rs. 20 lakh to Rs. 50 lakh in PLI, and Rs. 5 lakh to Rs. 10 lakh in RPLI, besides expansion in the categories of employees eligible for PLI etc. While lauding the various initiatives taken by the Department of Posts to improve their revenue receipts, the Committee feel that the need for improving the revenue receipts of the Department cannot be over emphasized, particularly in the light of the fact that there is limited scope in reducing the revenue expenditure of the Department due to increasing costs on the one hand and the obligation to provide Postal services throughout the country on the other. In view of the fact that focus on revenue generation is the key to bridge the large revenue deficit, the Committee urge that identification of emerging areas for revenue generation, restructuring/rationalization of existing services and timely execution of plan schemes may be undertaken by the Department to improve their revenue receipts and thereby curtail the revenue deficit.

B. Review of Plan Schemes: IT Induction & Modernization

(Recommendation Sl. No. 6)

9. The Committee, in their Original Report, had recommended as under:-

“The Committee note that the Eleventh Plan envisaged extensive technology up gradation and modernization in the Department of Posts. IT Induction schemes were taken up in two phases in the 11th Plan and it is being continued in the 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, Disaster Recovery Centre. Eight Requests for Proposals (RFPs), viz., Change Management (CM), Rural Hardware (RH), Rural System Integrator (RSI) and Mail Operation Hardware (MOH) were floated as proposed in the Detailed Project Report (DPR) and are pending finalization at various stages. The Committee also note that IT Induction and Modernization is an important scheme of the DoP that got the maximum outlay amongst all the schemes for the Twelfth Five Year Plan. However, the percentage achievement which ranged between 5.06% and 47.88% during 2012-13 and 2013-14, when compared with BE, depicts a dismal picture. According to the Department, the factors responsible for the delayed implementation of IT Modernization Project broadly relate to reviewing the entire project on account of complaints received during the process of procurement, delay in finalization of the RFPs, etc. As a result of this delay, the time line approved by the Cabinet in November, 2012 for implementation/roll out/completion of the project got adversely affected. The Committee is concerned to find that out of over 1, 54,856 post offices, only 25145 Departmental post offices have been computerized and 25195 locations have been electronically networked. About computerization and networking of the remaining extra Departmental/rural post offices, it has been stated that the work will be undertaken after finalization of the RFP Contract with vendors of Rural Hardware and Rural System Integrator. The Department is yet to obtain approval for revised timelines for the project. The Committee, however, takes note of the fact that project activities have gained momentum in the year 2013-14 and all efforts should be made to finalize RFPs in the current fiscal. The Committee would like to be appraised of the revised timelines set for the project along with plans of

the Department to accomplish the modernization project within the envisaged time frame.”

10. The Department of Posts, in the action taken note, have stated as under:-
- “IT Modernization Project, which has been approved in November 2012, with a total outlay of Rs 4909 Crore, is in implementation phase. Rural Hardware contract has been finalized and the work has been awarded to M/s Telecommunications Consultants India Ltd on 24-11-2014. Implementation of this segment has also begun. Under this segment supply and installation of various hardware will start from the month of April 2015. The implementation of Rural System Integrator, for which contract was signed on 28-02-2013, which was kept on hold to align with the Rural hardware RFP, has also started work in alignment with the Rural Hardware RFP. After complete implementation of Rural ICT project, all the 1,29,389 extra Departmental Branch Post Offices will be computerized and networked by the end of October 2016.

Taking in to account the present implementation status of all the eight segments of the Project, the following timelines are being set for completion of implementation and O&M Phase.

Sl No.	Name of the segment	Completion of Implementation	Completion of Operation and Maintenance
1	Rural ICT- Application	Oct 2016	Oct 2025
2	Core System Integrator	June 2016	June 2021
3	Financial Solution	June 2016	May 2021
4	Data Centre & DR	DC is operational DRC Mar 2015	July 2020
5	Network Connectivity	June 2015	Dec 2020
6	Rural H/W & Connectivity	Oct 2016	Oct 2021
7	Mail Operation Hardware	Sep 2015	Sep 2020
8	Change Management	Oct 2015	Oct 2015

The Project Coordination Committee and Various Project Implementation Committees set up at Directorate level and Circle Monitoring committee at Circle level and Regional Implementation Committees at regional level are closely watching the progress and vigorously monitoring the day to day happenings of the Project to ensure that the implementation is completed within the revised timelines set for the purpose.”

11. The Committee had noted that IT Induction and Modernization is an important scheme of the DoP that got the maximum outlay amongst all the schemes for the Twelfth Five Year Plan. However, the percentage achievement which ranged between 5.06% and 47.88% during 2012-13 and 2013-14, when compared with BE, depicts a dismal picture. According to the Department, the factors responsible for the delayed implementation of IT Modernization Project broadly relate to reviewing the entire project on account of complaints received during the process of procurement, delay in finalization of the RFPs, etc. As a result of the delay, the timeline approved by the Cabinet in November, 2012 for implementation/roll out/completion of the project got adversely affected and Department are yet to obtain approval for revised timelines for the Project. The Department, in their Action Taken Note, have stated that the IT Modernization Project, which has been approved in November 2012, with a total outlay of Rs. 4909 crore, is in the implementation phase and taking into account the present implementation status of all the eight segments of the Project, revised timelines are being set for completion of implementation and O&M Phase. The Committee, while observing that IT Induction and Modernization is an all encompassing Scheme that will improve the performance and efficiency of the Department across all their functional areas, are of the firm opinion that any delay in implementation of this Scheme is likely to have a cascading effect on other areas as well. The Committee, therefore, urge the Department to give due importance to the Scheme and ensure that the eight segments are completed in a time-bound manner while making optimum utilization of the allocated funds.

C. Utilization of Vacant Land

(Recommendation Sl. No. 13)

12. The Committee, in their Original Report, had recommended as under:-

“What is further disquieting to note is that as on 01.04.2014, 1797 plots measuring 672.12 acres of land are lying vacant with the Department. Out of this, 371 plots are situated at prime locations. In this context, the Committee have been informed that a proposal for commercial utilization of vacant land under Public Private Partnership (PPP) mode was approved by the Cabinet for setting up of a Special Purpose Vehicle (SPV), wholly owned company with limited liability for optimum

development management of postal estates. The Plan of Action was stated to have been initiated in pursuance of the decision of the Committee of Secretaries in its meeting held 20.05.2009. Based on inputs received from the Circles, the Department learnt that few vacant lands could be utilized for (PPP) purpose. All these plots were originally allotted for construction of buildings for postal operations and these lands could not be used for any other purpose as per allotment terms and conditions, or else the allotment will get cancelled automatically. Moreover, State Governments are reportedly not inclined to change the type of use of these lands situated on prime locations due to their own interest in PPP brand initiatives. In view of these developments, the entire project is being re-looked at by the Department. The Committee are very dissatisfied at the whole sequence of events regarding action taken for utilization of land under PPP which reflects poorly on the estate management of the Department. The procedural bottlenecks encountered in the process should have been taken care of by the Department while formulating the project proposal. Emphasizing expeditious utilization of vacant land and to avoid its possible encroachment in future recommend that a viable project be conceived with due diligence to give effect proposal to the project should be completed in a time bound manner and the Committee be apprised of the progress made in this regard.”

13. The Department of Posts, in the action taken note, have stated as under:-

“In this context, it is intimated that a revised/new viable proposal will be prepared/projected once a decision regarding finalization of Public Private Partnership (PPP) is taken by the competent authority and intimated to the Cabinet.”

14. **As on 01.04.2014, 1797 plots measuring 672.12 acres of land were lying vacant with the Department and out of this, 371 plots were situated at prime locations. Based on inputs received from the Circles, the Department had learnt that a few of these vacant lands could be utilized for PPP purpose. The Committee had expressed their displeasure over the whole sequence of events regarding action taken for utilization of land under PPP which, they felt reflected poorly on the estate management of the Department. Emphasizing the need for expeditious utilization of vacant land and to avoid its possible encroachment in future, the Committee had recommended that a viable project be conceived with due diligence to give effect to the proposal and that the project should be completed in a time bound manner. The Department, in their Action Taken Note, have stated that a revised/new viable proposal will be prepared/projected once a decision regarding finalization of Public Private Partnership is taken by the competent authority and intimated to the Cabinet. In view of the fact that despite holding a large land bank across the country and incurring huge deficit, the Department are unable to**

leverage/monetize their land assets, the Committee reiterate that necessary steps may be taken to unlock the value of the large land bank lying idle at the disposal of the Department.

D. Priority Areas in DoP

(a) e-Commerce Sector

(Recommendation Sl. No. 19)

15. The Committee, in their Original Report, had recommended as under:-

“The Committee note that the Department are exploring new business opportunities to augment its revenue generation. The Department have identified ‘Capturing e-Commerce Markets’ as a priority area and have constituted a Task Force to facilitate their course of action. The Committee find that the Department are in touch with various e-Commerce companies using Speed Post for providing distribution solutions along with the Cash-on-Delivery (CoD) facility. The Committee are aware that with the advent of new age communication technologies, the decline of ordinary mail has emerged as a global phenomenon even as the emerging e-Commerce market and the resultant increase in parcel business is being pursued by Postal Organizations across the world. Of late, the e-Commerce market in India is also expanding at an exponential rate. After the Metros and Tier-I cities, the next wave of growth in e-Commerce is expected to come from Tier-II/III cities and the rural areas. The Committee recognize that the major players in the e-Commerce market are eyeing the Department of Posts for delivery of their products to the Tier-2/3 cities and rural areas, leveraging the vast reach of the Department through its large postal network to access this untapped market. The Committee feel that this is precisely the area where the strength of the Department of Posts lies. The Committee are convinced that the emergence of e-Commerce in India has presented a great opportunity to the Department of Posts to leverage its huge postal network to cater to the parcel business generated through expansion of e-Commerce. As e-Commerce picks up in India, substantial business is expected to originate from Tier-II/III cities and the rural areas where the Department of Posts face minimal/no competition due to the limited coverage of these areas by private players/courier companies. The Committee, therefore, stress that the Department should focus on the e-Commerce sector to garner maximum business from this sector and become a partner of choice for the e-Commerce companies desirous of catering to the e-Commerce business emanating from the Tier-II/III cities and the rural areas of the country.”

