

15

**STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2020-21)**

SEVENTEENTH LOK SABHA

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

**[Action Taken by the Government on the Observations/Recommendations of
the Committee contained in their Third Report (Seventeenth Lok Sabha) on
'Demands for Grants (2019-20)']**

FIFTEENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

February, 2021/Magha, 1942 (Saka)

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**Presented to Lok Sabha on 8-2-2021
Laid in Rajya Sabha on 8-2-2021**



**LOK SABHA SECRETARIAT
NEW DELHI**

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CONTENTS		Page No.
COMPOSITION OF THE COMMITTEE		(ii)
INTRODUCTION		(iii)
CHAPTER I	Report.....	
CHAPTER II	Observations/Recommendations which have been accepted by the Government.....	
CHAPTER III	Observations/Recommendations which the Committee do not desire to pursue in view of replies of the Government.....	
CHAPTER IV	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and require reiteration	
CHAPTER V	Observations/Recommendations in respect of which replies are of interim in nature.....	
ANNEXURES		
I.	Minutes of the Third sitting of the Committee held on 16 October, 2020	
II.	Analysis of Action Taken by the Government on the Observations/Recommendations contained in their Third Report (Seventeenth Lok Sabha)	

COMPOSITION OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY

(2020-21)

Dr. Shashi Tharoor - Chairperson

Lok Sabha

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

Rajya Sabha

22. Dr. Anil Agrawal
23. Dr. Subhash Chandra
24. Shri Y. S. Chowdary
25. Shri Shaktisinh Gohil
26. Shri Suresh Gopi
27. Shri Md. Nadimul Haque
28. Shri Syed Nasir Hussain
29. Shri Syed Zafar Islam
30. Dr. Narendra Jadhav
31. Shri Nabam Rebia

Secretariat

- | | | |
|--------------------------|---|-----------------------------|
| 1. Shri Y.M. Kandpal | - | Joint Secretary |
| 2. Shri Shangreiso Zimik | - | Deputy Secretary |
| 3. Smt. Rinku Awasthi | - | Assistant Executive Officer |

*Nominated to the Committee w.e.f. 15.10.2020 *vide* Bulletin Part-II dated 15.10.2020

#Nominated to the Committee w.e.f. 28.12.2020 *vide* Bulletin Part-II dated 28.12.2020

INTRODUCTION

I, the Chairperson, Standing Committee on Information Technology (2020-21), having been authorised by the Committee, present this Fifteenth Report on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Third Report (Seventeenth Lok Sabha) on 'Demands for Grants (2019-20)' of the Ministry of Communications (Department of Posts).

2. The Third Report was presented to Lok Sabha and also laid on the Table of Rajya Sabha on 10th December, 2019. The Department of Posts furnished their Action Taken Notes on the Observations/Recommendations contained in the Third Report on 17 March, 2020.

3. The Report was considered and adopted by the Committee at their sitting held on 16 October, 2020.

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 Third Report of the Committee is given at Annexure-II.

New Delhi;

4 February, 2021

15 Magha, 1942 (Saka)

DR. SHASHI THAROOR,

Chairperson,

**Standing Committee on
Information Technology.**

(iii)

CHAPTER I

REPORT

This Report of the Standing Committee on Information Technology deals with action taken by Government on the Observations/Recommendations of the Committee contained in their Third Report (Sixteenth Lok Sabha) on 'Demands for Grants (2019-20)' relating to the Ministry of Communications (Department of Posts).

2. The Third Report was presented to Lok Sabha on the 10 December, 2019 and also laid in Rajya Sabha, the same day. It contained 15 Observations/ Recommendations. Replies of the Government in respect of all the Observations/Recommendations have been received from the Department of Posts and are categorized as under:-

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

Para Nos. 1, 2, 3, 7, 8, 9, 11, 13, 14 & 15

Total : 10
Chapter II

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

Para No. 10

Total : 01
Chapter III

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

Para Nos. 4, 5, 6 and 12

Total : 04
Chapter IV

- (iv) Recommendations / Observations in respect of which replies are interim in nature

Para No. NIL

Total : NIL
Chapter V

3. 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 of this Report should be furnished to them at an early date.

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

Recommendation (Sl. No.4)

Rural Business and Access to Postal Network

5. The Committee, in their Original Report, had recommended as under-
“The Committee note that the objective of Rural Business and Access to Postal Network Scheme is to increase access to the postal network especially in remote and LWE affected areas and supply of basic infrastructural equipment to rural Branch Post Offices to increase operational and functional efficiency of rural Post offices. The Committee note that during 2018-19, an amount of Rs. 25 crore has been allocated at BE for the scheme, which was increased to Rs. 35.80 crore at RE, but the actual utilization made was only Rs. 10.96 crore i.e. just 30.62 percent w.r.t. RE. As regard the physical achievements made under this Scheme, 1559 Branch Offices have been opened, 177 franchise outlets opened in urban areas, 1626 infrastructure for EDBOs (Extra Departmental Branch Office) provided, 24459 new improved letter boxes and signages were installed and 4129 cash chests were embedded. The Committee were informed that the shortfall in expenditure was due to excessive cost of handheld devices and salary component from the Scheme expenditure. For the year 2019-20, an amount of Rs. 25.67 crore has been allocated at BE. From the information provided by the Department, the Committee note that as per decision of the Cabinet Committee on Security, DoP is mandated to open 5962 Branch Post offices in LWE districts for which posts of Branch Postmasters and Assistant Branch Post Masters are to be newly created. Sanction of MoF for creation of BPM and APM posts has been sought for the year 2019-20 and 2020-21. However, the approval is still pending. The Committee are of the view that opening of Post offices in rural areas is an important objective of the Scheme, more so in LWE affected areas.

The Committee are glad to know that the CCS has approved for opening of 5962 Branch Post offices, in LWE affected areas. Considering that booking of funds under this activity has not been satisfactory during 2019-20, mainly due to pending approval of creation of BPM and APM posts by the MoF, the Committee recommend that the matter may be taken up with the Ministry of Finance for approval at the earliest. The Committee also desire that the DoP should take all necessary steps for opening of all BPOs as mandated by the CCS as this will go a long way in bringing about changes in the lives of the people living in the LWE affected areas.”

6. In their Action Taken Reply, the Department of Posts have stated as under:

a) “During the year 2018-19, the physical achievement was higher than the allotted target under the Scheme “Rural Business & Access to Postal Network”. 1559 Branch Post Offices have been opened, 177 Franchise Outlets opened in urban areas, 1626 infrastructure for EDBOs, 24459 new improved letter boxes and signages were installed and 4129 Iron Safes were embedded. An amount of Rs. 25 Crores has been allocated at BE for the Scheme. The BE demand was Rs. 29.79 Crores vide letter No. 40-20/2016-Plg Vol-II dated 05.02.2019 which was increased to Rs.35.80 Crores at RE stage. Actual expenditure was Rs. 16.05 Crores against FG funds of Rs. 18.01 Crores i.e 89.12% w.r.t FG.

b) The shortfall was, however in the case of expenditure on opening of BOs in Left Wing Extremism (LWE) affected areas. The total expenditure was less than RE projection with the reason that out of Rs. 18 Crores allotted for LWE districts, it was decided to exclude the cost of hand held devices (Rs. 5.59 Crores), as the same was decided to be procured from the fund allotted under IT project.

c) For the year 2019-20, an amount of Rs. 25.67 Crores has been allotted at BE stage for the scheme, which has been reduce to Rs. 6.5 Crores at RE stage.

d) In the case of LWE BOs, the number of Post Offices is now revised as 4903 from 5962 consequents upon reduction in the number of LWE affected districts from 106 to 90 vide Ministry of Home Affairs (MHA)`s letter No. 18015/63/2015-LWE-III dated 09.09.2019.

e) In all, 4903 BOs have to be opened in LWE districts, of which 1770 have been opened so far. 2000 BOs are proposed to be opened during the year 2019-20. In this regard, sanction of Ministry of Finance for creation of BPM and ABPM posts in connection with the opening of these Branch Post Offices has been sought for the year 2019-20 and the next year 2020-21, which is still pending with Ministry of Finance.”

