

**REPORT OF THE
WORKING GROUP ON THE
POST
FOR THE
TENTH FIVE-YEAR PLAN
(2002-2007)**



**GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS
DEPARTMENT OF POSTS**

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SUMMARY OF RECOMMENDATIONS

- Recommendation 1: Every customer should have reasonable access to the basic facilities of collection, transmission and delivery of mails.
(PARA 3.4)
- Recommendation 2: Postcards, inland letter cards and envelopes should cover the Universal Postal Service Obligation at an affordable price. In addition the money order upto a certain ceiling on the amount should be at an affordable price. An affordable service needs to be provided in respect of literature for the blind but the Department should be compensated for the additional cost incurred.
(PARA 3.4)
- Recommendation 3: The pricing of all other services/products and the tariffs for all other money transfer and financial services should be determined on market and commercial principles.
(PARA 3.4)
- Recommendation 4: Organisation restructuring / reorganisation at the major urban centers as a result of coming up of new colonies, commercial complexes and habitats is called for. The requirement of single handed post offices in urban centers should be reviewed. Such an organizational re-structuring should be done over a period of time after making a thorough study of the postal facilities available in various localities.
(PARA 3.8)
- Recommendation 5: Re-activating the scheme of licensed postal agents. The scheme should be reviewed so that the licensed postal agents are in a position to provide a variety of services.
(PARA 3.8)

Recommendation 6: Panchayat Sanchar Sewa Yojana should be the basis for further extension of the network in the rural areas. There is also need to look for innovative ways for franchising the basic counter service in rural areas with a view to ensuring maximum coverage at minimal cost.

(PARA 3.7)

Recommendation 7: A regulatory body to oversee the pattern of the growth in the postal sector for ensuring uniform quality of service and determine appropriate tariffs in respect of the Universal Service Obligation to be set up.

(PARA 3.10)

Recommendation 8: Department should become viable in 10 years subject to necessary funding being made available for computerisation of its operations.

(PARA 4.1)

Recommendation 9 The savings and economy in expenditure through reduction in manpower may not be feasible. Therefore, increasing the revenues through diversification of products for which there is a demand in the market appears to be the best option for the Department.

(PARA 4.9)

Recommendation 10: There is need for increasing the efficiency of the management systems with the aid of technology. The existing processes needed to be re-engineered to suit the computerized environment.

(PARA 4.11)

Recommendation 11: The Postal Services Board should be strengthened. It should have statutory status with enhanced administrative and financial

powers so that it could bring about the requisite changes.

(PARA 5.2)

Recommendation 12: Business Directorate dealing with premium product services needs to be strengthened by giving it more autonomy.

(PARA 5.3)

Recommendation 13: Department should commercially exploit the various plots and buildings to earn more revenues.

(PARA 5.4)

Recommendation 14: The Civil Construction Wing of the Department should be abolished and the work entrusted to the other construction agencies in the public and private sector.

(PARA 5.5)

Recommendation 15: The Indian Post Office Act should be totally revamped and the legislative provisions should be brought in consonance with the development that has taken place during the intervening period.

(PARA 5.2)

Recommendation 16: A comprehensive study of integrating hardware and various softwares in the Department should be given to an outside agency like one of the IITs with a view to ensuring that the software designs aim at total integration of all requirements.

(PARA 6.7)

Recommendation 17: A National Data Centre should be established keeping in view the fact that the Department is introducing a large number of new services

which require data preservation, with 840 head post offices connected to a central hub through regional hubs located in each Circle.

(PARA 6.10)

Recommendation 18: The Department should introduce new electronic based services and a host of new non-traditional financial services.

(PARA 8&9)

Recommendation 19: The savings bank and financial services should be managed through a Directorate of savings bank and financial services which should be provided with the requisite autonomy.

(PARA 9.1)

Recommendation 20: The Post should become a 'Trusted Third Party' and enter into a joint venture with a technology provider.

(PARA 7.5)

Recommendation 21: There is a dichotomy of lopsided ratio of managers to men resulting in higher responsibilities pertaining to modernization and induction of technology being given in the field to group 'C' officials. There is, therefore, an urgent need for re-structuring of the management cadres so that the initiatives already taken in induction of technology are sustained and systematized at the management level. There is a strong need for recognizing and rewarding the talent of personnel engaged in induction of technology.

(PARA 10.2)

Recommendation 22: The Department should develop relationship with institutions of technical excellence and design special courses with reference to the

specific requirements of the Department for Group 'A' officers.

(PARA 10.4)

Recommendation 23: Since the Department has to train a large workforce, there is an urgent need for shifting training from group learning to distance learning.

(PARA 10.5)

Chapter – 1

SETTING UP OF WORKING GROUP & TERMS OF REFERENCE

- 1.1 The Planning Commission vide letter No.4(4)/35/2000-C&I dated 23.4.2001 had constituted a Working Group on Postal Sector to make the recommendations on the various policy matters relevant to the formulation of the 10th Five Year Plan for the Communication and Information Sector. The Working Group was to be Chaired by Secretary to the Government of India in the Department of Posts. The composition of the Working Group is given in Annexure.I.
- 1.2 The Terms of Reference of the Working Group were as follows:-
- (i) To evolve approach on postal sector for the Tenth Plan keeping in view the strengths and weaknesses of the postal services, socio-economic needs of the country, objective of providing world class postal services at affordable prices, international commitments of the country at UPU etc. and development needs of the country.
 - (ii) To make recommendations regarding long term and short term Postal Policy with the objective of making the postal operations self-financing.
 - (iii) To identify the institutional/structural reforms required in the Postal sector to achieve the above objectives. It may include recommendations regarding re-structuring the Department of Post, separating policy functions from service provision, creating separate corporate bodies for Life Insurance and commercial exploitation of land and postal estates.
 - (iv) To make recommendations on extent of privatization of services and need and form of regulation required.

- (v) To identify new product/services for generating additional resources for the Department of Post.
- (vi) To identify thrust areas with inter-se priority, keeping in view the National objectives and priorities for developing technological capabilities and their application in major areas of development.
- (vii) Role of post offices in promoting/facilitating e-commerce and the process of certification.
- (viii) Any other item that the Working Group deems necessary to be included for making the recommendations useful.

1.3 The Working Group in its first meeting held on 20th June,2001 decided to constitute three sub-Working Groups namely,

- (i) Policy issues
- (ii) Financial resources
- (iii) Technology and Manpower

The sub-working groups had a series of meetings and came up with certain recommendations which were considered by the Working Group in its meeting held on 8.8.2001. There was a consensus amongst the three sub-Working Groups on the following objectives:-

- (i) The provision of Universal Postal Services at affordable prices.
- (ii) The Department should become viable in 10 years.
- (iii) There was need for providing greater autonomy with the Department with enhanced administrative and financial powers.
- (iv) Ensuring quality of services at International levels.
- (v) Modernisation and processing re-engineering with a view to achieving better administrative efficiency and financial management.

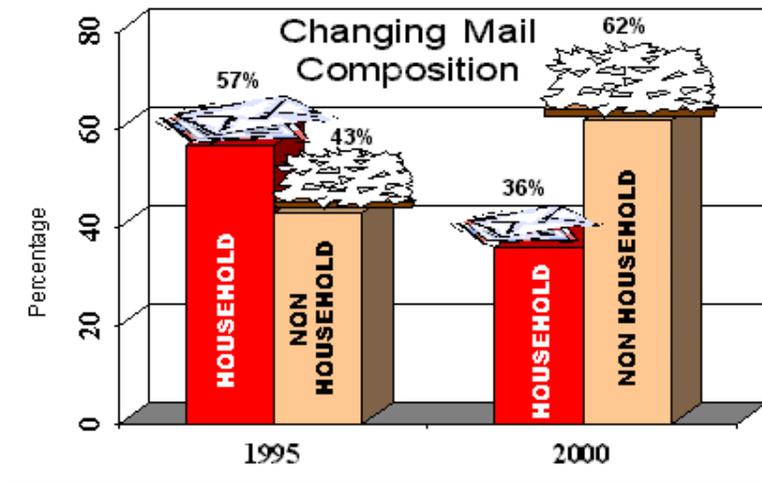
Tenth Five Year Plan (2002-2007) formulation

- (vi) Generation of revenues through new value added products and services with appropriate tariffs determined on market and commercial principles.
- (vii) Upgradation of the existing infrastructure with a view to economizing the cost of operation and enhancing customer satisfaction.

Chapter – 2

Post Office in 2007

2.1 The large Postal market spread around the globe is undergoing tremendous upheavals/transformation. This has been caused by the unprecedented technological revolution in communication systems and the virtual explosion in the field of information technology. Whereas the effect of the industrial revolution of eighteenth and nineteenth centuries was generally localized, the revolution in communication sector has crossed all boundaries, surmounted the various barriers and pulverized all the countries across the world. The postal segment has also been deeply influenced by the global trends of deregulation and demonopolisation of the communication market. In more concrete terms, the postal sector has been metamorphosed both qualitatively and quantitatively. The greatest impact has been made on the composition and volume of mails. According to a study of the postal market carried out by the Universal Postal Union, the household mail-segment, which was at the level of 57% of the total mail in 1995, has come down to 38% in 2000.



On the other hand, the non-household mail, which accounted for 43% of the total mail in 1995, has gone up to 62% in 2000. Interestingly, the highest growth in the mail volume has taken place in business to household sector.

2.2 The new world is increasingly targeted and interactive communications will challenge the traditional postal model of delivering mail to every household. Some aspects of today's mail stream are likely to decline, but there are unique opportunities in the new interactive environment for particular aspects of the postal model. The Post has some unique attributes – neighbourhood branches, expertise in local delivery logistics, neighbourhood skill, and a large employee base – that positions them key players in the new world.