16. The Department of Posts, in the action taken note, have stated as under:-

“Growth of e-commerce has provided a new window of opportunity for postal players worldwide, and Asia Pacific in particular. There is a huge untapped market for Department of Posts to provide delivery services to such firms targeting customers in ‘B’ & ‘C’ class cities and rural areas. Department of Posts is closely studying and examining the market dynamics to make the services in tune with the requirements of online shopping companies to offer safe, secure and reliable delivery options along with a reliable and economical remittance solution for the amount collected towards cost of goods at the time of its delivery so that Department can increase its share in delivery of goods ordered online. Tie-ups have been made with various e-commerce companies viz. Amazon.in, Snapdeal.com, Shopclues.com, M/s Naaptol, HomeShop 18, Telebrands, etc.”

17. The Committee had noted that the e-Commerce market in India is expanding at an exponential rate. After the Metros and Tier-I cities, the next wave of growth in e-Commerce is expected to come from Tier-II/III cities and the rural areas where the Department of Posts face minimal/no competition due to the limited coverage of these areas by private players/courier companies. The Committee had recognized that the major players in the e-Commerce market are eyeing the Department of Posts for delivery of their products to the Tier-2/3 cities and rural areas, leveraging the vast reach of the Department through their large postal network to access this untapped market. The Committee had stressed that the Department should focus on the e-Commerce sector to garner maximum business from this sector and become a partner of choice for the e-Commerce companies desirous of catering to the e-Commerce business emanating from the Tier-II/III cities and the rural areas of the country. The Department, in their Action Taken Note, have stated that they are closely studying and examining the market dynamics to make the services in tune with the requirements of online shopping companies to offer safe, secure and reliable delivery options along with a reliable and economical remittance solution for the amount collected towards cost of goods at the time of delivery so that the Department can increase share in delivery of goods ordered online. Tie-ups have also been made with various e-Commerce companies, viz. Amazon.in, Snapdeal.com, Shopclues.com, M/s Naaptol, HomeShop 18, Telebrands, etc. The Committee emphasize that the Department should focus on the e-Commerce sector to garner a significant market share in the e-Commerce delivery segment and leverage their significant presence in the Tier- II/III cities to cater to business emanating from these cities.

CHAPTER II

RECOMMENDATIONS/ OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl.No.1)

Budgetary Analysis

Revenue Expenditure (PMU)

The Committee note that there has been persistent increase in the revenue expenditure of the Department of Posts (DOP) over the years viz. `13793.67 Crore in 2010-11, `14163.91 Crore in 2011-12, ` 15481.15 Crore in 2012-13, ` 16796.71 Crore (up to March, 2014) and projected at ` 18141.55 Crore (BE) in 2014-15. According to the Department, the major components of gross expenditure are salaries and pensions which constitute over 90% of the entire segment of expenditure. Further, considering that India Post is the largest postal network with over 1.55 lakh post offices, the Department find it extremely difficult to cut down the operational expenses due to increasing costs on the one hand and the obligation to provide Postal Services throughout the country on the other. The Department is reportedly taking necessary steps to strictly adhere to the instructions relating to austerity measures issued by the Ministry of Finance and also undertaking continuous monitoring of the expenditure at regular intervals at the apex level to keep their expenditure under the budgetary allocations. While the Committee do recognize the constraints being faced by the Department in curtailing the operational expenditure of such a vast postal network carrying forward such a huge social responsibility, the Committee are of the considered view that the Department should look for rapid technology induction and modernization as the thrust area for reducing manpower and curtailing operational expenses. This would enhance the overall operational efficiency of the Department as a service provider and help rationalize gross expenditure. With IT Induction and the modernization project being implemented, the Committee firmly believe that in the coming years, the Department will gain proficiency to deliver technology enabled services and in the process control expenditure. The Committee, therefore urge the Department to focus on accomplishing the project on modernization and computerization of all post offices in a time bound manner to realize increased revenue and reduction in operation cost.

(Recommendation Sl.No.1)

Reply of the Government

IT Modernization Project, which has been approved in November 2012, with a total outlay of ` 4909 Crore, is in implementation phase. So far the achievements made are as follows:

Primary Data Centre has been deployed and started functioning at Navi Mumbai since 3rd April, 2013.

26835 Departmental Post offices including mail offices and administrative offices have been networked at single Wide Area Network (WAN) and connected to Data Centre.

Core Banking Solution (CBS) has been rolled out in 2148 Post Offices.

Core Insurance solution (CIS-PLI) has been rolled out in 6356 Post Offices.

ATMs have started functioning in 11 Post Offices

Rural Hardware vendor has been finalized and contract has been signed. Supply of Rural Hardware devices in BOs will start from the month of April 2015.

Further, the implementation of the project is expected to be completed by 2016-17 and October 2025 respectively. The Project Coordination Committee and Various Project Implementation Committees set up at Directorate level and Circle Monitoring Committee at Circle level and Regional Implementation Committees at regional level are closely monitoring the project on day to basis to ensure that the implementation is done as per prescribed timeline in each case.

(Ministry of Communications & IT/ Department of Posts No.F.20-2/2014/BGT(PA)/1st Report dated 26-03-2015)

(Recommendation Sl.No.2)

Recoveries

'Recoveries' represent the amount of commission earned by the Department for Agency functions done on behalf of other Departments and organizations. This includes components like payments of coal mines and EPFs, family pensions, payments of Railway Pension, PLI, customs duty realization, commission on account of international money transfer through the Western Union Money Transfer (WUMT), etc. For the year 2014-15, the amount under BE has been pegged at ` 665.19 crore as against the amount of ` 680.58 crore during 2013-14. The Committee find that the recoveries of the Department showed an increasing trend over the last couple of years, with the amount being ` 458.64 crore during 2011-12 and ` 688.77 crore during 2012-13. However, for the year 2013-14, the recovery has come down to ` 593.19 crore, a shortfall of ` 64 crore over the RE of ` 657.12 crore. The Department, while submitting that recovery under PLI and RPLI has been more than the targeted figures, have stated that the shortfall in recovery is mainly on account of downward trend of business in the Western Union

Money Transfer (WUMT) due to intense competition from organized and unorganized players in the market as well as non-realization of commission in respect of coal mines/EPF pensions, etc. Besides shortfall in recoveries, the BE target fixed for the year 2014-15 is less than that for 2013-14 which indicates a decreasing trend. The Committee, therefore, recommends the Department to undertake all necessary initiatives to compete effectively with other players and improve the realization under WUMT. The Committee also recommend to the Department to explore new avenues for expansion of Agency services to garner more revenues in future.

(Recommendation Sl.No.1, Chapter-II of 1st Report of Standing Committee on IT)

Reply of the Government

The Department has taken various initiatives to earn more revenue through money remittance service in particular. In case of International Money Remittance apart from Western Union, the Department has tied up with Money Gram Payment System Inc. for money remittance product. Further, for both Western Union and Money Gram services, Department is working to increase the number of locations offering the services and promotional activities to help increase the number of transactions thereby increasing revenue.

There is sustained increase towards recovery to Department of Posts for PLI and RPLI activities. The B.E. as well as R.E. has been projected as ` 571.69 crores for 2014-15 against actual recoveries of ` 532.99 crores in 2013-14. However, the recoveries towards PLI and RPLI in 2014-15 is expected to increase by ` 50.00 crores than estimated due to increased business.

(Ministry of Communications & IT/ Department of Posts No.F.20-2/2014/BGT(PA)/1st Report dated 26-03-2015)

(Recommendation Sl.No.3)

Revenue Receipts

The Committee note that the major sources of Revenue Receipts for the Department include sale of postal articles, Speed Post, Postal Order, Business Post and remuneration from Savings Bank and saving certificates, etc. For the year 2013-14, of the total revenue generation of ₹ 10730.42 crore (upto March, 2014), the postal operations accounted for ₹ 4815.15 crore and remuneration generated was ₹ 5915.27 crore. The Committee also note that the Revenue Receipts have shown a consistent growth over the previous years and for the year 2014-15, the BE is ₹ 10281.90 crore against the BE of ₹ 9101.81 crore for 2013-14. Items like PRC on ordinary services, Business Post, commission on money orders and postal orders and Speed Post have shown considerable increase in 2013-14 as compared to 2012-13. The Committee desire that the Department should sustain the momentum and take further steps to increase their revenue to offset increasing working expenditure. In this regard, the Committee note that the

Department, through its Business Development and Marketing Directorate (BD&MD), are engaged in exploring new business areas by way of customizing its existing services/introduction of new services. The BD&MD have reportedly taken several initiatives like exploring and capturing the emerging e-Commerce market, introduction of express parcel post and business parcel post and introduction of Cash on Delivery (CoD) facility as a value addition to the Speed Post. The BD&M Directorate is also focusing on the service 'Business Reply Speed Post Articles', booking of Notices/Summons issued by the Delhi High Court through Speed Post Service with Proof of Delivery facility, e-IPO (electronic Indian Postal Order) for Indian Citizens living abroad and in India for paying RTI fee online and tie-ups with third parties for the use of DoP network for selling their products/services through Post Offices, e.g. PRS for booking of railway tickets, sale of various application forms, collection of examination fee, etc. have also been introduced by the Department. While appreciating the initiatives taken by the Department in exploring new business areas to augment their revenue by focusing on emerging areas having significant potential for revenue generation, the Committee emphasize that focus on emerging areas assumes even greater significance owing to intense competition from organized and unorganized players in the market. The Committee would also like to urge the Department to ensure implementation of schemes envisaged during the Twelfth Plan like IT Induction and Modernization Project, Financial services, Human Resource Management, etc. so as to improve overall efficiency in their operations and better utilization of resources for achieving of the larger objective of bridging the revenue deficit. The Committee would like to be apprised of the initiatives taken in this regard.