7. Considering that booking of funds under the Scheme 'Rural Business and Access to Postal Network' has not been satisfactory during 2019-20 mainly due to pending approval of creation of Branch Postmaster (BPM) and Assistant Branch Post Master (APM) posts by the Ministry of Finance (MoF), the Committee had recommended that the matter may be taken up with the MoF for approval at the earliest and desired that the DoP should take all necessary steps for opening of 5962 post offices in LWE affected areas as mandated by CCS. The Department in their Action Taken Reply have stated that the number of Post offices has been reduced from 5962 to 4903 consequent upon reduction in the number of LWE affected districts from 106 to 90. 1770 Branch offices have been opened in LWE areas so far and 2000 BOs were proposed to be opened during the year 2019-20. With regard to approval of MoF for creation of BPM and ABPM posts, the Committee have been informed that the sanction of MoF has been sought for 2019-20 and 2020-21 which is still pending with the MoF. The Committee are unable to understand the reasons for delay by MoF in giving approval for creation of posts when the same has been approved by Cabinet Committee on Security (CCS). The Committee are fully aware that the presence of the post offices in Left Wing Extremism (LWE) areas is fundamental to their financial inclusion through Post Office Savings Bank and India Post Payments Bank and will also serve as the last mile outreach to such neglected areas. The Committee are of the view that LWE affected areas need special attention and express concern at the long delay by the MoF in granting approval for creation of posts. Considering that approval for creation of posts as approved by CCS is still pending with MoF, the Committee reiterate their earlier recommendation that the matter may be taken up with the MoF at the highest level and ascertain the reasons from them for delay in according the approval and take appropriate steps.

Post Office Saving Bank Operations

Recommendation Sl. No. 5

8. The Committee, in their Original Report, had recommended as under-
“The Committee are given to understand that the DoP with its physical access network of 1.5 lakh Post offices is well situated to play a critical role in opening of Savings Accounts in both rural and urban areas for financial inclusion. The objective of the Scheme is to bring in facilities of ATM banking, Internet Banking and Mobile Banking to Post Office Saving Bank customers. The Committee note that DoP ATMs have become inter-operable with effect from 31.12.2016 and fund under this Scheme is being utilized to procure and supply ATM Cards to POSB customers. With regard to utilization of funds, during 2018-19, the Committee note that an amount of Rs. 20 crore had been allocated at BE, however, it was reduced to Rs. 9.9 Crore at RE and the actual utilization made was only Rs. 0.02 Crore, i.e., 0.2 percent of the amount allocated at RE. The Department have stated that this was because the contract for supply of magnetic stripe based ATM/Debit cards was signed with M/s CMS Info systems Pvt. Limited for a period of two years i.e. from 2015-16 to 2016-17. In the meantime, there was a direction from the RBI to henceforth procure and supply only EMV chip-based ATM card. In view of this the Department had to go for fresh tender and it had taken considerable time to draft, float and finalise the fresh tender for EMV chip based ATM cards. The Department have now informed the Committee that Financial Division is planning to procure 47.5 lakh ATM/Debit Card and tender has been finalized and order for procurement of 40 lakh ATM/Debit Cards has been placed with the vendor and supply has commenced.

The Committee hope that utilization of funds will fairly improve, but will also bring about customer satisfaction and reduce operational loss to the Department. The Committee recommend that the Department should give special emphasis to rural and hilly areas while setting up ATMs where there are no adequate ATM facilities. Besides, special

drives should be organized to encourage rural people for cashless transactions. The Committee also desire to know the steps taken by the Department for introduction of Internet Banking and Mobile Banking to POSB customers. The Committee wish to be apprised of all the progress made in this regard. “

Reply of the Government

9. In their Action Taken Reply, the Department of Posts have stated as under:

“Intra- operable Internet banking has been launched in Post Office Savings Bank on 16.12.2018. There are approx. 52749 Internet banking Users in the DOP at present. Intra- operable Mobile Banking has also been launched on 15.10.2019. Supply of EMV Chip based ATM Cards has started and till now 14.95 lakh cards have been supplied to the Post Offices.”

10. **The Committee had recommended that the Department should give special emphasis to rural and hilly areas while setting up of ATMs where there are inadequate ATM facilities. The Committee had also desired to know the steps taken by the Department for introduction of Internet banking and Mobile banking to POSB customers. The Committee note from the Action Taken Note that Intra-operable internet banking has been launched in Post Office Savings bank on 16.12.2018 and intra-operable mobile banking has also been launched on 15.10.2019. However, there are only 52749 internet banking users in the DoP at present. The Committee feel that efforts must be made to make customers aware of the internet banking system introduced by the Department so that increasing number of customers will start using the facilities. With regard to the recommendation of the Committee to give special emphasis to rural and hilly area for opening of ATMs, no reply has been furnished by the Department. The Committee are of the view that it should be the endeavour of the Department to give special emphasis to the people living in these areas while making effort to serve**

the common people. Keeping in view that there are no adequate ATM facilities in these areas, the Committee reiterate their earlier recommendation that the Department should give special emphasis to hilly and rural areas while setting up ATMs. The Committee also desire to know the achievements made by the Department in this regard.

Recommendation (Para No.6)

Postal Life Insurance (PLI) and Rural Postal Life Insurance (RPLI)

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

“Postal Life Insurance (PLI), introduced in 1884, is the oldest life insurance scheme for benefit of the Government and semi Government employees. The Committee however note that facilities under PLI have not been extended to common people. The Committee would like to know the reasons for not including the common people in the targeted group and desire that PLI should be extended to all the common people also. Postal employees enjoy high credibility especially in the rural areas, this may be utilized to bring in more subscribers into the fold of RPLI. The Committee is satisfied to note that implementation of Core Insurance Solutions (CIS) has led to the facility of web portal and mobile portal so that customers can pay premium through various modes. The ‘Anytime Anywhere Policy Procurement’ facility will ensure easy retrieval and quicker customer service fulfillment from anywhere in the country as the policies will be stored electronically. The Committee recommend that the Department must undertake sustained efforts for publicity of PLI to create awareness about the insurance plans on offer through organizing drives, quiz competitions, exhibitions to further expand the subscriber base.”
12. In their Action Taken Reply, the Department of Posts have stated as under:
 - “Initially Postal Life Insurance Schemes was meant only for the Post Office employees, Today it caters to employees of the Civil and Military personnel of the Central and State Governments, Local Bodies, Government aided educational institutions, Universities, Nationalized Banks, Autonomous institutions, Public Sector Undertakings of the Central and State Government, employees of organizations such as Scheduled Commercial Banks, Credit Co-operative Societies, Deemed Universities and Educational institutes accredited by recognized bodies as much as National Assessment and Accreditation Council (NAAC), All India Council for Technical Education (AICTE), Medical Council of India (MCI) etc., joint ventures having a minimum of 10% stake of

Central/State Governments/PSUs and employees engaged/appointed on contract basis by Governments where the contract is extendable.

- In October 2017, the benefits of PLI have also been extended to following categories of employees/professionals working in private sector as well:
 - (i) Employees (teaching/non-teaching staff) of all private educational institutions/schools/ colleges etc. affiliated to recognized Boards (recognized by Centre/State Governments) of Secondary/Senior Secondary Education i.e. CBSE, ICSE, State Boards, Open Schools etc.
 - (ii) Professionals such as Doctors (including Doctors pursuing Post Graduate degree courses through any Govt./Private Hospitals, Resident Doctors employed on contract/ permanent basis in any Govt./Private Hospitals etc.), Engineers (including Engineers pursuing Master's /Post Graduate degree after having passed GATE entrance test), Management Consultants, Chartered Accountants registered with Institute of Chartered Accountants of India, Architects, Lawyers registered with Bar Council of India /States. Bankers working in Nationalized Banks and its Associate Banks, Foreign Banks, Regional Rural Banks, Scheduled Commercial Banks including Private Sector Banks etc.
 - (iii) Employees of listed companies of NSE (National Stock Exchange) and Bombay Stock Exchange (BSE) in IT, Banking & Finance, Healthcare/Pharma, Energy/ Power, Telecom Infrastructure Sector etc, where employees are covered for Provident Funds/Gratuity and/or their leave records are maintained by the establishment.
- Rural Postal Life Insurance (RPLI) scheme was introduced in 1995 for the benefit of rural populace to extend insurance cover to the people living in rural areas with special emphasis on weaker sections and women workers. RPLI provides insurance cover to every citizen residing outside the municipal limits of the city. Therefore, benefits of RPLI can be availed by any common person residing in rural areas across the country.
- Promotion and publicity of PLI/RPLI products is a sustained activity. To increase the brand awareness of PLI/RPLI, promotion and publicity of PLI/RPLI is done through different modes of communications, such as, advertisements in print media, outdoor publicity, radio jingles and SMS campaign.
- Sustained print media campaigns to increase awareness of PLI/RPLI insurance plans and products is carried out through Bureau of

Outreach and Communication, Directorate of Advertisement and Visual Publicity (DAVP), Ministry of Information & Broadcasting. Outdoor publicity of PLI/RPLI is carried out by way of advertising at bus shelters, airports, railway/metro stations. In addition, radio jingle campaign on FM & Vividh Bharati channels across the country in Hindi, English and Regional language is also carried out for promotion and publicity of PLI/RPLI.