2.3 The post office would have to take certain strategic decisions, make commitments, and re-position itself in recognition of the following market forces:-



- * Demands of the new communication market
- ** Demands for new products and services
- *** Emergence of new market segments with typical preferences and unique needs
- **** Need to follow economy of scale as a means of cost cutting for creating competitiveness

***** Need for innovative HRD initiatives for transmitting from institutional training system to work place training arrangements because changes are too fast and, therefore, the need for instant upgradation of skills. HRD is also one of the important elements of technology transformation as the managers and workers need to be better equipped knowledgewise and skillwise, in the emerging scenario.

2.4.1 The post office would become the key personal communication contact with the household as the customers would be increasingly moving from

their work places to their homes. The post office would be a large, successful logistic player that would make reliable and timely personal deliveries to every house and every company. The consumers would be able to receive targeted timely communication from various business establishments as well as a host of other personal services. The post office would operate in a worldwide communications market delivering door to door. Its strength would lie in its ability to reach each residence from local storage and distribution facilities and to connect these local distribution sites into the wider world of business communication and the distributed supply chain. The size and scale of the local distribution system and the interactive information gathered from its customers would give the post office



an overwhelming advantage in both adding value to its services and setting competitive pricing, in alliance with the organizations having the necessary strength in logistics and transport as well as in warehousing. The post office would be a distributor that can provide the one-delivery model on regularly delivering to homes everything from mail to clothing to food. It would be the main distributor that would reach back into any corner of the supply chain and deliver to neighbourhoods at various hours. Its partnership with other posts in other countries would guarantee reliable, timely international deliveries.

- 2.5 The core of the post office in 2007 would be the neighbourhood branch. While at present these branches are used mainly to distribute mail they

would have become full service distribution centers at the local level, playing four separate roles; mail centers, information hubs/printing shops local warehouses, and community communications centers. The local post offices would continue to handle the large volume of mail but it would be its other services that would account for the post office's rapid growth in revenue.



- 2.6 The growing portion of the messages delivered from the post offices would be actually generated at the nearest post office printing facilities. All the important post offices would have printing facilities for printing letters. In alliance with organizations having warehousing facilities and logistics of transport the post office would gather and distribute a wide variety of goods including parcels, food, books and movies. In collaboration with Mutual Funds/Securities/ Charitable Funds/ Banks/ Pension Funds and the like the post office will be dispensing a large number of financial services and products.
- 2.7 As Communication Centres important post offices would be selling newspapers and magazines, provide telephone, email, epost, and fax facilities. A phone call or an e-mail message would have a personal package ready on demand.
- 2.8.1 The postman would pass every house on his beat at least twice a day (once in the morning for the regular mail delivery and once in the evening with parcels and other items.). In the evening delivery the postman would not only deliver but also pick up, take orders, give out samples, provide information and advice to help



households make decisions. The pick up service would enable local libraries to distribute and pick up books within their local communities. The advantage that the post office would have would be its ability to run the logistics and delivery system hand in hand.

2.9 Traditional mail would still be the largest portion of the post offices revenues but the post office would be making substantial amounts from new activities.

2.10 While convergence and e-penetration would probably have reached its apogee the virtual world would not exist without its complementary physical, real, hard copy world. The Post would be the bridge between the virtual and the real. The bridge would be at the product, delivery, and functional level.

2.10.1 At Product Level;

- Exploit delivery service in combination with existing electronic communications – single point for a range of consumer services.
- Substantially expand the range of services offered at the postal outlets – the Post will perhaps diversify into markets outside the realm of, but using the communication sector.
- Offer products and services, which can exist on the hard drive of remote servers, for businesses finding it uneconomical to retain a retail presence.

- Warehousing, picking and packing goods, despatching and delivering them.
- Owning the process, not the product.

2.10.2 At Delivery Level:

Major delivery post offices would become full service distribution centers and would play the role of:

- Mail centers
- Information hubs and print shops
- Local warehouses
- Community Communication Centres

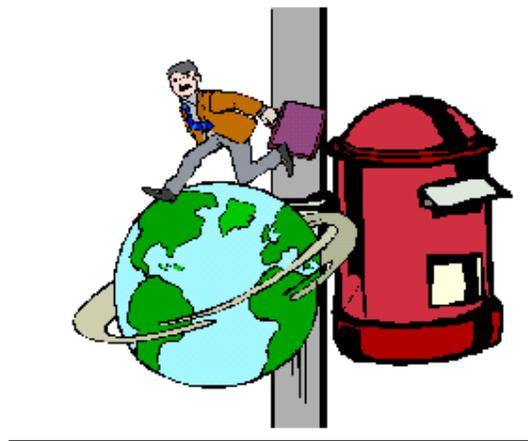
2.10.3 At Functional Level;

The future postman would be a multitasked-man for-

- Pick-up
- Delivery
- Taking orders
- Conduct transactions
- Provide information and advice

CONCLUSION:

Rather than be reactive to the winds of change, the Post will play an increasingly pro-active role in the services of the future.



Chapter-3

Universal Postal Service

- 3.1 The issues relating to objective of providing World class postal services at affordable prices and the commitment of the Department for providing a Universal Postal Service in accordance with its commitments to the Universal Postal Union was examined at length. The Universal Postal Service as defined at the Beijing Congress (1999) of the Universal Postal Union states that the member countries shall ensure that all users/customers enjoy the right to Universal Postal Service involving the permanent provision of quality basic postal services at all points in their territory at affordable prices. The member countries are to lay down within the framework of their postal legislation or by other customary means the scope of the postal services offered, the requirement for quality and affordable prices after taking into account the needs of the population. Each member country is to define the scope of its own Universal Postal Service in line with the technical, economic and social environment as well as needs of the customers in the individual country. The Beijing Congress resolution re-iterates that it is essential that the letter post should form part of the Universal Postal Service as also guarantee frequency and regularity of mail collection and delivery on each working day with the exception of any particular geographical area due to peculiar terrain and at least;
- a. One collection from the collection points
 - b. One delivery to each address
- 3.2. The other parameters for the Universal Postal Service Obligation are with regard to accessibility of the customer to the nearest post office, letter box and delivery systems. Ideally there should be at least one collection from each collection point and at least one delivery to each address every working day. The frequency of deliveries would be based on needs, volumes and local financial resources. Thus in terms of accessibility the

following points of reference has been identified by the Universal Postal Union:-

- (i) Post Offices providing full range of services
- (ii) Post Offices providing partial range of services
- (iii) Number of post boxes
- (iv) Number of letter boxes
- (v) Frequency of deliveries

3.3. The Universal Postal Service is loss making in most of the countries, the deficit being the result of imbalance between cost and revenues inherent to the provision of services especially in those countries where the socio-economic and demographic characteristics do not favour existence of a market capable of bearing the costs of providing a Universal Postal Service. Since the Universal Postal Service is to be provided at an affordable price to the ordinary customer the affordability would depend on the socio-economic conditions with reference to the particular country.

3.4. The Working Group feels that every customer should have reasonable access to the basic facilities of collection, transmission, and delivery of mails, Post cards, inland letter cards and the envelopes should cover the Universal Postal Service Obligation at an affordable price. The Working Group also feels that money order as a product is traditionally used by the unskilled labour for the purpose of remitting moneys to their families from major urban centers to the hinterland and, therefore, with certain riders and ceiling on the amount to be remitted these could be provided with an affordable money transfer service. The pricing of all other services/products and the tariffs for all other money transfer and financial services should be determined on market and commercial principles. It is felt that an affordable service needed to be provided in respect of literature for the blind but the Department should be compensated for the additional cost incurred in this work.

Access to Services

3.5. The Department has a network of 1,54,551 post offices as on 31.3.2000 out of which 1,25,799 are branch offices catering to the needs of the villages. All these offices are offering full range of services and the position is much better than some of the other countries as would be clear from the following table:-

TABLE - I

Offices offering full range of services(Figures in brackets show the total number of permanent post office.

ARGENTINA	1315(6678)	19.70%
BRAZIL	5299(11713)	45.25%
BRITAIN	1539(18760)	8.20%
CHINA	22864(112204)	20.38%
FRANCE	12206(17038)	71.64%
GERMANY	14500(14500)	100.00%
INDIA	26006(26006)	100.00%
INDONESIA	3664(20139)	18.19%
RUSSIA	43509(43900)	99.10%
USA	33613(38159)	88.1%

3.6. Similarly in terms of number of physical deliveries of mails being made as would be clear from the following Table India's record of providing two deliveries per day in urban centers and six deliveries a week in the rural areas compares with the best in the world including USA, Belgium, Germany and Britain. In fact the rural delivery in certain respects scores over the record of China as would be clear from the following table:-

TABLE – 2

Number of Deliveries

	URBAN/DAY	RURAL/WEEK
ARGENTINA	1	-
BELGIUM	2	6
BRAZIL	1	-
BRITAIN	2.0	6.0
CHINA	2.5	5
EGYPT	2.0	6.0
GERMANY	1.0	6
INDIA	2.0	6.0
INDONESIA	3	2
IRELAND	1.0	5.0
ISRAEL	1.0	6.0
ITALY	1.0	6.0
PHILLIPPINES	2	3
RUSSIA	2	6
USA	1	6

However, in so far as the post office boxes are concerned, which in any case is a facility generally availed of only in urban areas, the record of India Post does not compare favourably with some of the other countries of the world. The table below indicates the ratio of letter boxes to post office boxes in some of the countries in the world:-

TABLE – 3

RATIO OF LETTER BOXES TO POST OFFICE BOXES

ARGENTINA	8885 : 131000
BELGIUM	19655 : 47253
BRAZIL	25432 : 451076
EGYPT	21412 : 30787

FRANCE	145000 : 460000
GERMANY	140000 : 920000
INDIA	561868 : 104222
INDONESIA	18344 : 78696 (20% delivered through Post Boxes)
ISRAEL	3304 : 196525
JAPAN	171168 : 105068
MALAYSIA	4538 : 68100
THAILAND	112106190 : 139819964
U.S.A.	350000 : 20000000

It would be seen that while Malaysia has 68100 post office boxes, Indonesia has 78696 post office boxes, Thailand has 139819964 post office boxes, and Brazil has 451076 post office boxes, India has only 104222 post office boxes, which is in fact less than one fifth of the total number of letter boxes. The cost of delivery function is the highest when we apportion the cost across the mail stream. Keeping in view these facts, it is imperative that the Department reviews the entire system of providing post office boxes to customers and tries to reach out to as many customers as is possible. This would not only take care of the needs of some of our expanding urban centers but also would ensure keeping the costs of delivery function to the minimum.