(Observation/Recommendation Sl.No.3, Chapter-II of 1st Report of Standing Committee on IT)

Reply of the Government

The Department of Posts has been actively working towards maximizing revenue generation. Towards this end it is focusing on growth sectors like e-commerce and insurance, to fulfill the needs of the urban and rural markets. As a part of the strategy to provide payment solutions to e-commerce customers, Department of Posts has rationalized its service offerings and introduced Cash on Delivery (CoD) facility. Tie-ups have been made with various e-Commerce companies viz. Amazon.in, M/s Naaptol, Homeshop 18, Telebrands etc. Upgradation of the parcel distribution infrastructure is one of the prime focus areas of the Department. The Department is also expanding its Retail Post and Business Post opportunities. This will enable business to market and distribute their products through India Post. It has also been planned to expand the Passenger Reservation System (PRS) of Indian Railways through more post offices. Department has also taken aggressive marketing steps to popularize its services among all categories of the customers as well as Departmental employees through internal marketing. Business Development and Marketing Directorate is also working towards providing more value additions and add-ons on existing products/services. For example a Single Account Management for bulk customers is under a pilot run.

'Project Arrow' which is an important plan scheme of the Department strives to make a visible impact on the working of Post Office by upgrading the 'Look and Feel' of Post Offices as well as improving the working of Post Offices by focusing on 'Core Operations'. By bringing in a qualitative change in the products and services offered to the common man, Project arrow has resulted in an increase in number of foot falls in the Post Offices thereby enhancing the overall revenue generation. During the financial year 2013-14, 100 Post Offices were covered under on line 'Core Operations' monitoring. During current financial year it is proposed to cover 292 post offices under 'Look and Feel' and 2000 under 'Core Operations'.

Operation of POSB schemes does not strictly fall under the revenue generating category for DoP as Ministry of Finance only reimburses the cost of operations to the Department. However, all efforts are being made to increase revenue under POSB by allotting targets to each Circle and constant monitoring of monthly achievement. Further, FS Division of the Department is exploring the possibilities of retailing third party products which may generate net revenue, e.g. Sale of Mutual Funds, Sale of Foreign Exchange etc.

In order to increase PLI business, the Department has recently enhanced the maximum sum assured limits from ₹ 20 lac to ₹ 50 lac. The maximum sum assured in RPLI is proposed to be enhanced from ₹ 5 lac to ₹ 10 lac. Besides, the categories of employees eligible for PLI has also been expanded to include teachers, employees of banks and local bodies etc.

(Ministry of Communications & IT/ Department of Posts No.F.20-2/2014/BGT(PA)/1st Report dated 26-03-2015)

**Comments of the Committee
(Please see Para No. 8 of Chapter I)**

(Recommendation Sl.No.4,)

Revenue Deficit

The Committee note with concern that the estimated Revenue Deficit has increased over the years from ₹ 5921.35 crore in 2012-13 to ₹ 7093.78 crore in 2013-14 and estimated at ₹ 7194.46 crore for 2014-15. However, the Department have managed to keep the actuals under check at Rs. 5425.88 crore in 2012-13 and ₹ 5473.10 crore in 2013-14. The Committee find that the Department have taken several initiatives to keep the revenue deficit under check which inter-alia include constant monitoring to reduce expenditure at the apex level, marketing of products offered by DoP, focus on increasing the customer base and improvement in the Quality of Services. While these efforts of the Department to contain the revenue deficit are laudable, the Committee recommends that the Department should continue with efforts to augment revenue and progressively gain control over expenditure in order to wipe out the deficit over a period of time.

(Recommendation Sl.No.4, Chapter-II of 1st Report of Standing Committee on IT)

Reply of the Government

In order to increase the revenue from the core areas of the Department such as mails, parcels, Post Office Savings Bank, money remittance and Life Insurance, the Department has launched several initiatives to enhanced the quality of its services.

Department has taken a series of initiatives under Mail Network Optimization Project in order to improve the quality of Mail Services. The Department is also upgrading the infrastructure in Mail Offices. Improved processes, upgraded infrastructure and optimized network are expected to result in better quality of service. Steps are being taken to increase the volume of mail and speed post by focusing on corporate customers. In order to tap the growing e-commerce market, the Department is upgrading its infrastructure re-orienting its parcel handling and delivery operations. The Department has already partnered with e-commerce majors such Amazon, Flipkart, e-bay, Snapdeal, Shopclues, Yepme etc. for delivering of their cash on delivery and pre-paid e-commerce consignments. More than ₹ 450 Crores have been collected by the Department for CoD consignments of various e-commerce partners in the current financial year.

Business Development and Marketing Directorate 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. BD & Marketing Directorate is also working on exploring new business areas by way of customizing its existing services/introduction of new services. For example, BD&M Directorate has taken following new initiatives to increase the revenue of the Department:

(a) Notices/Summons issued by Delhi High Court through Speed Post service with physical as well as electronic Proof of Delivery facility was started with effect from 03.02.2014. The service has been extended to Orissa High Court Cuttack with effect from 06.01.2015.

(b) Tie up has been made with Steel Authority of India (Marketing wing) for sending their articles through Speed Post issued by its various offices located across the country under a Single Point Account Management scheme.

(c) UIDAI has been mandated to give unique identification cards ("Aadhaar") to all Indian residents and is considering to post more than almost 70 crores Aadhaar letter in the next phase. The delivery of these Aadhaar letter through Speed Post is under active consideration by both the organizations.

(d) eIPO (Electronic Indian Postal Order) for Indian citizens living abroad for paying RTI fee online was launched on 22.03.2013. This facility has also been extended to Indian citizens living in India with effect from 13.02.2014. Department of Posts is also working on acceptance of the eIPO for paying the RTI fee by other State Governments.

(e) Besides the above, Department is also entering into tie-ups with third parties for use of Department of Posts network for selling their product/services through the Post Offices. Tie up has made with Railway Recruitment Boards, CBSE and various universities/institutions etc for collection of examination fee through ePayment service. These initiatives are expected to help the Department to increase its revenue outcomes and control the deficit.

(f) Considering the fact that more than 50% revenue of the Department is contributed by POSB, the Department is aggressively focusing on increasing the number of accounts under various schemes of POSB.

(g) The allotted targets for PLI & RPLI are also being actively pursued by the field units and regularly monitored by the Directorate. Publicity and marketing of various products and services of the Department, using the expertise of professional agencies, has also yielded good results in popularizing the services of the Department.

(Ministry of Communications & IT/ Department of Posts No.F.20-2/2014/BGT(PA)/1st Report dated 26-03-2015)

(Recommendation Sl.No.5)

Capital Outlay

It is disquieting to note that there has been a persistent shortfall in the utilization of funds allocated to the Department under Capital Section. During the year 2013-14, the allocation at BE stage was ₹ 433.31 crore which was reduced to ₹ 294.68 crore at RE stage while the actual utilization upto March, 2014 was ₹ 294.68 crore. The Committee find that during the years 2011-12, 2012-13 and 2013-14, owing to poor performance of the Department during the first six months of each year of the annual plans, the Ministry of Finance had to reduce the funds at RE stage. However, even the reduced allocation could not be fully utilized by the Department. According to the Department, funds under the Capital Section were largely earmarked for IT induction and Modernization scheme during the annual plan years. The under utilization of the funds have been attributed to non-materialisation of major activities under the project as anticipated. Evidently, it brings into question the efficacy of the implementation schedule formulated by the Department in the first two years of the plan period. The Committee have been informed that out of ₹ 518.30 crore capital outlay for the year 2014-15, ₹ 474.54 crore have already been allocated to different units of the projects. The Department reportedly stated that

they would be able to fully utilize the funds in a planned manner in the current year. Considering the paramount importance of successful implementation of the modernization project, the Committee recommends that the Department should firm up their planning process for optimal utilization of allocated funds and rejuvenate the extant monitoring mechanism. The Committee should be informed about the progress made in this regard.

(Recommendation Sl.No.5, Chapter-II of 1st Report of Standing Committee on IT)

Reply of the Government

1. The concluding phrase of the Para-5 speaks about firm processing planning to be undertaken by the Department to ensure optimal utilization of allocated funds and rejuvenate the monitoring mechanism and the Committee wants to know the action taken by the Department in this regard. The following response is submitted:-

1.1. It is admitted that the funds allocated for the IT Modernization Project during the Year 2011-12, 2012-13 and 2013-14 have not been fully utilized.

1.2. The IT Modernization Project is being implemented through eight different segments. During 2011-12, no tender could be finalized due to complex nature of RFPs, queries, clarifications sought by the bidders to understand and prepare for the bid documents. Last date for submission of bids was extended several times in almost all the RFPs to give ample opportunity and to ensure maximum participation.

1.3. During 2012-13, Four RFPs were finalized while fifth was finalized in 2013-14. The payment process involved a mandatory check of User Acceptance Test and Standardization Testing and Quality Certification by third party audit. This itself involves lot of time. Payment could be made only after finalization of due process. Since the scale of work is very large and complex, the process consumes lots of time and payment could not be made as planned in advance.