- During the year 2018-19, out of an outlay of Rs. 14 crores (scheme) earmarked for publicity of insurance products, expenditure to the tune of Rs. 13.91 crores were incurred for the purpose.”

13. **Noting that Postal Life Insurance(PLI) can only be availed by certain categories of employees/professionals and not open to common people, the Committee had desired to know the reasons for not including the common people in the targeted group and recommended that PLI should be extended to all the common people also. However, the reply of the Department is completely silent on the above recommendations of the Committee. The Department have given the oft repeated reply that PLI has been extended to certain categories of employees/professionals and no mention has been made on the steps being taken by the Department to include common people in the targeted group of PLI as recommended by the Committee. While Rural Postal Life Insurance can be availed by any common person residing in rural areas in the country, with regard to PLI, it is apparent to the Committee that a large section of the general public in urban areas which falls outside these categories is still excluded from PLI. In view of the above, the Committee desire the Department to undertake a review of the eligibility criteria for availing the Postal Life Insurance and look into possible expansion of the targeted segments. The Committee would also like to know the reasons for not including the common people within the targeted group of PLI. The Committee may be apprised of all the steps taken in this regard.**

Recommendation (Para No.12)

India Post Payments Bank

14. The Committee, in their Original Report, had recommended as under-
- “The Committee note that the vision of IPPB is to build the most accessible, affordable and trusted bank for the common man and the mission is to spearhead the financial inclusion agenda by removing the barriers for the unbanked. IPPB was the second payments bank to launch its operations and is one of the pioneers in this area to usher in an environment of digital payments in the country. The Committee are satisfied to note that 650 IPPB Branches have been established and 136000+ POs have been enabled to provide banking services. 195000+ Postmen and Gramin Dak Sevaks have been equipped with smartphones and biometric devices and 265000+ employees have been trained at present. The Department have informed that they plan to enable the remaining 18000+ Technically not feasible access points and fill in the remaining vacancies to ensure smooth operations. The Committee are satisfied that the allocation of Rs. 500 crore in FY 2017-18 and 300 crore in 2018-19 has been optimally utilized and the BE for 2019-20 is 335 crore. Out of this disbursement of Rs. 335 crores, the DoP has released Rs. 100 crores to IPPB in first Quarter. IPPB has now become the single largest platform in the country for providing interoperable banking services to the customers of any bank. With Aadhaar enabled payment system (AePS) services, any person with a bank account linked to Aadhaar can perform basic banking services such as cash withdrawals and balance enquiry irrespective of the bank they hold their account with. IPPB now has the ability to provide interoperable doorstep banking services to customers of any bank including the Jan Dhan account holders, by leveraging the unprecedented last mile reach of IPPB. The Committee are satisfied to note that the IPPB is committed to provide a fillip to a less cash economy and contribute to the vision of Digital India but IPPB, being a payments bank has limited avenues of income and sustainability of the business model is a challenge. Setting up such a bank requires extended investments into enabling digital and financial literacy at the last mile. The Committee note with concern that in the next financial year, IPPB may face shortage of funds as some revenue streams have decreased as RBI has imposed certain limits on them. There is a constant need to improvise and upgrade the products and processes in the wake of fast evolving technology, regulatory requirements and security concerns which require integration agility and faster go-to-market processes.

The Committee, therefore, recommend that IPPB must therefore make renewed efforts to explore additional sources of revenue/funding by enhancing its products and services suite and apprise the Committee about the initiatives taken in this regard.”

15. In their Action Taken Reply, the Department of Posts have stated as under:

“IPPB has established a national asset by creating an interoperable banking infrastructure for public good at the last mile that can serve customers of ANY BANK, which should be leveraged optimally by all banks and State/ Union Territory departments to drive comprehensive Financial Inclusion. Accordingly, IPPB has proposed to offer the following services:

❖ **Horizontal integration of allied services: Single window approach**

- Aadhaar enrolment
- DBT enrolment
- Aadhaar linked Account Opening

❖ **Enhancing the last mile service stack**

- Complete bouquet of govt. services
- B2B model providing **Banking as a Service (BaaS)** to Financial Institutions
 - Account Opening (Regulatory restrictions as on date)
 - Loans – micro credit
 - Micro-insurance
 - Investments
- Provide a platform for comprehensive inclusion including
 - Health Services
 - Education

❖ **Service optimization, process designing and enhancing quality of service (QoS)**

- CRM based databases to manage and achieve better SLAs
 - Doorstep delivery on demand
 - GPS based Service Provider tracking
 - Cross-sell options
- Building superior process flows
- Improved customer engagement models
- Providing business analytics and customer insights

❖ **Enabling Post Offices as digital literacy centers**

IPPB is focused on enhancing its products and services suite to augment revenue streams and create widespread social impact and enable last mile financial inclusion. Below are the alternate lines of business

identified by IPPB which can provide services to customers of other Banks also:

- **Aadhaar enabled Payment System (AePS)** – With almost 1.90 lakh Doorstep Service Providers, IPPB has increased the rural banking infra by 2.5 times. AePS is a platform which provides the ability for a customer to access ANY BANK account using their fingerprint through the Postman at their doorstep.
- **Domestic Money Transfer (DMT)** – Remittance is one of the key pillars of financial inclusion enabling access to funds in times of need. There are almost 300 million migrants in India who have moved away from their homes for seeking livelihood. DMT services address the needs of rural to urban migrants to send money home in a reliable, speedy and economical manner. DMT is a high revenue generating product and also caters to non-IPPB customers that helps in sustaining financial viability.
- **Cash Management Services (CMS)** – The key strength of IPPB is the last mile physical infrastructure supported by real time online transactional capability which can be leveraged to offer cash management solutions to corporate and other Banking and Financial Sector (BFSI) customers.
- **Merchant Acquisition** – IPPB will also expand its merchant acquisition, which will help in creation of an interoperable and digital merchant ecosystem at the last mile. This will help the bank in building CASA balances. IPPB will be able to offer UPI based merchant acceptance services in geographies where other players have not been able to make inroads.”

16. **Having noted that India Post Payment Bank (IPPB) being a payments bank has limited avenues of income and sustainability of the business model is a challenge, the Committee had recommended that IPPB must make renewed efforts to explore additional sources of revenues/fundings by enhancing its products and services suite. The Department have now informed the Committee that IPPB has established a national asset by creating an interoperable banking infrastructure for public good as the last mile that can serve customers of any Bank, which should be leveraged optimally by all banks and State/ Union Territory Departments to drive comprehensive financial inclusion. Alternate lines of business have also been identified by IPPB which can provide services to customers of other Banks, such as Aadhaar enabled Payment system, domestic money transfer, cash management system and merchant acquisition. The main concern of the Committee is that IPPB should help in generating revenue for the**

Department. Considering that under the present business model, there are limited avenues of income, the Committee recommend that the Department should take all necessary steps to implement all the alternate lines of business identified so that IPPB will not only become an effective instrument for financial inclusion especially for people living in rural areas but will also help in generating much needed revenue for the Department.

CHAPTER II
OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN
ACCEPTED BY THE GOVERNMENT

DoP Budget

Recommendation (Sl. No. 1)

The Department of Posts (DoP) have laid the Demands for Grants (2019-20) in Lok Sabha on 17th July, 2019 for a total amount of Rs. 31358.94 crore consisting of Rs. 30411.2 crore under Revenue and Rs. 947.74 under Capital. An analysis of the budgetary allocation during 2018-19 indicates that under Revenue Section, an amount of Rs. 28515.04 crore had been allocated at BE which was reduced to Rs. 29082.38 crore at RE and the actual utilization made was Rs. 27994.35 crore. Under capital section in 2018-19, an amount of Rs. 757.52 crore had been allocated at BE which was increased to Rs. 824.38 crore and the actual utilization made was Rs. 811.27 crore. The Committee note that the gross expenditure of the Department has been gradually increasing over the years. The Gross expenditure under Revenue section during 2016-17 was Rs. 24211.9 crore which was increased to Rs. 26018.84 crore in 2017-18 and to Rs. 27994.35 crore during 2018-19. The Committee note that salaries and pensions are the two major components and constitute more than 90 per cent of the gross expenditure. India Post also has the largest postal network in the world with 1.55 lakh post offices, out of which nearly 90 percent are in rural areas. To keep these offices operational, the necessary cost has to be incurred by the Department. The Department have informed the Committee that to control expenditure, numerous measures, such as monthly meetings to review Scheme expenditure, compliance with various guidelines on austerity measures and expenditure management issued from time to time by the Ministry of Finance, monthly report on expenditure management and control, etc have been adopted. While noting the measures taken to control expenditure, the Committee are constrained to admit that the Department needs to/must take more urgent measures to arrest recurring annual losses. The Committee are clearly of the view that the gross expenditure and revenue losses of the Department are

mounting, it may not be feasible to continuously sustain the Department from the Central Government budget in the future without significant revision of its role and costs.