- 3.7. It is in this context that the Working Group deliberated on the extension of the existing postal network both in the urban as well as in the rural areas. Historically, the institution of branch offices was introduced in 1867. While doing so it was stated that in the DG's Annual Report for 1867-68; "A large proportion of these new offices are on a very inexpensive footing, many of them being in charge of school masters who receive small allowances for discharging postal services." Initially, the designation given to the persons working in these offices was "Extraneous Departmental Agents". These agents consisted mainly of school Masters, Station Masters, Government pensioners, Village Headmen, Maulvis, Munshis and Village Gurus. This was an inexpensive way of extending the network to provide basic services in the countryside. However, over a period of time the number of such ED

agents swelled from 7925 in the year 1901-02 to 20746 on 15th August, 1947, and to 309649 as on 31.3.2000. Their composition has also changed over a period of time and presently School Masters, Station Masters etc., are not appointed as ED agents. The increase in their numbers has been as a result of the corresponding expansion in the rural network as already indicated in para 3.5. The average annual cost in respect of an Extra-Departmental Branch Office is Rs.55000. The Working Group has also taken note of the fact that the average area served per post office is 21.26 Sq.kms. and the average population served per post office is about 5500. It was also observed that this average also takes into its ambit vast tracts where there is no habitation such as the Rann of Kutch or mountain stretches and other natural barriers. The actual averages of population and area served per post office is, therefore, even better. A survey was recently been carried out of the constituencies of the Members of its Consultative Committee of Parliament by the Department covering 29276 villages. Details are given in Annexure II. The survey report reveals that the average distance between the Extra Departmental Branch offices is less than 5 kms. except in six constituencies; the average population served per post office was 4439; and the average number of letters posted per day is less than 40. Of the 28 Parliamentary constituencies covered, only in 11 constituencies any money orders had been booked, the average number being 4 per day. This shows that the actual traffic and business performed in these offices has not shown the expected increase with the result that the number of post offices incurring losses over and above the subsidy permissible is increasing. It is in this context that the continued expansion of the rural network has been carefully examined. There is a subsidy of the order of 67% to 85% with regard to opening of an Extra-Departmental Branch Post Office depending on the location. The total subsidy as of now is of the order of Rs.563 crores. The Working Group feels that there should be a convergence of services at the Extra-Departmental outlets so that in the long run the system could pay for itself. The convergence of a host of services provided by the Central and State Governments should be the aim. The future expansion should be by franchising the same to other institutions. This necessitates a new

approach which should ensure achieving the twin objectives of keeping the cost to the minimum while accelerating the increase access to the services especially for people in remote and far flung areas. The Panchayat Sanchar Sewa Yojana could to be the best route to further extend the network. An outlay of more than Rs.3 crores had already been provided for the scheme during the 9th Plan. The outlay for this needs to be substantially increased during the 10th Five Year Plan and should become the basis for providing postal services in the rural areas in the coming years. There is also need to look for innovative ways of franchising the basic counter services in rural areas with a view to ensuring maximum coverage at minimal cost.

- 3.8 The post office network in urban areas poses a different challenge. There is considerable scope for re-organisation/relocation of existing post offices especially in the major urban centers as a result of coming up of new colonies, commercial complexes and habitats. Simultaneously, there is a need for review of the requirement of single handed post offices in urban centers. Such an organizational restructuring would have to be done over a period of time after making a thorough study of the postal facilities available in the various localities. The post offices in urban centers should become the hubs for providing a host of services to a diverse urban clientele. These offices should become information hubs, print shops and communication centers. In urban areas economic viability and public convenience should be the cornerstones for setting up post offices while reorganizing the existing network. The Working Group also feel that there was a need for re-activating the scheme of licensed postal agents. The same should be reviewed so that the licensed postal agents are in a position to provide a variety of services. It should be ensured that the licensed postal agents have flexible hours of work. In fact the same flexibility also needed to be provided in those post offices wherever the front office functions have already been computerized. This would have to be done based on public convenience.

3.9. It is felt that the subsidies on account of providing the Universal Service Obligation i.e. the excess expenditure incurred in relation to the revenues generated needed to be adequately compensated by the general exchequer. In the International scenario also the options available for meeting the cost of the Universal Service Obligation are very limited and are confined to the following:-

- (i) Resources coming from the general exchequer.
- (ii) Resources from other lucrative segments resulting in better income being partially used to finance the Universal Postal Service.
- (iii) Resources coming from a fund specially set up for this purpose to which other postal operators make financial contributions aimed at funding for Universal Postal Service.

It may be mentioned here that the concept of cross subsidization as indicated at (ii) above is not accepted by the European Commission. The general practice has been that the responsibility for providing the Universal Postal Service has always devolved on the official postal operator in other countries.

3.10 A regulatory body to oversee the pattern of the growth in the postal sector, ensure quality of service, and determine appropriate tariffs in respect of the Universal Service Obligation should be set up. Tariffs would be determined keeping in view efficiency, economy and consumer interest. The role of the regulatory body will be to ensure a minimum quality of service for the Universal Service Obligation and safeguard the interest of the customers. The affordability of the Universal Postal Service would have to be determined by the regulator after taking into consideration of all factors including the socio-economic conditions. In this scenario other players in the postal sector such as the couriers could be registered with a view to

safeguarding the interest of the customer. Since Universal Service Obligation would devolve on the Department a fee needs to be levied on the other players such as the couriers so that at least a part of the cost of Universal Service Obligation is met from the same. Regulation of the various operators in the postal sector is a universal pattern. Several postal administrations have enacted postal regulations such as Malaysia, Singapore, Philippines, Spain, Canada etc. In these countries all players in the postal sector need to be registered with the competent authority and have to pay prescribed fee and have agreed to certain terms and conditions with a view to maintaining a uniform quality of service.

- 3.11 The funding required in respect of opening of Panchayat Sanchar Sewa Kendras and opening of a new few extra-departmental branch offices and departmental post offices for the entire 10th Five Year Plan is indicated below:-

(Rs. In Crores)

	Plan Activity	Financial Requirement
1.	Opening of 5,000 PSSKs	13.95
2.	Licensed Postal Agents	--
3.	Opening of 1250 Extra-departmental Post Offices	19.85
4.	Opening of 100 Departmental Post Offices	7.45
	Sub Total	41.25

Chapter – 4

MAKING THE ORGANISATION FINANCIALLY VIABLE

4.1. The Working Group unanimously agreed that the Department should become viable in 10 years so that it pays for itself. It also observed that in most of the developed countries the postal operations are fully self-financing with reference to the operational costs. Details pertaining to some countries are given below:-

TABLE : 4

Financing of Postal International Scenario (1998)

(Figures in million SDR)

Country	Operative Expenses	Investment	Total Expenses	Receipts	OE as % Recpt.	TE as % Recpt.
Brazil	1859.99	65.43	1925.42	1936.59	96.04	99.42
Britain	7816.36	577.72	8394.08	8281.84	94.38	101.36
China	2966.82	0.00	2966.82	2444.21	121.38	-
France	12148.15	543.07	12691.22	12220.92	99.40	103.85
Indonesia	95.52	11.93	107.46	106.82	89.43	100.60
Malaysia	98.43	11.87	110.30	103.62	94.99	106.44
Sri Lanka	21.08	2.56	23.64	17.12	123.41	138.06
USA	41035.51	2627.84	43663.35	42617.19	96.29	102.45

As against this in India the postal subsidy has increased substantially from Rs.91.81 crores in 1992-93 to Rs.1549.76 crores in 2000-2001. While the expenditure on establishment has grown at the rates 6% to 19% from 1993-94 to 1996-97 and 30% to 34% from 1997-98 to 2000-01, the revenues have shown an annual growth of about 12%. The implementation of the recommendations of the 5th Pay Commission and the Talwar Committee on Extra Departmental Employees has resulted in escalation in expenditure relating to the establishment. The inbuilt system

of payment of dearness allowance in line with the increase in the consumer price index results in a six monthly increase in the cost of establishment. The result has been that only three services out of a total of 20 are yielding a surplus. As per the budget estimates 2000-2001 the major subsidies are as under:-

Subsidy per unit

Post Card	555.39 paisa
Printed post cards	381.33 paisa
Letter Cards	378.44 paisa
Registration	1809.43 paisa
Money order	2894.35 paisa
Regd.newspaper(single)	786.86 paisa
Regd.newspaper(Bundle)	1283.25 paisa
Printed books	1110.73 paisa