1.4. The different segments of the Project are interdependent. Though the Vendor for RSI was finalized it could not take off as the Vendor for RH was not selected. The delay in RH segment was due to non boarding of the selected Vendor in 2012-13. The Vendor's Performance Bank Guarantee was forfeited and was blacklisted. Similarly the Mail Operation Hardware Vendor after being selected did not turn up. This kind of eventualities could not be anticipated in advance and hence the funds allotted for those activities could not be utilized.

1.5. The completion time lines set for the implementation/commencement of Disaster Recovery Centre as 'March 2015' will not happen in the expected month due to public complaint about generator triggered air pollution/noise' issue, there was a little delay in ensuring functioning as expected. The issue is being resolved and Disaster recovery Centre will start its working very shortly. The table showing the implementation and O&M Phase timelines may please be read as follows.

Sl No.	Name of the segment	Completion of Implementation	Completion of Operation and Maintenance
1	Rural ICT- Application	Oct 2016	Oct 2025
2	Core System Integrator	June 2016	June 2021
3	Financial Solution	June 2016	May 2021
4	Data Centre & DRC	DC: Functioning DRC: Very	July 2020

		Shortly	
5	Network Connectivity	June 2015	Dec 2020
6	Rural H/W & Connectivity	Oct 2016	Oct 2021
7	Mail Operation Hardware	Sep 2015	Sep 2020
8	Change Management	Oct 2015	Oct 2015

2. Now all the eight segments have entered the implementation phase. The monitoring mechanism is in place. Project Coordination Committee and Various Project Implementation Committees set up at Directorate level and Circle Monitoring committee at Circle level and Regional Implementation Committees at regional level are closely watching the progress and vigorously monitoring the day to day happenings of the Project to ensure that the implementation is completed within the revised timelines set for the purpose and also ensure optimal utilization of allocated funds for the Project.

(Ministry of Communications & IT/ Department of Posts No.F.20-2/2014/BGT(PA)/1st Report dated 26-03-2015)

(Recommendation Sl.No.8)

Premium Services

Speed Post

The Committee note that Speed Post service was introduced in 1986 to provide a fast and time bound delivery service between seven major cities in the country. Since then, the network has been expanded across all major cities in the country. The Speed Post offers time bound and assured delivery of letters, documents and parcels weighing upto 35 kgs across the country and the delivery norms are fixed taking into account the fastest available mode of transport between stations. It is managed as a business service with a commercial approach in its operations and management. The Committee have been informed that at present, in the established courier market valued at around ₹ 5,200 crore, Speed Post has been generating revenues to the tune of ₹ 1,370 crore, which is around 26 per cent. The Committee find that the growth in revenue generated on Speed Post services during 2013-14 has drastically come down compared to the previous year. The Department need to be vigilant in arresting this downswing and take remedial steps to propel growth in revenues from this sector. In order to compete in this market, the Department have been focusing on specific expansion of Speed Post in different areas with specific thrust on technology. The Department are also focusing on bringing forth improvement in the quality of service of Speed Post as well as improving the business revenue from this sector since the courier market, parcel market, e-commerce and business mail are the four areas where market growth is very high. To meet the competition from private players, the Department have taken a number of steps for marketing and promotion of Speed Post service highlighting the features such as Track & Trace facility, volume based discount, free pick-up, credit facility, etc. For this purpose, Business Development & Marketing Directorate has formulated a Plan Scheme “Marketing Function of the Department” with the objective of enhancing the visibility and brand value of existing as well as new products of the Department. While appreciating the fact that the market share of the Department has shown a gradual increase in the recent years and taking

cognizance of the steps taken by the Department for marketing and promotion of Speed Post service, the Committee feel that there is tremendous scope for increasing the market share of the Department in this segment. The Committee recommend that the Department should highlight the value added features of Speed Post to popularize it amongst the target customers and leverage its vast infrastructure and manpower to improve its market share in the express industry which is expected to witness very high growth rate in the near future, especially with the emergence of e-commerce in India.

(Recommendation Sl.No.8, Chapter-II of 1st Report of Standing Committee on IT)

Reply of the Government

The marketing and product management efforts of India Post have resulted into a consistent Speed Post growth of for the past three financial years. Revenue generated through Speed Post during last 3 years is as follows:

Year	Revenue (₹ in crores)	Percentage increase in revenue
2011-12	889.64	18.80 %
2012-13	1261.47	41.79 %
2013-14	1369.10	8.53 %

Business Development and Marketing Directorate is working to provide more value additions and add-ons on existing products. Facility of tracking Speed Post articles by sending a SMS has been introduced. Department of Posts has also introduced FREE SMS alert to the MOBILE NUMBER of sender and addressee updated at the time of booking when the article reached the delivery Post Office as well as when it is delivered. A mobile application is also ready for roll out in order to enable the mobile users to easily track Speed Post, Registered articles and parcels.

(Ministry of Communications & IT/ Department of PostsNo.F.20-2/2014/BGT(PA)/1st Report dated 26-03-2015)

(Recommendation Sl.No.9)

Express Parcel and Logistics Post

Express Parcel and Logistics Post are two other important components of premium services. Express Parcel and Business Parcel Services were introduced w.e.f 02.12.2013 as a result of the rationalization of parcel products in place of Express Parcel Post. At present, Express Parcel Service is operational between 47 cities. The Committee have been informed that its coverage is being expanded Pan India w.e.f. 01.11.2014 to increase the revenue from the service. The Committee find that revenue generated from these services registered an increase from ₹ 71.80 crore in 2011-12 to ₹ 78.87 crore in 2012-13. However, there is a marginal slump in revenue in 2013-14 which stood at ₹ 77.63 crore. The Committee desire that with the rationalization of Express Parcel Services coupled with its national coverage, the Department

should monitor quality of performance of these services so as to give boost to revenue generation in the coming years.

(Recommendation Sl.No.9, Chapter-II of 1st Report of Standing Committee on IT)

Reply of the Government

Parcel products were rationalized in Dec. 2013 and Express and Business parcels services were introduced. In 2014-15, a revenue of ₹ 48.92 Crore has been generated till Dec'14 from these two parcel services. Express Parcel has been made available across the country w.e.f. 01.11.2014 only and traffic/revenue would be monitored for reviewing performance. In order to monitor the quality of performance of these services and to boost the revenue generation, the norms for delivery of Express and Business parcels have been fixed and regular monitoring is being done under Mail Network Optimisation Project (MNOP). Both these services are fully trackable online and quality monitoring is done at all levels using web based tools. New Parcel Centres are being set and existing ones upgraded in major cities across the country, in order to enhance the quality of service for Express Parcel and Business Parcels Electronic MIS is also made available to bulk customers. Further in order to address the customer's grievances, Speed Post and e-Commerce monitoring cells have been set up in Circles.

(Ministry of Communications & IT/ Department of Posts No.F.20-2/2014/BGT(PA)/1st Report dated 26-03-2015)

(Recommendation Sl.No.10)

The Committee are concerned to find that the revenue contribution of Logistics Post, i.e. ₹ 49.46 crore, showed an increase in 2012-13, but drastically came down to ₹ 15.25 crore in 2013-14. Regarding expansion of Logistics Post, a plan scheme for "Establishment and Upgradation of Parcel and Logistic Centres/Hubs/Warehouses" with an outlay of Rs. 66 crore has been approved for the 12th Five Year Plan. The Department proposed to establish 23 Logistics Posts/Warehousing Centres during the Plan period. The Committee are given to understand that while a Memorandum of Understanding has been signed with Air-India to provide transmission solutions to the customers under Logistics Post through Air between select 15 stations, transporters/logistics service providers have also been empanelled on select routes to assist in surface distribution of logistics services. The Committee would like to be apprised of the efficacy of the recent institutional arrangements under Logistics Post in enhancing the revenue portfolio of the Department.

(Recommendation Sl.No.10, Chapter-II of 1st Report of Standing Committee on IT)

Reply of the Government

Logistics Post Service has been introduced to leverage available resources in the Department. Revenue has been more or less stable in past three years except in 2012-13, when a large project of distribution of RGI census material was done.

<u>S.No.</u>	<u>Year</u>	<u>Revenue Earned (in Crore)</u>
1.	2011-12	15.93
2.	2012-13	49.46
3.	2013-14	15.25
4.	Upto December 2014	13.16

The 12th Plan Scheme for Establishment of Parcel Booking Centres and Logistics Post /Warehouse Centre mainly covers establishment and up-gradation of Parcel Booking Centres/Logistics Centres and Warehouses. Setting up of Logistics Post Centres is a component

of this scheme with financial outlay of ₹ 10 Crore. Keeping in view the emerging e-commerce market, the emphasis has been given on setting up of Parcel booking centres. Circles have been directed to utilize the services of the empanelled transporters for the business needs to accomplish the objective of revenue generation.

(Ministry of Communications & IT/ Department of Posts No.F.20-2/2014/BGT(PA)/1st Report dated 26-03-2015)

(Recommendation Sl.No.12)

Estates Management

Encroachment

12. The Committee are deeply concerned to note that out of a total of 1797 vacant plots available with the Department of Posts in 22 postal circles, 241 plots (i.e. 13.41 per cent) are under encroachment. The situation is more worrisome in the States of Karnataka, Bihar, Rajasthan and Andhra Pradesh, including Telangana where 39, 28, 26 and 24 plots, respectively, are under encroachment. On specific measures to reclaim the land from encroachers, the Committee note that the Department of Posts have issued necessary directions to the Heads of Postal Circles that eviction of unauthorized personnel from the encroached land may be undertaken with the assistance of law enforcement agencies. It is also proposed to construct boundary walls on all the Departmental vacant plots where there is no boundary wall/ barbed wire. To prevent further encroachment, Committee note that there is a proposal to construct 175 boundary walls at an outlay of ₹ 15 crore during the 12th Five Year Plan. The Committee are constrained to note that the issue of safeguarding the land assets of the Department has been dragging on for so long and stress that the procedure for eviction of unauthorized encroachers may be expedited. Further, the erection of boundary wall fencing may be taken up on a priority basis to prevent the occurrence of any fresh encroachment and also to ensure that the Department are spared the arduous task of reclaiming the encroached property.