The Committee, therefore, recommend that the Department should take corrective steps such as adjusting to digital age and providing the facilities in the post offices, in order to cut down the cost and also to generate revenues. While primary concern of the Department should be to take various services to the people, the Committee are also of the view that the challenge before the Department are to turn these challenges into opportunities.

Reply of the Government

Digital Transactions

The Department have implemented the IT modernization report in which majority of the Post Offices have been networked .Further Core Banking solution and core Insurance have been implemented for providing anytime and anywhere banking facility to the customers.

In consonance with the Digital India Initiative of Government of India, great focus is being given for increasing digital transactions in Department of Posts. In FY 2017-18, approx. 108 crore Digital transactions were done and this number increased to 147.58 crore in FY 2018-19.

Jeevan Pramaan – Digital Life Certificates

Jeevan Pramaan is a biometric enabled digital service for pensioners for submitting their Life Certificates digitally. In this service, all life certificates submitted manually by the pensioners are now being submitted digitally by using Aadhar number. These Jeevan Pramaan Centers are functioning in all the Head Post Offices across the country.

(Department of Posts's O.M. No.28-5/2018/BGT(PA)/Pt./dated 05/03/2020)

Revenue Receipts

Recommendation (Sl. No. 2)

From the information provided by the Department, the Committee note that the revenue receipts of the Department have increased from Rs. 11511 crore in 2016-17 to Rs. 12833 crore in 2017-18. The total receipts in 2018-19

was Rs. 13196 crore and for the year 2019-20, the total revenue target set at BE was Rs. 19203 crore. Against the target, the revenue receipts till August, 2019 was Rs. 5295 crore. The Committee observe that this increase was mainly because of increase in Revenue receipts under Heads, like Revenue from Postal operations, Commission on Money orders and IPOs, SBCC etc. The Committee are however concerned to note that revenue receipts under 10 items had declined in 2018-19 when compared with the previous year. Some of these items are Speed Post, Business post, Bill Mail Service, Express Parcel Post, Business Parcel Post, Retail Post, Sale of postage and stamps etc. Though there has been an increase in revenue receipts, the increase in the revenue receipts has not been able to keep pace with the increase in the expenditure of the Department. This has led to the increase in revenue deficit.

The Committee are given to understand that to increase revenue receipts, the Department are taking numerous measures, such as offer of numerous premium services under Business Development and Marketing Directorate, periodical reviews of its services and products keeping in view the changing market scenario, customer needs, industry benchmarks etc. and taking steps to modify services features to improve the postal services, technology integration and infrastructure upgradation, focused approach to cater to the needs of the emerging markets, such as e-Commerce etc. The Committee, however, observe that the above measures taken by the Department are still inadequate as the revenue receipts has not shown any significant increase during the current financial year.

The Committee recommend that the Department should explore opportunities in the market for growing business and continue with efforts to augment revenue and reduce deficit.

Reply of the Government

The following action has been taken to increase the revenue.

1. In consonance with the Digital Initiative of Government of India, Department have promoted use of Stamp Franking Machines in place of using

postage stamps for paying postal tariff. Regular Mail Monitoring is being carried out to ensure time delivery of mail including Speed Post

2. Parcel Network Optimization Project (PNOP) has been initiated to revamp parcel operations so as to deliver the benefits of e- Commerce to the common man. In order to increase parcel handling capacity, a number of steps have been undertaken which include-

- Industry concepts of capacity, throughput, layouts, standard equipments etc were applied in Department of Posts
- Standard layout diagrams and equipment designs for Parcel hubs and NDCs have been prepared.
- 7 Semi automated Parcel processing centres have been operationalized across the country.
- Standard Operating Procedure for maintaining abstracts, reporting errors and its resolution, presumptive loss and its recovery was circulated
- Timelines for payment of compensation on loss/damage have been defined
- Safe and secure system for transportation of parcels to promote growth and stop pilferage/ theft of parcels in transit
- Improvement in service quality by providing time-definite delivery of parcels to the customers
- 4 Zonal workshops with Heads of Circles and Regions have been conducted to emphasise on quality of operations.
- Bulk Customer Interactions are held regularly for Business Review and assess Market Requirements.

3. There is increase in Revenue Receipts of Post Office Savings Bank (POSB) leading to significant upward revision in Actual Receipts during the year 2018-19. Department of Posts (DoP) has played a crucial role in the country's socio-economic development by providing reliable and accessible Financial Services through its large network particularly in rural India. The endeavor will be to further increase mobilization of Small Savings particularly in unbanked section through following steps.

- Special drives for opening of Post Office Savings Accounts. Particularly Sukanya Samridhi Accounts for the girl child

- Opening of more Basic Saving Accounts (zero balance) for beneficiaries of MGNREGA, Old Age Pension, Widow Pension and other social security schemes of Govt. of India/State Govt.
 - The revival of Silent Accounts, low balance SB accounts, i.e. with balance below Rs. 500 has also been highlighted, Regular Advisories, Draft Publicity materials are being shared with the Circles for ready reference.
4. Postal Life Insurance and Rural Postal Life Insurance is being promoted amongst the eligible clientele so as to bring in more revenue to the Department.
- (Department of Posts's O.M. No.28-5/2018/BGT(PA)/Pt./dated 05/03/2020)

Overall status of implementation of schemes

Recommendation (Sl. No. 3)

The Committee note that at present the Department of Posts are implementing four Schemes, such as Postal operations, Human Resource Management, Estates management and India Post Payments Bank. During the year 2018-19, an amount of Rs. 1160 crore had been allocated at BE, which was reduced to Rs. 1071.77 Crore at RE and the actual utilization made was Rs. 1013.97 crore, i.e. 94.61 percent w.r.t. RE. For the year 2019-20, the Department have proposed an amount of Rs. 2305.045 crore, however an amount of Rs. 1205.65 crore only has been allocated at BE. The Department have informed the Committee that due to reduced allocation at BE, IT Induction and Modernisation which is a sub-scheme under Postal operations will be adversely affected. The Committee understand that the role of the Department is rapidly changing from its traditional role of delivering letters and mails to providing e-commerce and banking services. In this regard, optimal use of digital platform has become essential to achieve the goal of financial inclusion and provide citizen-centric services to every nook and corner of the country. It is only with proper implementation of schemes and IT Modernization , including taking full commercial advantage of the extensive presence and distribution network of the Postal Department, that

the Department will be able to become relevant to the people which in turn will help the Department to improve their financial performance.

The Committee sincerely desire that necessary funds should be allocated to the Department for the implementation of the above Schemes. The concern of the Committee in this regard may be communicated to the Ministry of Finance. At the same time, the Committee recommend that the Department should take all necessary steps for the successful and optimal utilization of funds allocated for various Schemes during 2019-20.

Reply of the Government

During the year 2018-19 for the Scheme segment, BE of Rs.1160 Cr. was reduced to Rs.1071.77 Cr. at RE and the actual utilization made was Rs.1013.97 Cr. ie. 94.61%. However, for 2019-20, BE of Rs.1205.65 Cr. was reduced to Rs.883.07 Cr. at RE stage.

To address the concern of the Committee, Secretary (Posts) took the matter with Secretary (Expenditure), Ministry of Finance (MoF) for additional funds vide DO letter No.19-6/2019-PMU (Pt.III) dated 11/10/2019 and 18/11/2019.

The cumulative expenditure of all the Schemes till February 2020 is Rs.702.87 Cr. and the Department is taking steps to fully utilize the allocations by the end of FY 2019-20.

(Department of Posts's O.M. No.28-5/2018/BGT(PA)/Pt./dated 05/03/2020)

IT Induction and Modernisation

Recommendation (Sl. No. 7)

The Committee note that the IT Induction and Modernisation Project aims at transforming the Department of Posts' operational efficiency and improving service delivery of operational and administrative units through upgraded technology and connectivity. Under this Scheme, networking of all 1,55,531 post offices covering the remotest parts of the country will enable tracking and tracing of all kinds of mails and parcels in the country, besides

providing real-time information to facilitate customer feedback and management functions. The implementation of the Project started in the year 2012-13 and it is being implemented in eight segments. The achievements highlighted under this scheme are setting up of Data Centre and Disaster Recovery Centre, migration of 23772 Post offices under Core Banking solution and 25573 POs under Core Insurance Solutions, installation of 996 ATMs which are inter-operable, networking on single WAN, dispatch of handheld devices, smartphones, desktop computers and other hardware to postal employees, roll out of Core System Integrator project, etc. The Committee note that the allocation of Rs. 507.9 Crore during 2019-20 is insufficient to carry out various projects as funds to the tune of Rs. 225.44 Crore has already been utilized and in view of committed liabilities, the Department have asked for fund requirement of Rs. 1267 Crore in RE stage.