4.2 In addition to the subsidies for maintaining rural network there are inherent subsidies on the tariffs determined for the various products/services. The following Table gives the detail of per unit subsidy and the total amount involved in major services:-

TABLE : 5

Subsidy on Postal Services for 2000-2001 (Projection)

Sl.No.	Name of Service	Total Cost	Revenue	Difference	Traffic (in lacs)	Deficit(-)& Surplus(+) (Rs.in crores)
1.	Post Card	580.39	25.00	-555.39	3185.5	-176.92
2.	Printed Post Card	581.33	200.00	-381.33	1214.5	-46.31
3.	Comp.Post Card	588.49	400.00	-188.49	106.0	-2.00
4.	Letter card	578.44	200.00	-378.44	4599.5	-174.06
5.	Letter	671.64	589.07	-82.57	9620.0	-79.44
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6.	Single	807.30	20.44	-786.86	1045.5	-82.27
7.	Bundle	1333.02	49.77	-1283.25	174.5	-22.39
	BOOK POST					
8.	Book P.&S Pkts	813.93	496.11	-317.82	842.0	-26.76
9.	Printed Books	1354.54	243.81	-1110.73	322.0	-35.77
10.	Other Periodicals	1293.94	406.96	-886.98	191.0	-16.94
11.	Parcel	5627.69	4904.79	-722.9	684.0	-49.95
12.	Registration	3209.43	1400.00	-1809.43	2679.5	-484.84
13.	Speed Post	2587.63	4035.69	1448.06	365.0	+52.85
14.	Value Payable post	2543.99	395.92	-2148.07	91.0	-19.55
15.	Insurance	4367.18	6590.44	2223.25	95.0	+21.12
16.	Money Order	4862.42	1968.07	-2894.35	1105.0	-319.83
17.	TMO *	6232.76	2168.07	-4064.70	24.5	-9.96
18.	IPO	2181.03	126.73	-2054.30	261.0	-53.62
19.	Foreign Post	1281.68	2290.77	1099.09	1144.0	+115.44
20.	Acknowledgement	539.51	200.00	-339.51	420.0	-14.26
	Total				28169.5	-1425.46

* In respect of telegraph money orders, savings bank and postal life insurance there is full re-imbursement. The deficit indicated against telegraph money order is on account of less realization for which action is being taken.

4.3 The postal tariff in respect of 12 services were revised with effect from 1st June 2001 which is expected to generate additional revenue of Rs.300/- Crores per annum. During the year 2001-2002 additional revenue of Rupees 250 crores is expected. The revenue deficit of Rs.1683.37 crores of 2001-2002 (BE) will be reduced to that extent. The details of revision of postal rates with effect from 1.6.2001 and expected additional revenue per annum against each service is shown in the following table.

TABLE : 6

DETAILS OF REVISION OF POSTAL RATES WITH EFFECT FROM 1.6.2001

Sl.No	Postal Service	Description	Existing Tariff	Revised tariff	Expected additional revenue per Annum (Rs.Crores)
1.	Postcard	Single Reply	25 paise 50 paise	50 paise Re.1/-	7.97
2.	Printed Postcard	For a printed Postcard	Rs.2/-	Rs.3/-	12.15
3.	Competition Postcard	For a Competition Postcard	Rs.4/-	Rs.5/-	1.06
4.	Letters	For a weight not exceeding 20 grams For every 20 grams, or fraction thereof, exceeding 20 grams	Rs.3/- Rs.3/-	Rs.4/- Rs.4/-	143.82
5.	Book, Pattern & Sample Packets	For the first 50 grams or fraction thereof For every additional 50 grams or fraction thereof, in excess of 50 grams	Rs.2/ Rs.3/-	Rs.3/- Rs.4/-	12.18
6.	Registered Newspapers	In the case of a single copy of a registered Newspaper For a weight not exceeding 50 grams. For a weight exceeding 50 grams but not exceeding 100 grams For every additional 100 grams or fraction thereof, exceeding 100 grams In the case of more than one copy of the same issue of a registered Newspaper being carried in the same packet For a weight not exceeding 100 grams. For every additional 100 grams or fraction thereof exceeding 100 grams. Provided that such packet shall not be delivered at any addressee's residence but shall be given to a recognized agent at the post office.	15 paise 25 paise 10 paise 25 paise 10 paise	25 paise 50 paise 50 paise 20 paise	1.74 0.55
7.	Parcels	For a weight not exceeding 500 grams. For every 500 grams or fraction thereof, exceeding 500 grams	Rs.12/- Rs.15/-	Rs.16/- Rs.15/-	27.36
8.	Registration	Fee for Registration	Rs.14/-	Rs.17/-	80.40
9.	Concessional Registration Fee for Printed Books	Concessional fee for registration of a value payable book packet containing printed books, the value of which does not exceed Rs.50/-	Rs.1.25	Rs.2.50	
10.	Book Packets containing printed books	For the first 100 grams or fraction thereof For every additional 100 grams or fraction thereof, in excess of 100 grams	50 paise 50 paise	Re1/- Re1/-	2.62
11.	Book Packets containing periodicals	For the first 100 grams or fraction thereof For every additional 100 grams or fraction thereof, in excess of 100 grams	Re.1/- Rs.2/-	Rs.2/- Rs.3/-	4.48
12.	Acknowledgement	Fee for an acknowledgement	Rs.2/-	Rs.3/-	5.67
		Total			300.00

4.4 The recent hike in postal tariffs is very marginal and is not in consonance with the element of cost involved in the individual services. Postal tariffs have not been raised in respect of certain products/services for years together. While it is agreed that rates cannot be increased to compensate for operational inefficiency, if any, nevertheless prices should reflect the true cost of providing a service. At the same time there is no reason why the service should be under-priced if there is no clear social reason. A very large segment of mail is generated from business/institutions. The fact that six largest cities in India namely Mumbai, Calcutta, Delhi, Chennai, Bangalore and Hyderabad contribute the largest chunk of mail traffic is further indicative of this. As with any input, there is no reason why this clientele should not pay the full price of the service. If the service is subsidized obvious beneficiaries of the same are commercial mailers. It must be acknowledged that an under-priced postal service is likely to compromise on quality of service. Certain segment of customers are willing to pay for reliable and speedy service the proof of which lies in excessive use of courier services. For the segment of users that relies on postal services for personal communication, postage is the least significant component of expenditure. This body of users is also likely to benefit from a reliable if slightly more expensive service. As has been succinctly brought out in the midterm appraisal carried out by the Planning Commission for the period 1997-2002 "it is an explosive situation which cannot be sustained for long except on a very high cost to the nation in the shape of retarded development due to reduced flow of funds to the more needy sectors." There is a growing realization in the Department that as the exchequer is covering operating losses it is increasingly unwilling to provide the necessary funds for the much needed programmes relating to modernization. The Prime Minister's Economic Advisory Council in its report submitted recently has observed:-

"Postal charges are another area where user charges have been kept at very low levels leading to postal deficit of Rs.600 crores. The enormous growth in the courier industry which charges much higher rates show that there is a substantial capacity and willingness to pay for quality service."

It is in this scenario that the Working Group recommends that the Department should pay for itself in 10 years. This is only possible if sufficient funding is available for the modernization of the postal operations.

4.5 As per the Indian Post Office Act 1898 the Central Government vide notification in the official gazette fixes the rates of postage and other sums to be charged in respect of postal articles sent by inland post under this Act and make rules as to the scale of weights, terms and conditions subject to which the rates so fixed shall be charged provided the highest rate of postage when prepaid shall not exceed the rate set forth for each class of postal articles in the first Schedule to the Act. The first schedule covers the following postal articles:-

- Letters
- Letter cards
- Post cards
- Book, Pattern and Sample packets
- Registered newspapers
- Parcels

It would be observed that in respect of inland postage rates pertaining to the above as per the Act the Department has to go to Parliament for making any changes in the rates. The rates in respect of other items of postal articles such as the registered letters, insured letters, registered parcels, insured parcels and all the other services including money orders can be fixed without having to bring the same before Parliament. Similarly the rates in respect of international mails can also be fixed without bringing them before Parliament.

4.6 The need for subsidization of the postal budget has arisen mainly due to the following reasons:-

- (i) The major portion of the subsidy is consumed for maintaining postal network in the rural areas which alone accounts for approximately Rs.563 crores i.e. about 40% of the total subsidy bill at the end of 2001-2002 financial year.
- (ii) Concessional tariff for transmission of registered newspapers which account for Rs.103 crores per year. The term registered newspaper includes transmission by post of weekly/fortnightly/monthly magazines and journals of any and every kind and not necessarily the daily newspapers.
- (iii) Subsidy on account of transmission by post of book packets containing printed materials which accounts for about Rs.40 crores per year.
- (iv) Subsidy on account of under-pricing of Money Order and Registered Post. On Money Order the amount of subsidy is Rs.320 crores and on Registered Post Rs.390 crores per year.