(Recommendation Sl.No.12, Chapter–II of 1st Report of Standing Committee on IT)

Reply of the Government

- i. (a) The Circles have been directed to expedite the process of eviction of unauthorized personnel from the encroached land of the Department, by seeking assistance of the law enforcing agencies. For speedy disposal of the entire Sub judice/disputed cases regular follow up is being done and the cases are being closely monitored.
(b) Instructions stand issued to all Heads of Circles to direct postman/delivery staff under whose jurisdiction the vacant land falls for regular ward and watch during his visit to the beat for letter delivery to guard against future encroachments.
- ii. To protect the vacant plots from encroachment, boundary walls on important/sensitive plots are being constructed subject to availability of plan funds. Further the building projects on the vacant lands have started to make use of the property. The total number of building projects completed in 2012-13 is 20 which include 16 Post Office buildings, 1 Administrative building and 3 staff quarters. In the year 2013-14, 5 building projects have been completed. Further the construction of boundary walls have also been done in the past two years and 30 boundary walls in 2012-13 and 3 boundary walls in 2013-14 have been completed. During the current financial year, funds to the tune of ₹ 4 Crs. have been allotted for construction of 93 boundary walls around vacant plots in Circles.

(Recommendation Sl.No.14)

Post Offices operating from rented accommodation

The Committee note that a total of 21,003 Post Offices in the twenty-two postal circles are operating from rented accommodation and the Department have incurred ₹ 54.55 crore in 2011-12, ₹ 62.09 crore in 2012-13 and ₹ 69.49 crore in 2013-14 towards payment of rent during the last three years. The postal circles of Tamil Nadu, U.P., Andhra Pradesh, including Telangana State, and West Bengal have highest number of offices operating from rented accommodation and their numbers are 2325, 2241, 2125 and 1533, respectively. The Committee observe that in the postal Circles of Tamilnadu and Andhra Pradesh, including Telangana State, both the number of vacant plots available with the Department and the number of Post Offices operating from rented accommodation are amongst the highest. In Tamil Nadu circle, the Department have 143 vacant plots while 2325 post offices are operating from rented accommodation. In Andhra Pradesh, including Telangana State, the Department have 218 vacant plots while 2125 post offices are operating from rented accommodation. The Committee recommend that the project mooted for utilization of vacant land should include proposals for construction of office buildings in those States where there is substantial outgo of revenue in the form of rent. Planning may also be made for other States depending upon availability of funds and on the premise of cost-benefit analysis. The Department can ill-afford to pay a huge rent on the one side and keep their land meant for office buildings lying vacant for years together on the other. It is, therefore, essential to take urgent steps in the matter. The Committee would like to be outcome in this regard.

(Recommendation Sl.No.14, Chapter–II of 1st Report of Standing Committee on IT)

Reply of the Government

The project for construction of post office buildings are mooted based on the priority list taking into account availability of clear title of land, threat to the land from encroachers, non-availability of the Departmental building in the commercial/ business area, higher rental liability for the buildings and priority is given towards bigger offices such as Head Post Office, Mukhya Dak Ghar (MDG), Higher Selection Grade Post Office, Lower Selection Grade Post Office, etc. depending on the Plan Fund made available and cost-benefit analysis for the construction of building under 12th Five Year Plan. Accordingly, a priority list of 75 locations has been drawn out by the Department which ensures that a good share of the buildings are constructed in the states like Tamil Nadu, Uttar Pradesh, Andhra Pradesh including Telangana and West Bengal where the maximum number of post office buildings, which are functioning in rented buildings and vacant lands are available. The number of projects in Tamil Nadu is six, Uttar Pradesh five, Andhra Pradesh including Telangana State is eight and West Bengal is seven. Thus a total of 26 projects are from these four Circles (5 states) constituting 35% of the total share. The construction of the Post Office buildings will be carried forward to the XIIIth Five Year Plan subject to availability of funds. A final outlay of ₹. 85.32 crores were made available for construction/ reconstruction of 75 post office buildings all over India in 22 Postal Circles.

(Ministry of Communications & IT/ Department of Posts No.F.20-2/2014/BGT(PA)/1st Report dated 26-03-2015)

(Recommendation Sl.No.15)

Franchise Outlets

The Committee note that the Franchise Scheme of the Department is a commission based scheme which is being implemented as one of the activities/ sub-schemes under the Plan Scheme-“Rural Business & Access to Postal Network” during the 12th Plan with the objective of increasing access to the postal facilities in urban and semi-urban areas where there is need and justification for opening of post offices but the Department is not in a position to do so for some reasons. In this regard, the Committee note that there is a proposal for opening of 1,050 new Franchise Outlets during the 11th Plan period. The Committee appreciates the efforts of the Department in opening of Franchise Outlets during 2012-13 and 2013-14 wherein the Department have merged to open 255 and 200 Franchise Outlets as against the targets of opening of 250 and 200 Franchise Outlets. The Committee feels that the Franchise Outlet Model provides a good alternative in areas where there is a need and justification of opening of new post offices but the Department is unable to do so. The Franchise Outlets model provide a low cost solution since the Department do not incur any cost towards setting up and running the Post Office and the private party is paid commission on the number of articles sold/ services rendered to the customers. The committee find that the scheme encourages private participation in the activities of the Department and feel that it must be encouraged to ensure improved coverage by the India Post network. The committee would like to be apprised of the overall performance of the Scheme.

(Recommendation Sl.No.15, Chapter-II of 1st Report of Standing Committee on IT)

Reply of the Government

The objective of the Department's Franchise Scheme is to increase access of basic postal facilities in areas where there is need and justification for opening of post offices but Department is not in a position to do so for some reason. The year-wise targets for opening of new franchise outlets during 2015-16 & 2016-17 are as under:

2015-16	2016-17
200	200

Recently in pursuance of the direction of Hon'ble Prime Minister, the Franchise Scheme has been revised to make its procedures simpler and more attractive to potential franchisees. Further, the coverage of the Scheme has been extended to rural areas. There are two types of franchisees under the revised Franchise Scheme-

- (i) Counter services through Franchise Outlets in urban and rural areas where there is demand for postal services, but a post office cannot be opened.
- (ii) Sale of postal stamps and stationery through Postal Agents in urban and rural areas.

Details of the revised Franchise Scheme has already been circulated to all Heads of the Postal Circles vide letter dated 25.11.2014 with directions to take appropriate actions for implementation of the same with immediate effect. It has also been requested to launch publicity drive [including advertisement in local media] to spread awareness among people about the scheme. Details of the scheme also made available in the Department's Website [www.indiapost.gov.in/ revised franchise scheme](http://www.indiapost.gov.in/revised_franchise_scheme), for public information and create awareness among people.

Since the Franchise Scheme has been made simpler and also since its coverage now extends to both urban and rural areas, it is expected that more number of new franchise outlets will be opened in the coming years. The projected number of 1050 for the 12th Five Year Plan is therefore likely to be exceeded giving impetus to extension of access to postal services.

(Recommendation Sl.No.16)

Postal Life Insurance

The Committee note that the Postal Life Insurance (PLI) is amongst the few services offered by the Department of Posts which makes a significant contribution to the revenue of the Department. The target customers for PLI include employees of State/Central Government, PSUs, Defense and Paramilitary forces, autonomous/local bodies, public and private sector banks, Credit cooperative societies, Joint Ventures having a minimum of 10% stakes, CBSE/AICTE/ICSE/MCI, accredited institutions etc. The Committee find that in terms of the number of policies, PLI and RPLI hold the second position after the LIC. The share of PLI and RPLI in the Life Insurance Industry in terms of policies is 295.04 lakhs as on 31.03.2014 which is 10.24% of the market share. In terms of premium income, the position as on 31.03.2014 was ₹ 7634.45 crore which is 2.53% of market share for Life Insurance. The Committee also note that the number of PLI policies has increased from 52,19,326 in 2012-13 to 62,72,169 in 2013-14. The number of RPLI policies has also increased from 1,46,64,650 in 2012-13 to 2,32,32,236 in 2013-14. The Department are stated to have taken a number of steps to popularize the scheme amongst the targeted beneficiaries, such as release of advertisements and publicity through various channels, finalizing a media agency for ensuring adequate publicity to the target clientele, computerization of all activities related to policy servicing and premium payments, TV commercials and Radio Jingles, coupled with publicity in print media, social media, mobile application, etc. Since Postal Life Insurance is a major source of revenue for the Department, the Committee recommend that all out efforts should be made to popularize the scheme amongst the target customers. The Department may also look at ways to diversify the intended customer base through inclusion of new categories in the list of eligible segments along with competitive marketing of the various insurance products on offer.