The Committee are apprehensive that if the funds are not allocated, Network Integrator Project, Financial Services Integrator Project and DARPAN (“Digital Advancement of Rural Post Office for A New India”) Project can get affected due to which the entire IT Modernisation project will suffer. The Committee advise the DoP to take up the issue of increased allocation for this project with the Ministry of Finance so that the committed and anticipated liabilities can be met and apprise the Committee on the same.

Reply of the Government

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

During the year 2018-19 for the Scheme segment, BE of Rs.1160 Cr. was reduced to Rs.1071.77 Cr. at RE and the actual utilization made was Rs.1013.97 Cr. ie. 94.61%. However, for 2019-20, BE of Rs.1205.65 Cr. was reduced to Rs.883.07 Cr. at RE stage. Secretary (Posts) had taken up the matter with Secretary (Expenditure) for additional funds vide DO letter No.19-6/2019-PMU(Pt.III) dated 11/10/2019 and 18/11/2019.

The cumulative expenditure of all the Four Schemes till Nov. end 2019 is Rs.648.99 Cr. and the Field Units of the Dept. are likely to fully utilize their respective allocations by the end of FY 2019-20.

For the IT Modernization an additional amount of Rs.774.9725 Cr. has been requisitioned from the Ministry of Finance vide Second/Final Supplementary Demand for Grants.

(Department of Posts's O.M. No.28-5/2018/BGT(PA)/Pt./dated 05/03/2020)

Human Resource Management

Recommendation (Sl. No. 8)

Human Resource Management is one of the important schemes of the Department. The Department have informed the Committee that Postal employees are required to play roles of a Business Manager, HR Manager, Marketing Executive, trainers, Counter Operating Staff, etc. at the same time. The Committee note that the Department have set up various training institutes to take care of the needs of the Department. Some of these institutes are Rafi Ahmed Kidwai National Postal Academy (RAKNPA) at Ghaziabad which is also the apex training institute for the Department, Postal training Centres (PTC) at Darbhanga, Guwahati, Madurai, Mysore, Saharanpur and Vadodara for training operative staff and inspectorial cadres, 452 Workplace Training Centres(WTC), 5 Zonal Training Centres(ZTC) and 03 Regional Training Centres(RTC). WTCs, ZTCs and RTCs are delivering training at local level. For the implementation of this Scheme during 2018-19, an amount of Rs. 60 Crore had been allocated at BE which was drastically

reduced to Rs. 25.11 Crore at RE and the actual utilization made was Rs. 24.48 crore. The Department have informed the Committee that the reasons for massive deduction from BE to RE was mainly due to non-completion of building projects since there was delay in tender processes and municipal approval, etc. With regard to achievement of physical targets during 2018-19, the Committee note that against the target of providing training to 45060 officials, 300243 officials had been trained. During 2019-20, an amount of Rs. 33.46 Crore has been allocated at BE, however at RE, the amount has been reduced to Rs. 29.23 crore. The Department have stated that the funds allocated would be sufficient to carry out the identified training activities during the year.

The Committee are of the view that the Department are not only providing various services to the people but also increasingly venturing into newer services like finance and banking. Being a service oriented Department, the Committee feel that the postal officials have to interact with the customers frequently. The changing times and nature of services provided also require that they must be equally at ease with changing technology especially relating to IT to increase their efficiency. The Committee, therefore, desire that the Department should give focused attention on training their employees so as to improve their skills and behavioural attitude. The Committee hope that this will go a long way in changing the mindset of the people to trust the service provided by the Department as most trustworthy and customer friendly.

Reply of the Government

So far as the Human Resource Management (HRM) Scheme is concerned, all efforts were made to utilize the funds allotted during 2018-19 under various activities against revised allocation to Rs. 24.41 crore for the year. This revision was made taking into account the fact that most of the proposed building projects, for which funds had been asked for at BE stage, could not take off since there was delay in tender processes and municipal approval, etc.

During 2019-20, an amount of Rs. 33.46 Cr. was allotted at BE stage. However funds of Rs. 10.16 Cr. at RE stage have been received, out of which Rs. 6.9963 Cr. has been booked up to December 2019. The Department is taking steps to ensure full utilization of allotted funds

As desired by the Committee, various activities under HRM during the year 2019-20 are being reviewed to ensure that training is imparted to bring out improvement and enhancement in skills, knowledge as well as behavioural attitude of the employees of the Department.

(Department of Posts's O.M. No.28-5/2018/BGT(PA)/Pt./dated 05/03/2020)

Estate Management

Recommendation (Sl. No. 9)

The Committee note that the Department are implementing numerous activities under Estate Management, such as Construction of new Post Offices, Administrative Offices and staff quarters, Construction of Ladies Toilets, Creches and retiring rooms under gender concern, Construction of toilets for differently abled persons under Sugamya Bharat Abhiyan, Preservation of Heritage Buildings belonging to the Department of Posts, Renovation and maintenance of Postal buildings, etc. For the implementation of the scheme, an amount of Rs. 85 crore each had been allocated at BE and RE during 2018-19. Out of this, the Department had utilized an amount of Rs. 71.37 crore. The Department have stated that under utilisation of funds was due to not getting timely approval from Municipal Corporations and other State Government authorities for starting construction process, cancellation of tendering process due to frequent high bidding, non-settlement of litigation process pertaining to the land owned by the Department etc. For the year 2019-20, the Department have proposed an amount of Rs. 93.50 crore, however an amount of Rs. 62.7 crore had been allocated at BE. The Committee have been informed that the funds proposed under Swachh Bharat Mission to the tune of Rs. 20 crore have not yet been allocated and the funds allocated for renovation of buildings is not adequate.

From the aforesaid observations, the Committee clearly note that allocated funds for the scheme during 2019-20 will not be sufficient for the implementation of the scheme. The Committee hope that the Department must have taken appropriate measures for requisite allocation of funds at RE. The Committee are also of the view that apart from implementing various activities under the scheme, special emphasis should also be given for preservation of Heritage Buildings belonging to the Department. The Committee desire better utilization of funds under the scheme during 2019-20.

Reply of the Government

Allocation of Rs.0.40 Cr. was made in BE & RE 2019-20 for Gender Concerns which is being fully utilized.

Estates Management (Scheme) was allocated funds to the `62.7 Crore at BE stage which has been reduced to `40 crore at RE stage. Out of total allocation of `40 crore at RE, funds to the tune of `3.16 crore has been allotted for preservation of Postal Heritage buildings. The Department is taking steps to ensure full utilization of allotted funds.

(Department of Posts's O.M. No.28-5/2018/BGT(PA)/Pt./dated 05/03/2020)

Status of encroachment of plots

Recommendation (Sl. No. 11)

The Committee are deeply concerned to note that 204 plots available with the Department of Posts are under encroachment. 38 plots are under encroachment in Karnataka, 27 plots in Bihar, 16 plots in Rajasthan, 15 plots each in Andhra Pradesh and West Bengal, 13 plots in Maharashtra, 12 in Telangana, 10 plots in Uttar Pradesh and 9 plots in Kerala are under encroachment. On specific measures to reclaim the land, the Committee note that the Department is making efforts with the help of local public representatives, public administrations and judiciary. Further, in order to check the threat of encroachment, Estate Officers have been appointed in postal circles to deal with cases related to unauthorized occupation of the Departmental lands and boundary walls are being constructed, on availability of funds.

The Committee desire that the issue of safeguarding the land assets of the Department needs to be given greater emphasis and eviction of unauthorized encroachers may be expedited. Boundary walls may be constructed and CCTV cameras may be installed as security measures to protect the plots from encroachers.

Reply of the Government

The Department of Posts is continuously making efforts with the help of local public representatives, public administrations and judiciary. Further, Estate Officers have been appointed in postal circles to deal with cases related to unauthorized occupation of the Departmental lands. Boundary walls on the compounds are also being constructed, as per availability of funds.