The services shown in paras (i),(ii) & (iii) are such matters over which the Department has no control. If the rural postal network is being subsidized the same is due to deliberate policy of the Government not only to provide postal facility to each and every village to the country by way of daily delivery of mail but also counter facilities by setting up post offices which incur loss upto 85% of the cost in hilly and remote areas and upto 66% in other areas. With regard to item (ii) above it is clear that it was in 1898 when the Indian Post Office Act was enacted that the post office was given the responsibility of looking after the development of the Fourth Estate by way of grant of concessional postal tariff to help them to stand on their legs. During the intervening more than 100 years there have been many developments. There is now a nodal Ministry Incharge of Information and Broadcasting which has the responsibility of looking after the newspaper industry. In the circumstances it would be in the fitness of things that the question of transmission by post of registered newspapers at concessional rates is taken care of by that Ministry. In fact a lot of operational problems have developed because of difference in definition of newspapers as laid down in the Indian Post Office Act and the Act/Rules framed by the Ministry of Information and Broadcasting for managing the affairs of the newspaper

industry. Subsidies for granting a concessional postage for registered newspapers should be a subject which should therefore be handled by the Ministry of Information and Broadcasting and the subsidies on this score should be paid for by the Ministry of Information and Broadcasting. Similarly in so far as item (iii) is concerned the Ministry of Human Resource Development is the nodal Ministry for publishing industry. The question of subsidization of the same by way of postal concession would better be managed by that Ministry and any decision for subsidization would get better consideration when it is handled by the latter.

4.7 After the re-adjustment of the subsidies to the tune of Rs.563 crores for the rural network and Rs.143 crores for items (i) to (iii) of para 4.6 the Department would still be left with gap of Rs.569 crores if we take the total subsidy to be of the level of Rupees 1575 crores.

4.8 The subsidy of money order would be wiped out by handling money orders in the satellite system which is in the process of being extended all over the country. The cost of processing is likely to come down as a result of computerized-cum-satellite processing from Rs.48 per money order to about Rs.15.28 per money order. Similarly the gap in registered post could be bridged by processing the entire registered traffic at the booking, processing, and delivery stages through computers.

4.9 The Working Group is of the considered opinion that savings in expenditure through reduction in manpower may not be a feasible proposition. Therefore increasing revenues through diversification of products for which there was a demand in the market was the best option. The Working Group has taken note of the fact that the Department had already been introducing a large number of value added products for selected segments of customers where the pricing had been determined on commercial principles. Some of these products are Speed Post, Greetings Post, Express Parcels, Data Post, Instant money transfer, Passport, e-Post etc. The effort should be to minimize the operational cost and maximize the gross margins. The initiatives already undertaken would need to be

reviewed and oriented to the felt needs of the customers. The Working Group has also taken note of the fact that there had been, on an average, 44% increase annually in the revenues from new value added services during the last three years.

- 4.10 As already stated the maintenance of a rural network is a necessity, the total subsidy of which as of now is of the order of Rs.563 crores. The deficit on this account should not be taken as a reflection on the efficiency of the Department. This is a part of the Universal Service Obligation to which the Department is committed to as a part of its international obligations. The subsidization of the Department, therefore, needs to be split into two main streams. The first relating to subsidy on account of social obligation of the Government of India and the second relating to the postal services which are rendered as value added services. In the first case the Government should view the same as a direct subsidy and in the second case the Department should be able to generate enough revenue. It is felt that the revenue earned by the DOP through value added services other than those rendered as a part of the Universal Service Obligation should be allowed to be retained by the Department to invest in rendering better services, maintenance of post offices, and modernization of infrastructure etc.
- 4.11 Simultaneously it is felt that there is need for increasing the efficiency of the management systems with the aid of technology. There is a need for rationalization of the various processes and the operations as a result of induction of technology. Existing processes need to be re-engineered to suit the computerized environment. Technology needed to be used as a competitive tool. The rationalization of postal operations would to a certain extent result in the reduction of cost of operations.

Chapter – 5

Structural Changes

- 5.1 The issue pertaining to corporatization of the Department of Posts was discussed at length by the Working Group in its various meetings as also by the sub-Working Group which dwelt on issues pertaining to policy. The benefits of corporatization were largely in terms of greater autonomy and freedom and the likely efficiency as a result of the same. The Working Group also took note of the fact that the experience of Public Sector Undertakings in India has not been very satisfactory in terms of efficiency as well as in economical terms. A view was expressed that autonomy, efficiency and requisite freedom could be made available even in a Governmental set up. The examples of the Business Development Directorate and Postal Life Insurance Directorate were cited in this regard. Even with limited functional autonomy they have been able to show good results details of which have been indicated in para 6.3. Basically it was a question of quality of leadership and self-actualization, they concluded. Over and above that if financial and total functional autonomy is granted, that should fulfil the objectives of efficiency and profit making.
- 5.2 The Working Group, therefore, felt that the present Postal Services Board should be strengthened and should have a statutory status with enhanced administrative and financial powers so that it could bring about the requisite changes. This was necessary to provide the Board with flexibility of approach so that the Organization could move on a path which ultimately results in the balancing of its budget and even earning surplus. The Indian Post Office Act 1898 which provides the legal basis for providing postal services in India requires a total revamp. Considering the era in which it was enacted and now the advances in technology, global changes in economic and communication scenario, introduction of new services, structural changes in the organization, there is an urgent need to bring the legislative provisions in consonance with the developments that have taken

place for more than 100 years The Postal Services Board should become an entity which draws its powers from the Act. The Department should become an important tool of social change with its huge physical and technological network for distribution of products and services, be it financial, commercial or traditional.

- 5.3 Simultaneously the premium product services need to be entrusted to a directorate endowed with full autonomy and to be run on commercial principles. The Department has already tried this concept by setting up the Business Development Directorate in Feb.95. A premium product service was first established in 1986. Its turn over grew from 1986 to 1994 to a meager Rs.40 crores; but from the financial year 1995-96 to 2000-2001 it touched Rs.281 crores. This Directorate is yet to be provided with full functional autonomy ,dedicated staff etc. Once this Directorate is set up with necessary manpower and financial and administrative powers, faster growth is anticipated. During the last three financial years the growth in the business has been to the tune of 32% to 57% over the preceding years. On the basis of what has been achieved so far the following financial projections can be made:-

Year	35% growth	40% growth	45% growth	50% growth	55% growth	60% growth
2001-02	381	395	409	423	437	451
2002-03	514	553	552	592	590	632
2003-2004	694	774	745	829	797	884
2004-05	937	1083	1006	1181	1075	1238
2004-05	937	1083	1006	1161	1075	1238
2005-06	1264	1517	1358	1625	1452	1733

- 5.4 The Department owns a large number of vacant plots and buildings. Only half of these assets have been utilized for the purpose they were acquired/purchased. The lands and buildings available with the Department need to be commercially exploited as has been done in other

Government Departments like Ministry of Railways. The objective should be to generate resources for the development plan and for cross subsidizing the Universal Service Obligation including the rural postal network. This can be done by exploiting non-tariff avenues of land and air space. This exercise needs to be undertaken in collaboration with other public sector undertakings who are in the business of construction and housing. Existing buildings could also be extended by exploiting the air space and hiring them on commercial lease. The Planning Commission has already granted approval in principle in this regard.

5.5 Simultaneously action needs to be taken to restructure the Civil Construction Wing of the Department. The Civil Construction Wing of the Department consists of the 23 civil and six electric divisions. Originally this Wing was created as a common service for both the Department of Posts as well as Telecommunications. A Civil Wing only for the Department of Posts after the corporatisation of the DOT is not viable. The work could be entrusted to other construction agencies in the public and private sector.

5.6 While the case for commercial exploitation of lands and buildings in principle has been agreed to by the Planning Commission and is being processed, there would continue to be need for external funding for certain essential projects making the buildings during the 10th Five Year Plan. Thereafter depending on the kind of returns as a result of commercial exploitation of estates a view could be taken whether there would be any dependence of external funding. The details of the funding during the 10th Five Year Plan are as follows:-

(Rs. In Crores)

	Plan Activity	Financial Requirement
1.	Construction of 50 PO and 500 SOs/MOs	270.00
2.	Construction of 50 Admn. Offices	60.00
3.	Construction of 2000 Staff Quarters	160.00
4.	Purchase of land	5.00
5.	Maintenance of Buildings	30.00

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6.	Maintenance of Heritage Buildings	30.00
7.	Petty Works	30.00
Sub Total		585.00

Chapter – 6

INDUCTION OF TECHNOLOGY

- 6.1 The Department has 26006 Departmental Post Offices out of which 839 are Head Offices. There are 10925 single handed post offices. The Working Group was of the opinion that computerization of all departmental post offices other than single handed offices needs to be undertaken in the first instance. A review of the single handed offices in urban areas has already been proposed separately. As of 31st March 2001, 406 Head Post Offices and 1260 other Departmental offices had been computerized. Another 100 Head post offices are to be computerized during 2001-2002 leaving a balance of 334 Head post offices and about 13027 other Departmental post offices which need to be computerized during the 10th Five Year Plan.
- 6.2 In addition to this 150 high speed VSAT terminals had been set up during the 9th Plan in addition to the 77 low speed VSAT Stations. These are in the process of being further linked to about 1750 Extended Satellite Money order Stations. While the present net work is likely to take care of the needs of the entire money order traffic, some consolidation may still to be required during the 10th Plan by extending the network through Extended Satellite money order stations.
- 6.3 Mail offices which process registered letters, transit mail offices which handle mail bags/containers, and the accounting units of these offices were taken up for computerization during the 9th Five Year Plan. There are 573 RMS Sorting Offices which have a separate component of staff processing registered articles. Only the major 200 Registration Centres in these offices are proposed to be computerized. 64 of these would have been computerized by the end of the 9th Plan leaving another 136 to be covered during the 10th Plan. The major 100 Transit Mail Offices which process the handling of closed bags/containers are proposed to be computerized. 33 of these would have been computerized by the end of

the 9th Five Year Plan leaving a total of 67 to be covered during the 10th Plan. 69 Head Record Offices are to be computerized. 15 would have been computerized by the end of the 9th Plan leaving a balance of 54 to be covered during the 10th Plan. In addition to this 64 Speed Post Collection Centres, 611 Customer Care Centres and 31 Postal Stores Depots are proposed to be computerized during the 10th Plan. All the 22 Central Stamp Depots also need to be computerized. Computerisation of Postal Life Insurance and Philatelic Bureaux has already been completed during the 9th Plan.