(Recommendation Sl.No.16, Chapter–II of 1st Report of Standing Committee on IT)

Reply of the Government

The following steps have been taken by the Department to popularize the scheme amongst the targeted customers -

(a) 360 degree publicity of PLI & RPLI products through all available channels of publicity i.e. Print media, Television, Radio, outdoor media, SMS etc on regular intervals within the available outlays/funds at National/Directorate level. Specific awareness creation print advertisements are issued on special occasions;

(b) Publicity guidelines have been issued to all Circles to popularize the PLI/RPLI schemes through localized publicity campaign such as PLI & RPLI Melas so as to ensure publicity up to last mile, setting up of rural infrastructural facilities such as Bus shelters etc, distribution of leaflets /brochures amongst clientele group ;

(c) Postal Life Insurance (PLI) was introduced on 1st February 1884 as a welfare scheme for the benefit of Postal employees. Gradually its benefits were extended to covers employees of Central and State Governments, Public Sector Undertakings, Universities, Government aided educational institutions, Nationalized Banks, Local bodies etc. During 2011 scope of PLI was further expanded to provide insurance coverage to:(i)Employees engaged/ appointed on contract basis by Central/ State Governments, where the contract is extendable, (ii) Employees of Joint Ventures in which Central/ State Governments/ Public Sector Undertakings/ Nationalized Banks

have minimum holding of 10 percent, (iii) Members/ employees of Credit Cooperative Societies and other cooperative societies registered with Government under the Cooperative Societies Act and partly or fully funded from the Central/ State Governments/ RBI/ SBI/ Nationalized Banks/ NABARD, and other such institutions notified by Government, (iv) Employees of Deemed Universities and Educational Institutes accredited by recognized bodies such as National Assessment and Accreditation Council, All India Council of Technical Education, Medical Council of India, etc. and/ or affiliated to Universities/ Boards, etc (v) Employees of all Scheduled Commercial Banks. Further, the proposal of expanding scope of PLI would be examined keeping in view the market demand and solvency of funds based on recommendations of Actuary.

(Ministry of Communications & IT/ Department of Posts No.F.20-2/2014/BGT(PA)/1st Report dated 26-03-2015)

(Recommendation Sl.No.17)

Postal Life Insurance – Withdrawal/Surrender of PLI/RPLI policies

The Committee also note that there is an upward trend in withdrawal/surrender of PLI and RPLI policies by the customers. The number of surrendered PLI policies has increased from 14,200 in 2011-12, 15,417 in 2012-13 to 17,891 in 2013-14. The number of surrendered RPLI policies has also increased from 28,776 in 2011-12, 33,788 in 2012-13 to 38,250 in 2013-14. The Department have taken various initiatives to check the growing withdrawal/surrender of PLI/RPLI policies which include educating Policy holders to seek/apply for loan against the policy instead of surrender of policy in case of immediate financial need, helping policy holders to reduce the sum assured/value of policy thereby reducing the premium income in case they find it difficult to pay the higher premium and customer awareness and education in insurance products. The Committee recommend that the Department should make strenuous efforts to stem the rise in withdrawal/surrender of PLI/RPLI policies. Simultaneous efforts towards effective marketing of insurance products along with measures to prevent surrender/withdrawal of PLI & RPLI policies should be pursued to ensure that the customer base in PLI/RPLI keeps on growing, generating the much needed revenue for the Department of Posts.

(Recommendation Sl.No.17, Chapter–II of 1st Report of Standing Committee on IT)

Reply of the Government

In order to prevent/restrict the following steps are being taken to prevent withdrawal/surrender of PLI/RPLI policies:-

- (i) Policy holders are being educated to seek/apply for loan against the policy instead of surrender of policy in case of immediate financial need. Insurants are also informed about the surrender value which is very less in proportion to maturity value.
- (ii) Policy holders are being advised to reduce the sum assured/value of the policy thereby reducing the premium income in case they find it difficult to pay the higher premium.
- (iii) All out efforts being made for customer education & sensitizing.

(Ministry of Communications & IT/ Department of Posts No.F.20-2/2014/BGT(PA)/1st Report dated 26-03-2015)

(Recommendation Sl.No.20)

Speed Post Cash on Delivery (SP-CoD)

The Committee note that logistics, payment mechanism and information flow are crucial for e-Commerce and are developing to keep pace with the fast emerging e-Commerce market.

Due to the increasing penetration of e-Commerce in the Indian market, shopping trends are changing comprehensively and people prefer to shop online and make payment at the time of delivery. Payment through Cash-on-Delivery is a very prominent feature of the Indian e-Commerce market. The Committee are pleased to note that the DoP launched the Cash on Delivery facility of Speed Post and Parcel products on 2nd December, 2013 and till September, 2014, ₹ 254 crore was collected and paid to e-Commerce and other digital commerce companies for Business Parcel. The Committee appreciate the efforts of the Department towards electronic capacity building in the network for CoD facility for which a national capacity building exercise was also conducted by the Department for Speed Post Cash on Delivery facility in September, 2014. The Committee, while observing that at present the Department are in touch with various e-Commerce companies for providing distribution solutions, trust that the Department would further strengthen its efforts in this direction to rope in different e-Commerce companies offering them distribution solution through its Speed Post Cash on Delivery facility.

(Recommendation Sl.No.20, Chapter-II of 1st Report of Standing Committee on IT)

Reply of the Government

Cash on Delivery facility of Speed Post and parcel products was launched on 02.12.2013. The Department is working towards electronics capacity building in the network of COD facility. National capacity building exercises are being conducted for Speed Post Cash on Delivery facility to strengthen the service. At present Department is in touch with various e-commerce companies using Speed Post for providing distribution solution alongwith COD facility.

(Ministry of Communications & IT/ Department of Posts No.F.20-2/2014/BGT(PA)/1st Report dated 26-03-2015)

(Recommendation Sl.No.22)

Miscellaneous

Gramin Dak Sewaks

The Committee note that out of 1,54,856 Post Offices, 1,29,388 (83.55 %) are Gramin Dak Sewak Post Offices and at 2,63,599 out of 4,66,301 employees, Gramin Dak Sewaks constitute 56.33 per cent of the total workforce. In essence, 56.33% of the workforce comprised of GDS is employed in 83.55% of the Post Offices which are mostly located in the rural areas and which serve the bulk of the population. The Committee feel that Gramin Dak Sewaks play an important role in the postal network by providing the last mile reach to areas which are unviable/unattractive to the private courier services and ensure access to the remotest parts of the country. The Committee also note that a Memorandum had been received by the Department from the Gramin Dak Sewak Employees requesting that their category may also be included in the Seventh Central Pay Commission and that they should be given pay and other facilities as per regular Departmental employees. The Department have also informed the Committee that whenever a Central Pay Commission is constituted, the Department of Posts have been constituting a separate committee to decide on the pay and other facilities to be provided to the Gramin Dak Sewaks. Consequently, action is underway in the Department for constituting a GDS committee to look into the wage structure, emoluments and other service conditions of the GDS employees. It is imperative that the genuine concerns of more than half the workforce of the Department are addressed in a fair and judicious manner so that this critical section of the workforce do not feel left out vis-à-vis the regular Departmental employees and realize that they are equal stakeholders in the Department of Posts. While recognizing the important role played by Gramin Dak Sewaks who constitute the backbone of the Department in the rural areas, the

Committee urge the Department that their genuine needs/grievances may be addressed on a priority basis.

(Recommendation Sl.No.22, Chapter-II of 1st Report of Standing Committee on IT)

Reply of the Government

The Department has been taking steps to look into the welfare and other service conditions including the pay & allowances of GDS. A memorandum had been received from GDS Employees requesting that their category be also included in the Seventh Central Pay Commission and that they should be given pay and other facilities as per regular Departmental employees. Accordingly, the matter was referred to the Department of Expenditure, Ministry of Finance for including GDS in the 7th Pay Commission, but MoF rejected the proposal. However, as agreed with the staff side during the PJCA meeting, it was decided to refer the matter back to MoF for reconsideration of its decision. The matter has therefore being referred to Department of Expenditure with request to include GDS in the 7th Pay Commission. Final reply from MoF is still awaited. The GDS employee forms a distinct and separate category in the Department of Posts. They are not regular Government employee but are engaged on a part time basis, mostly in rural areas for providing postal services to the rural public, The GDS employee in addition to working for the DOP also have their own means of livelihood and also pursue any further means of livelihoods. In fact, it is mandatory that a candidate has an independent means of livelihood, before they can be considered for engagement as GDS Employee.

(Ministry of Communications & IT/ Department of Posts No.F.20-2/2014/BGT(PA)/1st Report dated 26-03-2015)

CHAPTER III

RECOMMENDATION/OBSERVATION WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES OF THE GOVERNMENT

-Nil-

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

(Recommendation Sl.No.6)

Review of Plan Schemes

IT Induction & Modernization

The Committee note that the Eleventh Plan envisaged extensive technology up gradation and modernization in the Department of Posts. IT Induction schemes were taken up in two phases in the 11th Plan and it is being continued in the 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, Disaster Recovery Centre. Eight Requests for Proposals (RFPs), viz., Change Management (CM), Rural Hardware (RH), Rural System Integrator (RSI) and Mail Operation Hardware (MOH) were floated as proposed in the Detailed Project Report (DPR) and are pending finalization at various stages. The Committee also note that IT Induction and Modernization is an important scheme of the DoP that got the maximum outlay amongst all the schemes for the Twelfth Five Year Plan. However, the percentage achievement which ranged between 5.06% and 47.88% during 2012-13 and 2013-14, when compared with BE, depicts a dismal picture. According to the Department, the factors responsible for the delayed implementation of IT Modernization Project broadly relate to reviewing the entire project on account of complaints received during the process of procurement, delay in finalization of the RFPs, etc. As a result of this delay, the time line approved by the Cabinet in November, 2012 for implementation/roll out/completion of the project got adversely affected. The Committee is concerned to find that out of over 1, 54,856 post offices, only 25145 Departmental post offices have been computerized and 25195 locations have been electronically networked. About computerization and networking of the remaining extra Departmental/rural post offices, it has been stated that the work will be undertaken after finalization of the RFP Contract with vendors of Rural Hardware and Rural System Integrator. The Department is yet to obtain approval for revised timelines for the project. The Committee, however, takes note of the fact that project activities have gained momentum in the year 2013-14 and all efforts should be made to finalize RFPs in the current fiscal. The Committee would like to be appraised of the revised timelines set for the project along with plans of the Department to accomplish the modernization project within the envisaged time frame.