(Department of Posts's O.M. No.28-5/2018/BGT(PA)/Pt./dated 05/03/2020)

Development of E-commerce

Recommendation (SI. No. 13)

The Committee note that in order to ensure safe and secure transmission of e-commerce articles and parcels, a Plan Scheme 'Development of Road Transport network' has been approved for the Department. Under the Plan Scheme, 42 routes have been made functional which will ensure secure transmission of Speed Post articles and e-commerce shipments across the country. Alternate/ additional routes which can be operationally advantageous for transmission of mail are also being identified continuously. With the growing e-commerce market, the Department have implemented a Parcel Network Optimization Project vide which L1 and L2 parcel hubs have been setup across the country. The Committee appreciate that the Department of Posts has setup a separate Parcel Directorate in April, 2018 to focus on this rapidly growing segment keeping in view the needs of the customers.

The USP of the Department of Posts is that it delivers where the private courier companies who are driven by profit motive do not. Taking note of this, the Committee feel that there is a huge scope for increasing the foothold of the Postal Department in the booming e-Commerce market in the

country and recommend that the Department should capture the market in the rural areas where it has unparalleled reach in the delivery of parcels and can therefore find its niche. It is also worth exploring whether post office personnel could be trained to also serve as a railway booking and ticketing agents, which would bring a much needed service within reach of the common man.

Reply of the Government

The Department is taking action to set up a short and long haul Road Transport Network under which major cities will be linked through a roadbased transport system. Establishment of Trans-shipment centres on major routes to feed into hub and spoke model is planned to be implemented. Initiatives are also being taken to strengthen rural delivery for parcels by operationalizing routes to Branch Office levels.

To provide railway tickets through convenient locations, railway reservation tickets for all classes are being issued at selected Post Offices in association with the Ministry of Railways. The service is available at 341 Post Offices as on 31.12.2019. Approximately 1.01 Cr. revenue has been earned from this service in the year 2019-20 till 31.12.2019.

(Department of Posts's O.M. No.28-5/2018/BGT(PA)/Pt. dated 05/03/2020)

Post Office Passport Seva Kendra (POPSK)

Recommendation (Sl. No. 14)

The Committee note that Post Offices are being leveraged to provide third party products and services to the customers in their neighbourhood. As a part of this initiative and in order to extend passport services to the citizens in far flung areas, the Ministry of External Affairs (MEA) and the Department of Posts (DoP) have leveraged selected Head Post Offices (HPOs) in various States as Post Office Passport Seva Kendra (POPSK) for delivering passport related services to the citizens of our country. The Committee note that during the period from Jan, 2018 to March, 2019, around 22.02 lakh applications

have been processed in these POPSKs. During the period from April to August 2019, 954178 applications have been processed.

The Committee are glad to note that the Post office is earning revenue and is also promoting the POPSK through print media and digital media. However, the Department have informed that the payment of the transaction charges to the DoP by the MEA has been delayed and inadequate. While appreciating the above initiative, the Committee recommend that the Department may follow up with the Ministry of External Affairs on a regular basis to ensure that the payment of the transaction charges to DoP are not delayed thus causing losses to the Postal Department.

Reply of the Government

The matter of delayed and inadequate payment by the MEA for the passport applications processed at Post Office Passport Seva Kendras (POPSKs) is being taken up with MEA on a regular basis.

(Department of Posts's O.M. No.28-5/2018/BGT(PA)/Pt./dated 05/03/2020)

Sukanya Samriddhi Yojana

Recommendation (Sl. No. 15)

The Committee note that Sukanya Samriddhi Yojana, a new Small Savings Scheme for the welfare of girl child, was launched on 22nd January 2015. Under the scheme, a legal/natural guardian can open only one account in the name of one girl child and maximum two accounts in the name of two different girl children up to 10 years from date of birth of the girl child. This scheme has received tremendous response and 152.28 lakh accounts have been opened from the date of its inception. Total 16.95 lakh accounts were opened during F.Y.2017-18 with total deposit of Rs. 5926.37 crores and 24.26 lakh accounts have been opened during 2018-19 with total deposit of Rs. 10615.79 crores upto March 2019.

The Committee note with satisfaction that 85% of the total SSA accounts throughout the country are opened by the DoP. However there is a

need to increase the enrolment multi fold under these Schemes and there is a very large scope for growth in rural areas. The Committee, therefore, recommend that efforts should be made to popularize Sukanya Samriddhi Yojana in rural areas so that they can avail the benefits of such social security schemes.

Reply of the Government

In order to further popularize the Sukanya Samriddhi Account Scheme, especially in rural areas the Department have taken several initiatives as under:-

- (1) Specific targets have been assigned to Circles.
- (2) Regular monitoring is done by financial services division on the targets.
- (3) In addition, DO letters have been issued to KVS, CBSE and Secretary, Department of School Education and Learning, MOHRD to assists/support the DoP when Postal Staff visit schools for canvassing opening of SSA Accounts amongst the girl students.
- (4) Circles have been instructed to coordinate with State Exam Boards in similar manner.
- (5) A special Campaign, namely 'Balika Shakti' has been launched (from 9.12.2019 to 18.01.2020) on the 5th anniversary of the Scheme for opening maximum account no. of accounts during this campaign period.

(Department of Posts's O.M. No.28-5/2018/BGT(PA)/Pt./dated 05/03/2020)

CHAPTER III

OBSERVATIONS /RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES OF THE GOVERNMENT

Construction of post offices

Recommendation Sl. No. 10

The Committee note that as on date, the Department have 1738 vacant plots of land of which 1139 are in rural areas and 599 are in urban areas. Regarding utilization, the Department have informed that new post office buildings are being implemented on these lands where cost benefit analysis suggest that construction of building is profitable than running post office from a rented accommodation. In this regard, the Committee note that many MPs/MLAs have come forward for offering MPLAD funds for construction of post offices in vacant plots. The matter had also been taken up by the Department of Posts with the Secretary, Ministry of Statistics and Programme implementation to revise the MPLAD guidelines so that funds could be utilized for works related to public utilities like construction of ramps and rails, public toilets, counters and other value added activities for public in post offices. However, this request for the inclusion of funding for Post offices has been rejected by the Ministry of Statistics and Programme implementation. The Committee are of the view that funds are required by the Department for the construction of new Post Office buildings at various locations. Considering that there are many vacant plots where post offices could be constructed, the initiative shown by many MPs/MLAs offering MPLAD funds construction of Post Office buildings is a welcome initiative and if allowed will be of great help to DoP to construct more new Post Offices. This in turn will help the public representatives to get more opportunity to engage with the activities of the Department and address the general grievances of the customers.

In this regard, the Committee recommend that MPLAD guidelines could be suitably amended so that MPs/MLAs can contribute from their MPLAD funds for construction of post office buildings or for modern annexes thereto. Accordingly, the recommendation of the Committee in this regard may be

communicated to the Ministry of Statistics and Programme implementation for necessary action at their end. The Committee wish to be apprised of all the progress made in this regard.

Reply of the Government

The recommendation of the Committee has been communicated to the Ministry of Statistics and Programme implementation for necessary action at their end vide Secretary (Posts)'s D.O. No. 18-23/2019-Bldg. dated 31.12.2019 .However the same has not been agreed to the Minister of Statistics and Programme implementation

(Department of Posts's O.M. No.28-5/2018/BGT(PA)/Pt./dated 05/03/2020)

CHAPTER IV

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

Rural Business and Access to Postal Network

Recommendation (Sl. No. 4)

The Committee note that the objective of this Scheme is to increase access to the postal network especially in remote and LWE affected areas and supply of basic infrastructural equipment to rural Branch Post Offices to increase operational and functional efficiency of rural Post offices. The Committee note that during 2018-19, an amount of Rs. 25 crore has been allocated at BE for the scheme, which was increased to Rs. 35.80 crore at RE, but the actual utilization made was only Rs. 10.96 crore i.e. just 30.62 percent w.r.t. RE. As regard the physical achievements made under this Scheme, 1559 Branch Offices have been opened, 177 franchise outlets opened in urban areas, 1626 infrastructure for EDBOs (Extra Departmental Branch Office) provided, 24459 new improved letter boxes and signages were installed and 4129 cash chests were embedded. The Committee were informed that the shortfall in expenditure was due to excessive cost of handheld devices and salary component from the Scheme expenditure. For the year 2019-20, an amount of Rs. 25.67 crore has been allocated at BE. From the information provided by the Department, the Committee note that as per decision of the Cabinet Committee on Security, DoP is mandated to open 5962 Branch Post offices in LWE districts for which posts of Branch Postmasters and Assistant Branch Post Masters are to be newly created. Sanction of MoF for creation of BPM and APM posts has been sought for the year 2019-20 and 2020-21. However, the approval is still pending. The Committee are of the view that opening of Post offices in rural areas is an important objective of the Scheme, more so in LWE affected areas.