6.4 Computerization of the administrative offices at the Circle/Regional/Divisional level need to be covered during the 10th Plan. There are 437 Divisional Offices and 59 Circle/Regional Offices. In addition there are 69 RMS Divisional Offices. There is a large accounts organization comprising of 7900 officers and staff which cannot be maintained at the existing levels particularly when the computerization has made much headway on the operational side in the Department. There is an urgent need for computerization of the activities of the Postal Accounts Offices in conjunction with what has already been achieved and is envisaged on the operational side. Ultimately only a small account organization may be required to perform the work according to the Central Government Accounting Codes.

6.5 There are four airmail concentration centres for foreign mail which act as gateways. Entire foreign airmail incoming as well as outgoing is concentrated in these four centres at Delhi, Mumbai, Chennai and Calcutta. In addition there are the foreign post offices at Mumbai, Delhi, Calcutta and Chennai dealing with foreign parcels and foreign surface mails and subforeign post offices at Ahmedabad, Jaipur, Bangalore, Cochin and Srinagar. The computerization of these offices has to be undertaken during the 10th Plan. This would involve the barcoding of all parcels and other accountable articles and providing a fool proof tracking and tracing system which is web-based. In addition dedicated computerized call

centers for EMS enquiries would have to be set up so that the articles are processed as per international standards. Suitable systems will also have to be installed in these centers to take care of security of international mails.

- 6.6 One of the issues that was discussed at length was as to whether the Department should go in for intranet or web based solutions. It was felt that setting up an intranet to link nearly 15000 post offices and the administrative and account offices would be cost prohibitive and there is need to look for alternate solutions. The considered opinion was that the Department should opt for a virtual private network and all applications should be web based on these networks. The Department already has 77 low speed VSATs and another 150 high speed VSATs are in turn have been linked to about 1350 offices. This network could be used for transfer of internal data. Information from this intranet would be available to the public through the internet. The remaining post offices would be linked through the Public Switch Packet data network. The internet would be used to link the data center with other locations depending on the quantum of data and criticality the bandwidth would be decided and accordingly the connectivity would be either through dial-up connections or wherever necessary through leased lines. While using the public network measures would be taken to maintain integrity of data through encryption, firewalls and other anti hiking tools.
- 6.7 A comprehensive study on integrating the hardware and various softwares in the Department is an urgent necessity which needs to be given to an outside agency like one of the Indian Institutes of Technology. The software designs would have to aim at total integration of all requirements so that each module of the software could talk to the other without any hassle. Datamining options would have to be decided with reference to the operational and managerial requirements of the Department.

- 6.8 Another area where induction of technology has been attempted during the 8th and 9th Five Year Plans has been in the automatization of the mail processing systems in major metropolitan cities. The Automatic Mail Processing Systems installed in the metropolitan cities cater to high volumes and are not suitable for medium sized mail offices. There is a general need to find out as to what mechanical tools and equipments would be required in the Indian situations and how the mail would flow in waves consisted with the various technical solutions. Making available modern solutions which aid in reducing drudgery and fatigue would go a long way in increasing productivity and enhancing the dignity of the worker. Rationalizing the flow of mail and use of specially designed sorters for medium sized mail processing centers was a requirement not only in achieving the above objectives but also with a view to ensuring that the processes could be integrated with the information technology tools. These projects could also be farmed out to technical institutions. This would help in building relationships, in bringing out new ideas, and involving experts in the process of working out solutions. It is in this context that it is felt that the Department should consider setting up a fund for funding of multidisciplinary groups in selected institutions that will primarily focus on doing research on ideas that might find applications in the postal environment.
- 6.9 The Group feels that the Department should have the benefit of a couple of expert advisory groups to keep its endeavours in induction of technology. One of the groups could be an external one which should look into various options relating to induction of technology and choose the best option. This could be a group such as the Standing Committee on Technology which already exists in the Department which has the representatives from institutions of technical excellence. This group needs to be further strengthened so that the right choice amongst competing technologies could be made. A second group should be responsible for implementing projects and yet at a third level there is need for collaboration with specialists in the particular area of service in the implementation of various new products involving technology.

6.10 National Data Centre

As a part of the Management Information System the Department has already processed a case for establishment of a National Data Centre. An investment of rupees one crore has been made to take care of electronic billing and bill presentment. This project is being undertaken in a modular manner to take care of additions in the future. Connectivity and equipment would be augmented during the next plan to take care of the Department's complete requirements. The data relating to the various financial services, track and trace, speed post and other products available on date and those which are likely to be introduced in the future would be stored in this center. Access to the operative and administrative offices would be on a 'need-to-know' basis.

6.10.2 Large volumes of data collected through different applications needs to preserved in a secure way. Hence the need for a National Data Centre. This task may have to be assigned to an outside agency for conceptualization and implementation. Since the Department does not have the manpower to maintain such a center, the agency engaged for establishing the same would have to maintain it and train the Department's manpower for at least one year.

Data Centre requires consolidation and warehousing of data as follows:

SI.No.	Central database	Data source	Utility
01	Point of Sale Net	Data collected at counters	Tracking, Quick MO transmission and payment, Messaging, Electronic Fund

			Transfer, MIS.
02	Bank Net	Data collected at POSB counters	Credit card/Smart card facility, ATMs, Interfacing with other Banks, Army where banking, e-billing.
03	PLI Net	Data collected at PO counters	Interactive response system, anywhere payment, Web enabled customer service, MIS
04	Accounts Net	Data collected at Head Post Offices at counters as well as back office.	Pairing, MIS
05	Manager Net	Data collected at Divisional Offices	MIS

6.10.3 The process of computerization and induction of technology so far has given a rich and vast experience to the managers of the Department of Posts. The approach of the Department of Posts in this regard has also been repeatedly appreciated by the Department of Administrative Reforms. The application softwares developed by the Department have also been taken note of by the postal organizations of certain other countries particularly in the third world. Requests for handling projects in these countries have also been received. The Department has been able to set up a vast network of computer training facilities which can train more than 14000 officials annually. It has also been able to set up a Software Laboratory where application softwares are being developed. The experience gained in training on Information Technology has been

recognized by the Ministry of External Affairs, which under its ITEC programme is now funding programmes relating to Information Technology in Postal Services at the Postal Training Centre, Mysore, where officers from other countries are coming for training. The first such course is already underway. The Department has also been able to develop linkages with renowned educational institutions in Information Technology such as Indian Institutes of Technology at Delhi, Bombay and Kharagpur who are constantly validating its ideas both with regard to new products as well as attendant technologies. A Standing Committee on Technology advises India Post on induction and implementation of technology initiatives. Members of the Committee include experts drawn from institutions of excellence in various fields – IIT, Delhi, Ministry of Information Technology, Department of Telecommunications and National Informatics Centre.

Financial Requirements

As already indicated earlier an investment of about rupees one crore is being made to take care of the immediate requirement upto 31st March 2001. To cater to the full needs to the next plan a provision of Rs.10 crores is being kept with a view to meet the cost of hardware, operating systems software, middleware, firewalls and security requirements, and connectivity.

6.10.4 Tracking and tracing systems

Tracking and tracing systems for all accountable articles is an urgent requirement with a view to providing relevant information to the customers with regard to the date and time of delivery of these articles. It is proposed to use barcodes for accountable articles like registered letters/parcels, insured articles, value payable articles and money orders. The use of pre-printed barcodes would also enable ease of handling data management and tracking. The customer would be able to know the status of the article booked by him through the internet. The Department handles more than

one crore insured articles, 92 lakh VP articles and 265 registered articles.
A provision of rupees one crore is being made in this regard.

(Rs. In Crores)

	Plan Activity	Financial Requirement
1.	Computerisation of Post Offices	1592.12
2.	Computerisation of Head Record Offices (47+22)	6.58
3.	Computerisation of Transit Mail Offices (67 + 33)	13.89
4.	Computerisation of CRCs (136+50)	32.65
5.	Computerisation and networking of 19 CSDs	2.52
6.	Computerisation of 20 PAOs	6.61
7.	Computerisation of 22 Circle Offices	5.76
8.	Computerisation of 37 Regional Offices	8.33
9.	Computerisation of 506 Divisional Offices	108.89
10.	Computerisation of 611 Customer Care Centres	47.80
11.	Computerisation of Foreign Mail Centres	1.81
12.	Computerisation of Foreign Post Offices	4.03
13.	Computerisation of Speed Post booking Offices	2.00
14.	Computerisation of Speed Post Delivery Offices	5.00
15.	National Data Centre	50.00
16.	Track and trace system for accountable articles	1.00
17.	Annual Maintenance	115.00
18.	Research and Development	20.00
19.	Software development	25.00
20.	Software refinement	15.00
21.	Studies / surveys	10.00
	Total	2073.99

Chapter –7

Role of Post in Certification and E Commerce

7.1 At the Beijing Congress of the Universal Postal Union convened to lay down a set of objectives and strategies for Postal Administrations for the next five years, amongst the various strategies that were recommended, one was relating to supporting the effort of Postal Administrations to act as 'trusted third parties' at national level in electronic communication so as to offer such services as electronic certification, security, monitoring, etc. and thereby promote e-commerce in the national economy. The UPU was to support this effort by developing postal public key infrastructures recognized world-wide. In October 2000 India became one of a handful of nations around the world to pass an Information Technology Act giving legitimacy to digital transactions undertaken through the internet. Under the Act the Controller of Certifying Authorities has been appointed for approving and maintaining a Public Key Infrastructure(PKI). Usage of Digital Signatures involves two main aspects:-

- (i) Creation of trusted third parties known as certifying authorities who will validate identities and issue signatures to end users.
- (ii) Creation of applications where the Digital Signatures can be put to use.