(Recommendation Sl.No.6, Chapter-II of 1st Report of Standing Committee on IT)

Reply of the Government

IT Modernization Project, which has been approved in November 2012, with a total outlay of Rs 4909 Crore, is in implementation phase. Rural Hardware contract has been finalized and the work has been awarded to M/s Telecommunications Consultants India Ltd on 24-11-2014. Implementation of this segment has also begun. Under this segment supply and installation of various hardware will start from the month of April 2015. The implementation of Rural System Integrator, for which contract was signed on 28-02-2013, which was kept on hold to align with the Rural hardware RFP, has also started work in alignment with the Rural Hardware RFP. After complete implementation of Rural ICT project, all the 1,29,389 extra Departmental Branch Post Offices will be computerized and networked by the end of October 2016.

Taking in to account the present implementation status of all the eight segments of the Project, the following timelines are being set for completion of implementation and O&M Phase.

Sl No.	Name of the segment	Completion of Implementation	Completion of Operation and Maintenance
1	Rural ICT- Application	Oct 2016	Oct 2025
2	Core System Integrator	June 2016	June 2021
3	Financial Solution	June 2016	May 2021
4	Data Centre & DR	DC is operational DRC Mar 2015	July 2020
5	Network Connectivity	June 2015	Dec 2020
6	Rural H/W & Connectivity	Oct 2016	Oct 2021
7	Mail Operation Hardware	Sep 2015	Sep 2020
8	Change Management	Oct 2015	Oct 2015

The Project Coordination Committee and Various Project Implementation Committees set up at Directorate level and Circle Monitoring committee at Circle level and Regional Implementation Committees at regional level are closely watching the progress and vigorously monitoring the day to day happenings of the Project to ensure that the implementation is completed within the revised timelines set for the purpose.

(Ministry of Communications & IT/ Department of Posts No.F.20-2/2014/BGT(PA)/1st Report dated 26-03-2015)

Comments of the Committee (Please see Para No. 11 of Chapter I)

(Recommendation Sl.No.13)

Utilization of Vacant Land

What is further disquieting to note is that as on 01.04.2014, 1797 plots measuring 672.12 acres of land are lying vacant with the Department. Out of this, 371 plots are situated at prime locations. In this context, the Committee have been informed that a proposal for commercial utilization of vacant land under Public Private Partnership

(PPP) mode was approved by the Cabinet for setting up of a Special Purpose Vehicle (SPV), wholly owned company with limited liability for optimum development management of postal estates. The Plan of Action was stated to have been initiated in pursuance of the decision of the Committee of Secretaries in its meeting held 20.05.2009. Based on inputs received from the Circles, the Department learnt that few vacant lands could be utilized for (PPP) purpose. All these plots were originally allotted for construction of buildings for postal operations and these lands could not be used for any other purpose as per allotment terms and conditions, or else the allotment will get cancelled automatically. Moreover, State Governments are reportedly not inclined to change the type of use of these lands situated on prime locations due to their own interest in PPP brand initiatives. In view of these developments, the entire project is being re-looked at by the Department. The Committee are very dissatisfied at the whole sequence of events regarding action taken for utilization of land under PPP which reflects poorly on the estate management of the Department. The procedural bottlenecks encountered in the process should have been taken care of by the Department while formulating the project proposal. Emphasizing expeditious utilization of vacant land and to avoid its possible encroachment in future recommend that a viable project be conceived with due diligence to give effect proposal to the project should be completed in a time bound manner and the Committee be apprised of the progress made in this regard.

(Recommendation Sl.No.13, Chapter-II of 1st Report of Standing Committee on IT)

Reply of the Government

In this context, it is intimated that a revised/new viable proposal will be prepared/projected once a decision regarding finalization of Public Private Partnership (PPP) is taken by the competent authority and intimated to the Cabinet.

(Ministry of Communications & IT/ Department of Posts No.F.20-2/2014/BGT(PA)/1st Report dated 26-03-2015)

Comments of the Committee

(Please see Para No. 14 of Chapter I)

(Recommendation Sl.No.19)

Priority Areas in DoP

e-Commerce Sector

The Committee note that the Department are exploring new business opportunities to augment its revenue generation. The Department have identified 'Capturing e-Commerce Markets' as a priority area and have constituted a Task Force to facilitate their course of action. The Committee find that the Department are in touch with various e-Commerce companies using Speed Post for providing distribution solutions along with the Cash-on-Delivery (CoD) facility. The Committee are aware that with the advent of new age communication technologies, the decline of ordinary mail has emerged as a global phenomenon even as the emerging e-Commerce market and the resultant increase in parcel business is being pursued by Postal Organizations across the world. Of late, the e-Commerce market in India is also expanding at an exponential rate. After the Metros and Tier-I cities, the next wave of growth in e-Commerce is expected to come from Tier-II/III cities and the rural areas. The Committee recognize that the major players in the e-Commerce market are eyeing the Department of Posts for delivery of their products to the

Tier-2/3 cities and rural areas, leveraging the vast reach of the Department through its large postal network to access this untapped market. The Committee feel that this is precisely the area where the strength of the Department of Posts lies. The Committee are convinced that the emergence of e-Commerce in India has presented a great opportunity to the Department of Posts to leverage its huge postal network to cater to the parcel business generated through expansion of e-Commerce. As e-Commerce picks up in India, substantial business is expected to originate from Tier-II/III cities and the rural areas where the Department of Posts face minimal/no competition due to the limited coverage of these areas by private players/courier companies. The Committee, therefore, stress that the Department should focus on the e-Commerce sector to garner maximum business from this sector and become a partner of choice for the e-Commerce companies desirous of catering to the e-Commerce business emanating from the Tier-II/III cities and the rural areas of the country.

(Recommendation Sl.No.19, Chapter–II of 1st Report of Standing Committee on IT)

Reply of the Government

Growth of e-commerce has provided a new window of opportunity for postal players worldwide, and Asia Pacific in particular. There is a huge untapped market for Department of Posts to provide delivery services to such firms targeting customers in ‘B’ & ‘C’ class cities and rural areas. Department of Posts is closely studying and examining the market dynamics to make the services in tune with the requirements of online shopping companies to offer safe, secure and reliable delivery options alongwith a reliable and economical remittance solution for the amount collected towards cost of goods at the time of its delivery so that Department can increase its share in delivery of goods ordered online. Tie-ups have been made with various e-commerce companies viz. Amazon.in, Snapdeal.com, Shopclues.com, M/s Naaptol, HomeShop 18, Telebrands etc.

(Ministry of Communications & IT/ Department of Posts No.F.20-2/2014/BGT(PA)/1st Report dated 26-03-2015)

Comments of the Committee (Please see Para No. 17 of Chapter I)

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES ARE OF INTERIM IN NATURE

(Recommendation Sl.No.7)

Post Bank of India

The Committee note that over the many decades of its operation, the DoP has developed numerous intrinsic strengths relevant to banking operations that can be utilized by the proposed bank while it creates its own capabilities in core areas of banking, to ensure that the synergy fulfils the country's agenda of promoting inclusive banking. The Department of Posts possess various advantages such as a large existing customer base of 31 crore accounts across savings bank and savings certificates, an unparalleled wide distribution network having 1.54 lakh points of presence and last mile reach through the Gramin Dak Sewak (GDS) network, an established brand equity of India Post, experience in financial services having ₹ 6,00,000 crore in outstanding balances across savings accounts, experience in life insurance, remittances services, a strong and established governance framework and the upcoming technological initiatives. In line with this, the Committee are of the view that the Department should make all efforts to enter the banking domain so that these inherent strengths can be leveraged/utilized to bring in the large un-banked population within the ambit of formal banking to further the objective of financial inclusion. The Committee also note that the Department of Posts employ about 1.3 lakh Gramin Dak Sewaks (GDS) and plan to utilize their services as Business Correspondents (BCs) for the last mile reach in the rural areas. On an average, there are approximately 200 GDS for every district of India, with the majority of this presence in un-banked rural regions. The Banking Correspondents can foster the Government's financial inclusion agenda by providing simple yet the complete suite of financial products, including Deposits, Loans, Insurance, Remittances, Government subsidies and benefits and Pension products. While they are already providing quite a few of the above mentioned services, PBI would complete the suite by providing credit facilities to the un-banked masses through the effective use of local GDS knowledge and formation of Joint Liability Groups, as per the requirement. The DoP are also planning to equip the Gramin Dak Sewaks with hand-held devices to facilitate their postal as well as banking transactions. Regarding the present status of the setting up of the proposed Post Bank of India, the Committee note that on the recommendation of the High Level Committee set up by the RBI on issuing banking licence to DoP, the consultation with Government took place in the Public Investment Board meeting held on 1.5.2014 wherein it was *inter-alia* recommended that the DoP may work out a viable business model incorporating the ingredients of a 'narrow banking model' or the 'differentiated banking model' with specific objectives in mind and apply afresh for the license as per the RBI guidelines on 'differentiated banking', as and when notified. The Committee have been informed that the DoP will take a decision on submitting a fresh application for banking license when the final guidelines are published. The Committee are of the view that the Department of Posts have unmatched presence in the rural areas of the country and this presence is stronger than the branch network of any Bank/Financial Institution in India, thereby providing the Post Bank of India with a unique opportunity to meet the financial inclusion agenda of the Government as a single entity. The Department should seize this opportunity and utilize the services of Gramin Dak Sewaks as Business Correspondents for the proposed Post Bank of India. The Committee would like to be apprised of the progress made in this regard.