The Committee are glad to know that the CCS has approved for opening of 5962 Branch Post offices, in LWE affected areas. Considering that booking of funds under this activity has not been satisfactory during 2019-20,

mainly due to pending approval of creation of BPM and APM posts by the MoF, the Committee recommend that the matter may be taken up with the Ministry of Finance for approval at the earliest. The Committee also desire that the DoP should take all necessary steps for opening of all BPOs as mandated by the CCS as this will go a long way in bringing about changes in the lives of the people living in the LWE affected areas.

Reply of the Government

a) During the year 2018-19, the physical achievement was higher than the allotted target under the Scheme "Rural Business & Access to Postal Network". 1559 Branch Post Offices have been opened, 177 Franchise Outlets opened in urban areas, 1626 infrastructure for EDBOs, 24459 new improved letter boxes and signages were installed and 4129 Iron Safes were embedded. An amount of Rs. 25 Crores has been allocated at BE for the Scheme. The BE demand was Rs. 29.79 Crores vide letter No. 40-20/2016-Plg Vol-II dated 05.02.2019 which was increased to Rs.35.80 Crores at RE stage. Actual expenditure was Rs. 16.05 Crores against FG funds of Rs. 18.01 Crores i.e 89.12% w.r.t FG.

b) The shortfall was, however in the case of expenditure on opening of BOs in Left Wing Extremism (LWE) affected areas. The total expenditure was less than RE projection with the reason that out of Rs. 18 Crores allotted for LWE districts, it was decided to exclude the cost of hand held devices (Rs. 5.59 Crores), as the same was decided to be procured from the fund allotted under IT project.

c) For the year 2019-20, an amount of Rs. 25.67 Crores has been allotted at BE stage for the scheme, which has been reduce to Rs. 6.5 Crores at RE stage.

d) In the case of LWE BOs, the number of Post Offices is now revised as 4903 from 5962 consequents upon reduction in the number of LWE affected districts from 106 to 90 vide Ministry of Home Affairs (MHA)'s letter No. 18015/63/2015-LWE-III dated 09.09.2019.

e) In all, 4903 BOs have to be opened in LWE districts, of which 1770 have been opened so far. 2000 BOs are proposed to be opened during the year 2019-20. In this regard, sanction of Ministry of Finance for creation of BPM and ABPM posts in connection with the opening of these Branch Post Offices has been sought for the year 2019-20 and the next year 2020-21, which is still pending with Ministry of Finance.

(Department of Posts's O.M. No.28-5/2018/BGT(PA)/Pt./dated 05/03/2020)

**Comments of the Committee
(Please see Para no. 7 of Chapter I)**

Post Office Saving Bank Operations

Recommendation (Sl. No. 5)

The Committee are given to understand that the DoP with its physical access network of 1.5 lakh Post offices is well situated to play a critical role in opening of Savings Accounts in both rural and urban areas for financial inclusion. The objective of the Scheme is to bring in facilities of ATM banking, Internet Banking and Mobile Banking to Post Office Saving Bank customers. The Committee note that DoP ATMs have become inter-operable with effect from 31.12.2016 and fund under this Scheme is being utilized to procure and supply ATM Cards to POSB customers. With regard to utilization of funds, during 2018-19, the Committee note that an amount of Rs. 20 crore had been allocated at BE, however, it was reduced to Rs. 9.9 Crore at RE and the actual utilization made was only Rs. 0.02 Crore, i.e., 0.2 percent of the amount allocated at RE. The Department have stated that this was because the contract for supply of magnetic stripe based ATM/Debit cards was signed with M/s CMS Info systems Pvt. Limited for a period of two years i.e. from 2015-16 to 2016-17. In the meantime, there was a direction from the RBI to henceforth procure and supply only EMV chip-based ATM card. In view of this the Department had to go for fresh tender and it had taken considerable time to draft, float and finalise the fresh tender for EMV chip based ATM cards. The Department have now informed the Committee that Financial Division is planning to procure 47.5 lakh ATM/Debit Card and tender has been finalized

and order for procurement of 40 lakh ATM/Debit Cards has been placed with the vendor and supply has commenced.

The Committee hope that utilization of funds will fairly improve, but will also bring about customer satisfaction and reduce operational loss to the Department. The Committee recommend that the Department should give special emphasis to rural and hilly areas while setting up ATMs where there are no adequate ATM facilities. Besides, special drives should be organized to encourage rural people for cashless transactions. The Committee also desire to know the steps taken by the Department for introduction of Internet Banking and Mobile Banking to POSB customers. The Committee wish to be apprised of all the progress made in this regard.

Reply of the Government

Intra- operable Internet banking has been launched in Post Office Savings Bank on 16.12.2018. There are approx. 52749 Internet banking Users in the DOP at present. Intra- operable Mobile Banking has also been launched on 15.10.2019.

Supply of EMV Chip based ATM Cards has started and till now 14.95 lakh cards have been supplied to the Post Offices.

(Department of Posts's O.M. No.28-5/2018/BGT(PA)/Pt./dated 05/03/2020)

Comments of the Committee (Please see Para no. 10 of Chapter I)

Postal Life Insurance (PLI) and Rural Postal Life Insurance (RPLI)

Recommendation (Sl. No. 6)

Postal Life Insurance (PLI), introduced in 1884, is the oldest life insurance scheme for benefit of the Government and semi Government employees. The Committee however note that facilities under PLI have not been extended to common people. The Committee would like to know the reasons for not including the common people in the targeted group and desire that PLI should

be extended to all the common people also. Postal employees enjoy high credibility especially in the rural areas, this may be utilized to bring in more subscribers into the fold of RPLI. The Committee is satisfied to note that implementation of Core Insurance Solutions (CIS) has led to the facility of web portal and mobile portal so that customers can pay premium through various modes. The 'Anytime Anywhere Policy Procurement' facility will ensure easy retrieval and quicker customer service fulfillment from anywhere in the country as the policies will be stored electronically. The Committee recommend that the Department must undertake sustained efforts for publicity of PLI to create awareness about the insurance plans on offer through organizing drives, quiz competitions, exhibitions to further expand the subscriber base.

Reply of the Government

- Initially Postal Life Insurance Schemes was meant only for the Post Office employees, Today it caters to employees of the Civil and Military personnel of the Central and State Governments, Local Bodies, Government aided educational institutions, Universities, Nationalized Banks, Autonomous institutions, Public Sector Undertakings of the Central and State Government, employees of organizations such as Scheduled Commercial Banks, Credit Co-operative Societies, Deemed Universities and Educational institutes accredited by recognized bodies as much as National Assessment and Accreditation Council (NAAC), All India Council for Technical Education (AICTE), Medical Council of India (MCI) etc., joint ventures having a minimum of 10% stake of Central/State Governments/PSUs and employees engaged/appointed on contract basis by Governments where the contract is extendable.
- In October 2017, the benefits of PLI have also been extended to following categories of employees/professionals working in private sector as well:
 - (i) Employees (teaching/non-teaching staff) of all private educational institutions/schools/ colleges etc. affiliated to recognized Boards (recognized by Centre/State Governments) of Secondary/Senior Secondary Education i.e. CBSE, ICSE, State Boards, Open Schools etc.
 - (ii) Professionals such as Doctors (including Doctors pursuing Post Graduate degree courses through any Govt./Private Hospitals, Resident Doctors employed on contract/ permanent basis in any Govt./Private Hospitals etc.), Engineers (including Engineers pursuing Master's /Post Graduate degree after having passed GATE entrance test), Management Consultants, Chartered

Accountants registered with Institute of Chartered Accountants of India, Architects, Lawyers registered with Bar Council of India /States. Bankers working in Nationalized Banks and its Associate Banks, Foreign Banks, Regional Rural Banks, Scheduled Commercial Banks including Private Sector Banks etc.

(iii) Employees of listed companies of NSE (National Stock Exchange) and Bombay Stock Exchange (BSE) in IT, Banking & Finance, Healthcare/Pharma, Energy/ Power, Telecom Infrastructure Sector etc, where employees are covered for Provident Funds/Gratuity and/or their leave records are maintained by the establishment.