7.2 Against this background the Department has the following options in providing web enabled services.

- (i) DOP can set up its own PKI and apply to the CCA to obtain recognition as a CA. This can be done either by itself or through a Joint Venture.
- (ii) DOP can set up a portal to cover a wide range of financial services through the internet. Once again this can be done either as an in-house activity or through a JV.

The two options mentioned above are not mutually exclusive. For example, in case the Department decides to set up a service portal to offer

some web enabled services these certificates would have to be made available to all holders of valid digital certificates not just to those who hold certificates issued by the DoP or its partners. Similarly in case the Department becomes a Certifying Authority the digital certificates offered by it would be used by citizens to carry out a number of web based transactions and not just to access the services which are offered by the Department exclusively.

7.3 While deciding a particular course of action the Department has to also keep in mind the fact that the up-front cost of the DoP should be as low as possible and that the costs should be recovered through users fees and in a gradual manner. The upfront cost should be as low as possible particularly keeping in view the fact that most of the current customers of the Department belong to the low/middle income groups. The costs involved in digital services and providing web enabled services are quite distinct. The former consist of at least the following:-

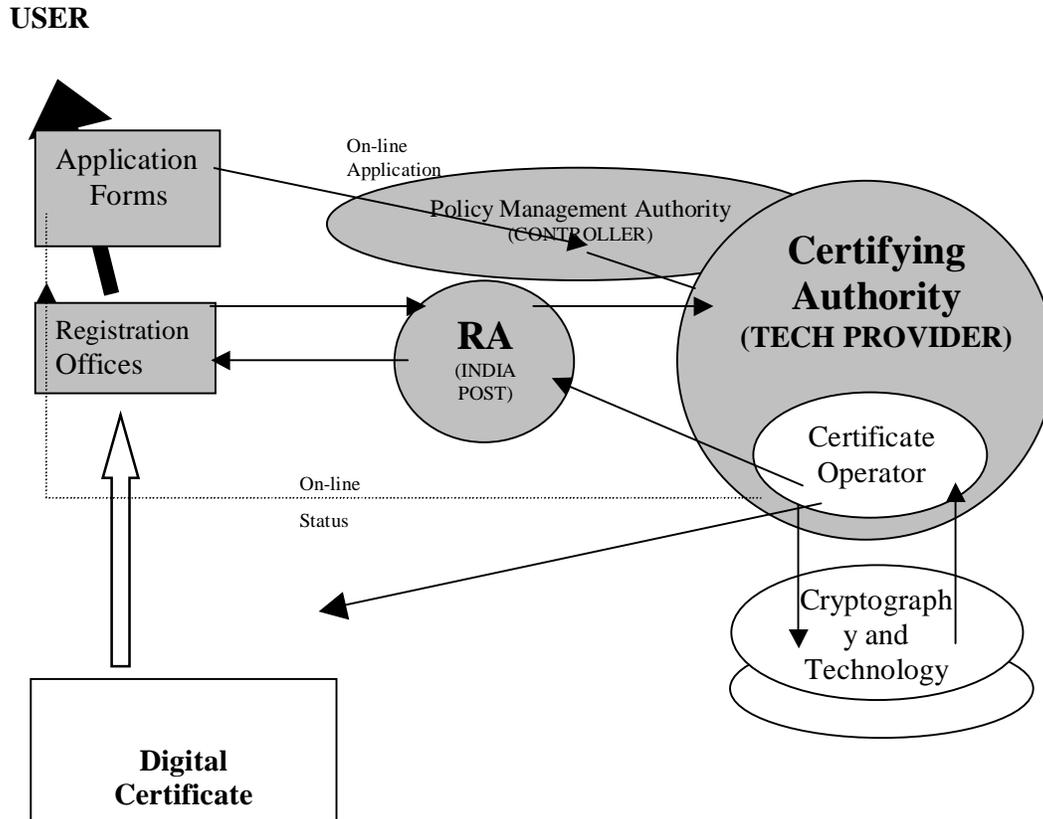
- (i) The cost of the generating, distributing and maintaining the digital services which includes the cost of computer facilities used by the Certifying Authority and the Registration Authorities. This would also include the cost of physical premises including 'Strong Room', to house the Private Key and the cost of the personnel engaged to operate these facilities.
- (ii) The other cost is pertaining to services to holders of digital certificates. This cost is significantly lower as it requires little more than hardware and software to verify the digital signatures, archive and provide the requisite back office integration to put in motion the appropriate process once the digital signatures are verified. Thus there is a significant difference between the cost of enabling a person to use the web based services by providing the digital certificates and the cost of the actually providing the same. Imaginative pricing strategies are required in this regard. The experience of PKI vendors shows that digital certificates are not making much money. The revenues seem to be coming from offering a combination of digital certificates and value added secured

services. Thus the vendors of the digital certificates will not make much money in the Indian context by just providing the use of digital services.

7.4 The use of Digital Signatures in its internal communications to provide secure transactions and improve its own internal efficiency is an option which the Department needs to exercise. With internet becoming popular, it is reasonable to equip each major departmental post office with a PC and dial up modem, and to provide a digital certificate to each Postmaster. There are any number of applications that the Department can create/enable with PKI. This would be specially so in respect of a host of financial services. These applications could be created in such a way where the end users require to use certificate issued by the Department to utilize the applications thus driving the usage of certificate while at the same time offering special services. The Department can integrate some of its value added services with PKI with a view to enhancing scope of the product, its operational efficiency, and greater customer reach. The Department would have to examine each product and service and come up with possible value addition in each case.

7.5 The issue of digital certificates and the promotion of web enabled services requires highly reliable physical infrastructure that is operational round the clock seven days a week. It also requires the recruitment and retention of highly trained and marketable manpower. The Department may find it difficult to play this role. The Department on the other hand can enter into a joint venture with a technology provider for both sides of the web enabled services, i.e. the Department can enter into a joint venture for setting up a PKI as well as for providing web enabled services. However, in the first instance the Department needs to enter into a joint venture whereby it functions as the Registering Authority with the technology provider providing the necessary technology inputs by way of cryptography, the key pair for generating digital certificates and becomes a repository of the

public keys with the 'Strong Room'. The roles between technology provider and the Department could be as follows:-



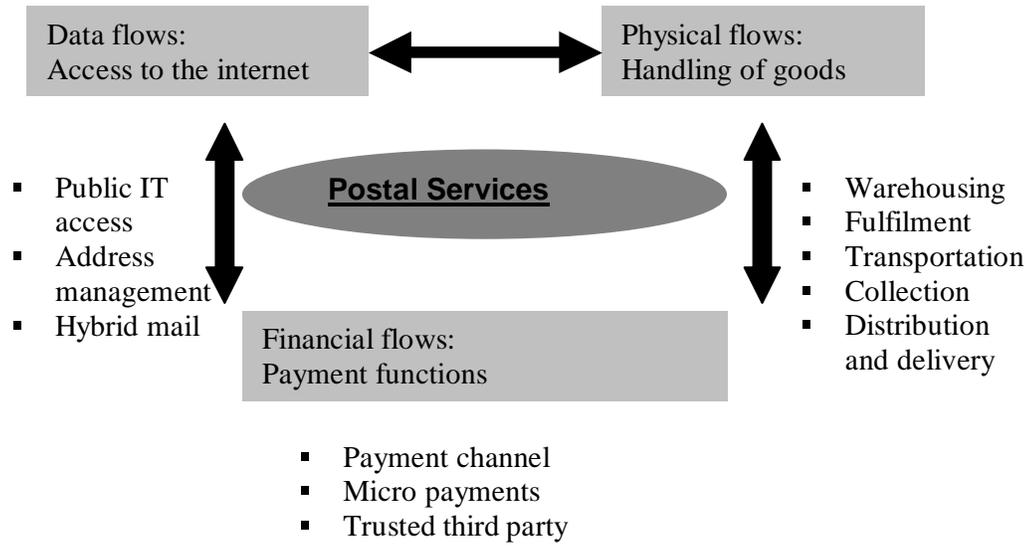
In the event therefore the best course for the Department would be to outsource the technology in the infrastructure while the Department could retain for itself the function of the Registration Authority in future of its wide reach large number of outlets and established practices.

7.6 E-business, in brief, is the creation of new, and the re-designing of the existing value and business processes through the application of Internet-based as well as other communication technologies. While goods and services can be ordered on the internet, the physical delivery of goods and

payments thereof have to be arranged. In the long term the Post with a very wide reach with appropriate linkages with logistics partners who have complementary strengths in the transportation sector can reap the benefits from e-business. Firstly, it can provide increased parcel volumes by concentrating on its core business and trying to capture the maximum share in the evolving market. Agreements with e-business vendors in order to pick up, transport and delivery their goods sold on the Web would help achieve this. A more ambitious opportunity is if the Post can operate as an enabler of e-business companies. It can take over certain parts of supply chain and act as an integrator by bundling the goods, the funds and information flows of the company. Another opportunity is with regard to creating new products, launching its own e-business companies etc. In this regard Deutsche Post and Swiss Post have already taken a lead. However, even if the first opportunity is to be properly tapped the Department will have to re-orient the delivery structures to suit the needs of the customers including the transport and pick up processes.