(Recommendation Sl.No.7, Chapter-II of 1st Report of Standing Committee on IT

Reply of the Government

The following developments have taken place after the previous appraisal about the implementation of the plan project i.e. setting up of Post Bank of India was made to the Standing Committee on Information Technology (2014-15) on Demands for Grants (2014-15) relating to the Ministry of Information Technology (Department of Posts).

1. The Reserve Bank of India vide its press release No. 2014-2015/1089 dated 27.11.2014 published in its website the final guidelines for licensing of payments Banks and has called for applications along with business plans and other requisite from eligible promoters before the closure of its business on 02.02.2015. Accordingly the fresh application seeking licence for setting up Post Bank of India under the rubric of Payments Banks has been submitted to RBI on 30.01.2015 with due approval.

2. Mention in budget speech:-

However a mention about proposal of Department of Posts to set up Payments Banks has been made by Hon`ble Finance Minister in his Budget Speech 2015-16 dated 28.02.2015 which has been published in the website of Ministry of Finance. Relevant portions are reproduced hereunder for information:-

Para (37) of Budget 2015-16 speech of Shri Arun Jaitley, Hon`ble Finance Minister on 28.02.2015. “The Government is committed to increasing access of the people to the formal financial system. In this context, Government proposes to utilize the vast Postal network with nearly 1,54,000 points of presence spread across the villages of the country. I hope that the Postal Department will make its proposed Payments Bank venture successful so that it contributes further to the Pradhan Mantri Jan Dhan Yojana”.

As per the approved detailed project report for the Payments Bank, the services of Gramin Dak Sevaks in rural areas shall be utilized as Business Correspondents for the Payments Bank.

(Ministry of Communications & IT/ Department of Posts No.F.20-2/2014/BGT(PA)/1st Report dated 26-03-2015)

(Recommendation Sl.No.11)

Setting up of Automated Mail Processing Centres (AMPCs)

The Committee observe that as part of the Eleventh Plan scheme, 2 new AMPCs were established in New Delhi and Kolkata in the year 2012-13 and it is proposed to set up four more AMPCs at Mumbai, Chennai, Hyderabad and Bengaluru during the Twelfth Plan period. The AMPCs at Delhi and Kolkata have helped the Department in consolidating the mail office (processing) network in these cities as multiple offices have been combined into single processing units. The setting up of AMPCs on a similar pattern in Mumbai, Chennai, Bengaluru and Hyderabad would help the Department in consolidation of intra-city mail network in these cities and would lead to an optimized processing facility. This would also help in optimal utilization of transport schedules in

these cities. As the Department expects volumes of e-commerce driven shipments to grow in these cities, the enhanced capacity in the shape of automated sorting would lead to expeditious processing and delivery of parcels, in addition to other categories of mail. The processing capacity of the machines is much faster leading to expedited delivery of mail. Besides, mail and parcels from nearby areas of these cities can also be consolidated in the proposed centres. The Committee take note that the setting up of the AMPCs as a part of the Mail Network Optimization Project would improve the mail delivery in a significant manner and bring in efficiency in the core activity of the Department, viz. processing, transmission and delivery of mails by speeding up the entire process through mechanization. The Committee feel that the significance of setting up of more AMPCs in improving and speeding up the delivery of mails cannot be over emphasized and therefore recommend that the setting up of AMPCs in Mumbai, Chennai, Bengaluru and Hyderabad needs to be expedited and the Committee be informed of the progress made in this regard. The Committee also emphasis that the proposed infrastructure upgrade at mail offices and upgradation of 50 Business Post Centres (BPCs) as planned in the year 2014-15 be completed as per envisaged schedule.

(Recommendation Sl.No.11, Chapter–II of 1st Report of Standing Committee on IT)

Reply of the Government

The approved plan scheme for setting up of AMPCs at Mumbai, Chennai, Bangalore and Hyderabad is under progress. The land at Hyderabad is under possession of DOP and procurement of land at Bengaluru, Mumbai and Chennai is in advanced stage. The expression of Interest (EOI) was floated for hiring consultant for project and four consultancy firms have been shortlisted for issue of RFP. The RFP for vendor shall be issued after having the consultant on board. The upgradation of 50 BPCs is under process and shall be completed by 31st March, 2015.

(Ministry of Communications & IT/ Department of Posts No.F.20-2/2014/BGT(PA)/1st Report dated 26-03-2015)

(Recommendation Sl.No.18)

Computerization of services offered through Postal Life Insurance

The Committee note that the Department have been able to meet the long pending demand for facility of online viewing and payment of premium of PLI/RPLI policies by the customers. The Committee have been informed that since February, 2014, a pilot project for the implementation of a new Core Insurance Solution has been rolled out in 127 Head Post Offices and 3,500 Departmental Post Offices in the States of Assam, Delhi, Karnataka, Maharashtra, Rajasthan, Tamil Nadu and Uttar Pradesh. Over the next one year, the Core Insurance Solution will be rolled out in the remaining States of India. The system will allow processing and claim settlement work to be decentralized to 810 Head Post Offices all over the country. It will also have multiple payment options for customers as well as facility for viewing policy details online, web and mobile portals. A call centre will also be put in place during the current financial year. While appreciating the initiatives of the Department, the Committee recommend that the implementation of Core Insurance Solution may be expedited to enable the customers to view and pay their PLI/RPLI policies premium online

from the comfort of their home. The Committee are of the firm view that such steps would make the PLI products more accessible and user-friendly which in turn, will increase their popularity amongst the targeted customers.

(Recommendation Sl.No.18, Chapter–II of 1st Report of Standing Committee on IT)

Reply of the Government

All the **PLI/RPLI** operations are being further automated under FSI Project 2012 which was completed in Pilot offices on 24th March 2014. In phase I Postal Circles, the roll out is likely to be completed by June 2015. The Business processes developed for the new PLI Software in the FSI project involve all processing work to be done at CPCs with provision for online approval by the competent authority without any physical movement of files beyond CPC's. Data entry work of new proposals will be minimal since the software will scan and read the information on Insurance proposals directly and populate the various tables having the state of art technology and integration of all processes as prevalent in other insurance companies. The project is in Phase-I and likely to be completed by December 2015.

The implementation of FSI project will have the major facilities as follows:

- (i) Premium payment options- ECS, Debit/Credit Card, Net Banking, EFT (POSB account) and at Kiosks through ATMs.
- (ii) Facility to view policy details.
- (iii) Claim payment through NEFT.

(Ministry of Communications & IT/ Department of Posts No.F.20-2/2014/BGT(PA)/1st Report dated 26-03-2015)

(Recommendation Sl.No.21)

Launching e-Commerce Portal

The Committee note that since the Department of Posts are actively working towards developing a logistics solution for e-Commerce players in India, there is scope for vertical alignment in this market segment where the Department may have its own e-Commerce portal which can further strengthen its position in the e-Commerce market. The Committee are glad to know that a functional e-Commerce portal is a part of the IT project which is being rolled out in the Department of Posts. In view of the fact that launching a full-fledged e-Commerce portal requires highly technical resources, as a first step, the Department have started e-Post Office facility wherein the customers can avail e-IPO facility and also purchase philatelic stamps online. The Department gradually intend to increase the product line on its e-Commerce portal by developing suitable model/tie-ups, etc. The Committee observe that plans to launch the e-Commerce portal as part of the IT Project is a step in the right direction since running the e-Post Office facility would provide critical insights into the operational aspects of launching a full fledged e-Commerce portal. The Committee hope that more and more services/products are added to e-Post Office facility and in the near future steps will be taken to gradually scale up the facility into an e-Commerce portal offering the entire bouquet of products/services offered by the Department of Posts which can be accessed by its customers. The Committee desire that the Department may also seek specific expertise by way of external consultation/conducting feasibility study on launching its own e-Commerce portal. The Committee may be apprised of the progress made in this regard.

(Recommendation Sl.No.21, Chapter–II of 1st Report of Standing Committee on IT)

Reply of the Government

The e-commerce portal is a part of ongoing IT project. However, vertical alignment in e-commerce sector and generating revenue from e-commerce portal would require professional expertise. At present, Department is deliberating with NIC for increasing the functionalities of e-Post Office to increase the product line of the Department, in addition to sale of philatelic stamps.

(Ministry of Communications & IT/ Department of Posts No.F.20-2/2014/BGT(PA)/1st Report dated 26-03-2015)

New Delhi;
11 August, 2015
20 Shravana, 1937 (Saka)

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

**ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE
RECOMMENDATIONS/OBSERVATIONS CONTAINED IN THEIR FIRST REPORT
(SIXTEENTH LOK SABHA)**

[Vide Paragraph No. 5 of Introduction]

(i)	Observations/ Recommendations which have been accepted by the Government
	Para Nos.:- 1,2,3,4,5, 8, 9, 10, 12, 14, 15, 16, 17, 20 and 22
	Total 15
	Percentage 68.18
(ii)	Observations/ Recommendations which the Committee do not desire to pursue in view of the replies of the Government
	Para No.:- Nil
	Total Nil
	Percentage 0.00
(iii)	Observations/ Recommendations in respect of which replies of the government have not been accepted by the Committee and require reiteration
	Para Nos.:- 6, 13 and 19
	Total 03
	Percentage 13.64
(iv)	Observations/ Recommendations in respect of the reply which is of interim nature
	Para Nos.:- 7, 11, 18 and 21
	Total 04
	Percentage 18.18