- Rural Postal Life Insurance (RPLI) scheme was introduced in 1995 for the benefit of rural populace to extend insurance cover to the people living in rural areas with special emphasis on weaker sections and women workers. RPLI provides insurance cover to every citizen residing outside the municipal limits of the city. Therefore, benefits of RPLI can be availed by any common person residing in rural areas across the country.
- Promotion and publicity of PLI/RPLI products is a sustained activity. To increase the brand awareness of PLI/RPLI, promotion and publicity of PLI/RPLI is done through different modes of communications, such as, advertisements in print media, outdoor publicity, radio jingles and SMS campaign.
- Sustained print media campaigns to increase awareness of PLI/RPLI insurance plans and products is carried out through Bureau of Outreach and Communication, Directorate of Advertisement and Visual Publicity (DAVP), Ministry of Information & Broadcasting. Outdoor publicity of PLI/RPLI is carried out by way of advertising at bus shelters, airports, railway/metro stations. In addition, radio jingle campaign on FM & Vividh Bharati channels across the country in Hindi, English and Regional language is also carried out for promotion and publicity of PLI/RPLI.
- During the year 2018-19, out of an outlay of Rs. 14 crores (scheme) earmarked for publicity of insurance products, expenditure to the tune of Rs. 13.91 crores were incurred for the purpose.

(Department of Posts's O.M. No.28-5/2018/BGT(PA)/Pt./dated 05/03/2020)

**Comments of the Committee
(Please see Para No. 13 of Chapter I)**

India Post Payments Bank

Recommendation (Sl. No. 12)

The Committee note that the vision of IPPB is to build the most accessible, affordable and trusted bank for the common man and the mission is to spearhead the financial inclusion agenda by removing the barriers for the unbanked. IPPB was the second payments bank to launch its operations and is one of the pioneers in this area to usher in an environment of digital payments in the country. The Committee are satisfied to note that 650 IPPB Branches have been established and 136000+ POs have been enabled to provide banking services. 195000+ Postmen and Gramin Dak Sevaks have been equipped with smartphones and biometric devices and 265000+ employees have been trained at present. The Department have informed that they plan to enable the remaining 18000+ Technically not feasible access points and fill in the remaining vacancies to ensure smooth operations. The Committee are satisfied that the allocation of Rs. 500 crore in FY 2017-18 and 300 crore in 2018-19 has been optimally utilized and the BE for 2019-20 is 335 crore. Out of this disbursement of Rs. 335 crores, the DoP has released Rs. 100 crores to IPPB in first Quarter. IPPB has now become the single largest platform in the country for providing interoperable banking services to the customers of any bank. With Aadhaar enabled payment system (AePS) services, any person with a bank account linked to Aadhaar can perform basic banking services such as cash withdrawals and balance enquiry irrespective of the bank they hold their account with. IPPB now has the ability to provide interoperable doorstep banking services to customers of any bank including the Jan Dhan account holders, by leveraging the unprecedented last mile reach of IPPB. The Committee are satisfied to note that the IPPB is committed to provide a fillip to a less cash economy and contribute to the vision of Digital India but IPPB, being a payments bank has limited avenues of income and sustainability of the business model is a challenge. Setting up such a bank requires extended investments into enabling digital and financial literacy at the last mile. The Committee note with concern that in the next financial year, IPPB may face shortage of funds as some revenue streams have decreased as RBI has

imposed certain limits on them. There is a constant need to improvise and upgrade the products and processes in the wake of fast evolving technology, regulatory requirements and security concerns which require integration agility and faster go-to-market processes.

The Committee, therefore, recommend that IPPB must therefore make renewed efforts to explore additional sources of revenue/funding by enhancing its products and services suite and apprise the Committee about the initiatives taken in this regard.

Reply of the Government

IPPB has established a national asset by creating an interoperable banking infrastructure for public good at the last mile that can serve customers of ANY BANK, which should be leveraged optimally by all banks and State/ Union Territory departments to drive comprehensive Financial Inclusion. Accordingly, IPPB has proposed to offer the following services:

- ❖ Horizontal integration of allied services: Single window approach
 - Aadhaar enrolment
 - DBT enrolment
 - Aadhaar linked Account Opening

- ❖ Enhancing the last mile service stack
 - Complete bouquet of govt. services
 - B2B model providing *Banking as a Service (BaaS)* to Financial Institutions
 - Account Opening (Regulatory restrictions as on date)
 - Loans – micro credit
 - Micro-insurance
 - Investments
 - Provide a platform for comprehensive inclusion including
 - Health Services
 - Education

- ❖ Service optimization, process designing and enhancing quality of service (QoS)
 - CRM based databases to manage and achieve better SLAs
 - Doorstep delivery on demand
 - GPS based Service Provider tracking
 - Cross-sell options
 - Building superior process flows
 - Improved customer engagement models
 - Providing business analytics and customer insights

- ❖ Enabling Post Offices as digital literacy centers

IPPB is focused on enhancing its products and services suite to augment revenue streams and create widespread social impact and enable last mile financial inclusion. Below are the alternate lines of business identified by IPPB which can provide services to customers of other Banks also:

- Aadhaar enabled Payment System (AePS) – With almost 1.90 lakh Doorstep Service Providers, IPPB has increased the rural banking infra by 2.5 times. AePS is a platform which provides the ability for a customer to access ANY BANK account using their fingerprint through the Postman at their doorstep.
- Domestic Money Transfer (DMT) – Remittance is one of the key pillars of financial inclusion enabling access to funds in times of need. There are almost 300 million migrants in India who have moved away from their homes for seeking livelihood. DMT services address the needs of rural to urban migrants to send money home in a reliable, speedy and economical manner. DMT is a high revenue generating product and also caters to non-IPPB customers that helps in sustaining financial viability.
- Cash Management Services (CMS) – The key strength of IPPB is the last mile physical infrastructure supported by real time online transactional capability which can be leveraged to offer cash

management solutions to corporate and other Banking and Financial Sector (BFSI) customers.

- Merchant Acquisition – IPPB will also expand its merchant acquisition, which will help in creation of an interoperable and digital merchant ecosystem at the last mile. This will help the bank in building CASA balances. IPPB will be able to offer UPI based merchant acceptance services in geographies where other players have not been able to make inroads.

(Department of Posts's O.M. No.28-5/2018/BGT(PA)/Pt./dated 05/03/2020)

Comments of the Committee
[Please see Para no. 16 of Chapter I]

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

-NIL-

New Delhi;

4 February, 2021

15 Magha, 1942 (Saka)

DR. SHASHI THAROOR,

Chairperson,

**Standing Committee on
Information Technology.**

**MINUTES OF THE THIRD SITTING OF THE STANDING COMMITTEE
ON INFORMATION TECHNOLOGY (2020-21) HELD ON 16th
OCTOBER, 2020**

The Committee sat on Friday, the 16th October, 2020 from 1100 hours to 1300 hours in Committee Room 'B', Parliament House Annexe, New Delhi.

PRESENT

Dr. Shashi Tharoor – Chairperson

MEMBERS

Lok Sabha

2. Shri Karti P. Chidambaram
3. Shri Santosh Pandey
4. Sanjay Seth
5. Shri L.S. Tejasvi Surya
6. Shri Bhanu Pratap Singh Verma

Rajya Sabha

7. Dr. Anil Agrawal
8. Shri Y.S. Chowdary
9. Shri Syed Zafar Islam
10. Shri Nabam Rebia

Secretariat

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

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee convened to consider and adopt four Draft Action Taken Reports on Demands for Grants (2019-20).....xxxxx.....xxxxx.....

3. The Committee took up the following draft Reports for consideration:-

(i) Draft Action Taken Report on Demands for Grants (2019-20) of Ministry of Communications (Department of Posts),

(ii)xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....

(iii)xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx....., and

(iv)xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....

4. After due deliberations, the Committee adopted the above Reports with slight modifications.

5. The Committee, then, authorized the Chairperson to finalize the Draft and present the same to the House during the next session of Parliament.

(.....xxxxx.....xxxxx.....)

6.xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....

7.xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....

8.xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....

9.xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....

10.xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....

....XXXXX....XXXXX.....

Verbatim proceedings of the sitting have been kept on record.

The Committee, then, adjourned.

...xxx....Matters not related to Report.

**ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE
OBSERVATIONS/ RECOMMENDATIONS CONTAINED IN THEIR THIRD
REPORT**

(SEVENTEENTH LOK SABHA)

[Vide Paragraph No. 5 of Introduction]

(i)	Observations/Recommendations which have been accepted by the Government Rec. Sl. Nos.:- 1, 2, 3, 7, 8, 9, 11, 13, 14,15	Total 10 Percentage 66.67
(ii)	Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government Rec. Sl. No.: 10	Total 01 Percentage 6.66
(iii)	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and require reiteration Rec. Sl. Nos.:- 4,5, 6 and 12	Total 4 Percentage 26.67
(iv)	Observations/Recommendations in respect of which the replies of the Government are of interim in nature Rec. Sl. Nos.:- Nil	Total Nil Percentage 0.00