- 7.7 Through collection on delivery, giro accounts, and direct payments at postal outlets, the post office can become a secure and accessible payment channel for e-Commerce. The post office should fully exploit its position at the intersection of three principal economic flows viz, information, goods and money. By devising integrated solutions for managing these flows it can become a major player in the New Economy. The diagram below shows some postal applications associated with these flows. It also demonstrates that increases in one flow will generate increases in the other flows. Postal service can also serve as a 'trusted third party' to ensure that the exchange of goods and payments between seller and buyer is accomplished with speed, security, and reliability.

Postal services : uniquely positioned to support the New Economy



Chapter – 8

New Products /Services

8.1 The areas in which the post office should play a major role would be determined by the extent to which the Department is able to computerize its network operations. The vast network should provide a single point delivery on multiple services to customers in a computerized environment. The Department even with the computerization that has been attempted so far the Department has been in a position to introduce a number of value added services using Information Technology taking advantage of its network and the trust reposed by the customers in the post office. Some of the new services that should be possible in the coming years are mentioned briefly.

8.2 E-billing Payment and Presentment (EBPP)

* This service involves downloading of bills at the delivery post offices and direct delivery to addressees. This could be of great interest to not only bulk service providers like electricity authority, telephone companies, local booths, Corporation for property tax etc. but even to banks (e.g. credit card billing), financial institutions etc. The service could be provided with multiple options ranging from stocking of preprinted bills forms, downloading of bill images for printing, printing on post office standard stationary etc. Premium services could include ET – Bill registered and ET bill confidential. In ET-bill registered the delivery can be registered on the website by an automatic bar code scanning after delivery of bills. In ET-bill confidential, sealed carbon paper separated stationary (similar to one used for printing ATM card pin codes etc.) can be used for printing. The data itself can be sent in an encrypted form and directly printed using a decryptor.

* To start this service, an agreement with these organizations for delivery circlewise access to bills and in case of “registered” service, a “write”

access for registering delivery would be required. The organizations putting the bills on website can constitute immediate clientele. The USP of the postal service here would be economy and speed of delivery due to its wide access.

- * The infrastructure required would be web access stations, printers and pre-printed stationary. Clearly only off-line access is required as bills can be printed during lean traffic times. The major delivery infrastructure already exists with the DoP and in many cases it is already providing the service. This would reduce the costs as the physical bills enter the postal system only close to its point of delivery reducing sorting, pickup and transportation costs substantially.

8.3 e-Post

- * There are vast number of people in India who do not have the access to a computer and to the internet. It is keeping in view the needs of this segment of customers that the Department has recently launched an e-post service in the states of Andhra Pradesh, Gujarat, Kerala, Maharashtra and Goa. The objective of the service is to provide delivery of hard copy of e-mail messages received over internet through designated post offices in five states and also enable the post office customers to send e-post/e mail messages . Every customer is covered by a generic email ID based on the pin code of the delivery post office. Internet/email users in India or abroad desirous of sending email to any address in any of the five states would register on the department's web site making lump sum on line payments through credit cards or cash cards. They have been provided with unique user ID and password for opening the user account. Once the account is opened the user sends email containing physical address of recipient to the designated post office where it is down loaded, printed and delivered as hard copy. The user can buy credit to recharge his account and continue using the service. Additionally any customer who wants to send epost message from the designated post office will furnish the message to the post office on plain paper which will be scanned and transmitted as email

over the internet. The project in its pilot phase is a joint venture with internet service provider M/s.Netlinx of Hyderabad. The Department proposes to extend this service to the other parts of the country. The pilot project was launched on 2nd August,2001 and has already had 6.5 lakh hits. With a view to extending this service to other parts of the country a requirements of Rs.10 crores has been kept.

Financial requirement for various activities is as follows:-

(Rs. In Crores)

	Plan Activity	Financial Requirement
1.	Business Expansion (Speed Post)	2.00
2.	Upgradation of Track and Trace	1.00
3.	ISO certification for speed post and business Post	1.60
4.	Establishment of Express Parcel Post Centres	1.75
5.	International Parcel Posts Hub Development	1.50
6.	Promotion of Premium products	22.00
7	Market Surveys	3.00
8.	Human Resource development	2.00
9.	e-Post	10.00
10	e-Bill Post	30.00
11	New Product and services	20.00
	SubTotal	93.85

Chapter – 9

Financial Services

- 9.1 The experience of postal administrations in a large number of countries shows that while work of purely postal nature constitutes about 80% of the total work of the post office producing a revenue equal to 60% of the total earnings, non-Postal/retail functions constitute 20% of the total work produce about 40% of the total revenues. Therefore, the strategy for the Department is to utilize its network for providing a host of services on behalf of other organizations. This is especially true in the rural areas where enough work does not exist in most of the extra departmental branch offices. The post office in the village should have to be developed with greater emphasis on its role as an outlet for the social distribution system so that a diverse package of services related to literacy, health care, public hygiene etc. can be provided without any substantial additional overhead costs. The savings bank is the single largest source of revenue for the Department. During 1999-2000 it fetched Rs.1055.45 crores. With a customer base of 11 crore account holders with annual deposits exceeding Rs.70,000 crores, a branch network double the size of all the banks in the country put together, and a diverse product range the post office savings bank is the largest retail banking network in the country. While this work is being performed on behalf of Ministry of Finance a part of the strategy should be to perform this function also on behalf of other banks. For example, Australia Post performs front office retailing on behalf of a number of Australian banks who are connected on line with the Postal retail outlets. Even in a country like Uzbekistan an attempt is being made to perform the function of savings bank retail outlets on behalf of one of the existing banks in that country. Commercial banks who are extremely cost conscious and prudent in expanding their retail network should welcome this type of outsourcing. Some reorganization may have to be carried out of the savings bank functions in the urban centers in order to facilitate business of other commercial banks. This would involve creation of

savings bank offices and withdrawal of savings bank work from single and double handed offices in urban areas. With the concentration of the savings bank functions in the bigger post offices and the connectivity of the individual branches through the VSAT network it should not be difficult to tap the business of other commercial banks. A beginning can be made by setting up a Directorate of Post Office Savings Bank & Financial Services on the lines of the Business Development and Postal Life Insurance.

9.2 Post offices worldwide are getting actively involved in providing Banking services (Cash Management, Cash Dispenser Machines, Postal Orders, International Money Transfers, Foreign Exchange, Bond & Savings Certificates, Mutual & Investment Funds, Credit Cards, Mortgages); Insurance activities (life, health, travel, home, accident & motor); Bill Payment Services (utility bills, taxes, credit cards, license fees, insurance premiums); Pension Services (information of the pensions, payment of pension benefits); Information Services (data bases on various consumer groups, credit rating & market analysis); Logistic Services (inventory management order & delivery management, payment management); E-Government activities (passport applications, driving licenses, other licenses); Consumer Loans; Leasing & Universal Banking (the Post Banks sell, for a fee, products and services of most major financial institutions). Because of their extensive branch infrastructure, the Post Banks are in a strong position to execute this strategy.

9.3 Non traditional Financial Services

Based upon an in depth study of the strengths and weaknesses of the Post Office, the KPMG India Pvt.Ltd. which was commissioned to identify the business opportunities available to the department in the financial services sector recommended introduction of the following products and services:

- Charitable Funds
- Distribution of Social Security Benefits
- Distribution of Mutual Funds/Securities

- Electronic Fund Transfer (EFT)
- Smart Cards/Debit Cards
- Electronic Banking
- Basic Financial Services enabling E-commerce transactions (such as providing delivery of low volume, low weight purchases and ensuring payment for the supplier directly through the customers POSB accounts; payment and delivery services between corporates, dealers and suppliers).
- Direct debit of utility payments by consumers
- Distribution of retail financial products – insurance etc.
- Currency exchange facility to tourists
- Any other financial service utilizing the existing/proposed infrastructure

The KPMG report envisages a 3-5 year time frame for the Post Office to introduce these services after upgrading its technological base, human resource skills and basic operating systems. The report recognizes that a business plan on the recommended lines can open up significant revenue streams for the department.

9.4 Postal Financial Services – Budgetary requirements for the 10th Five Year Plan.

During the 10th Five Year Plan period the Department of Posts proposes to undertake the following activities to strengthen and streamline and modernize its financial services.

9.4.1. Professional Consultations - it is proposed to engage the services of professional consultants to:

1. Undertake process reengineering of the POSB systems to bring them in line with modern banking systems. It needs to be emphasized that the

POSB systems and procedures are a product of a bygone era. They have not seen a holistic systems review in decades and need to be urgently reviewed in the context of increased business volumes, induction of new information technology, growing customer expectations, competition, need for operational interface with other banks (electronic clearance, card based payment solutions, Internet and tele banking, ATMs etc.) and to reduce operating costs. A comprehensive consultancy is proposed to be given to an experienced and professional agency for this purpose. The estimated cost of the consultancy is Rs. 1 crore.

2. Develop business plans for each of the products identified by the KPMG for introduction by the post office. The consultant would be required to identify product features and targeted customers, projected investments and returns, HR and marketing efforts, systems and operational procedures etc. The estimated cost of these consultancies is Rs. 3 crores.
3. Development of a technology induction plan for the traditional and new postal financial services. The estimated cost of this consultancy is Rs.1 crore.

9.4.2. Smart Cards – Critical to adopting cost effective systems and for transiting from cash based to cash less systems are the plastic card payment solutions. The plastic cards provide convenience, security, efficiency and cost reductions. These features manifest themselves in a most sophisticated manner in the chip based Smart Cards which provide for multiple applications as well. A single Smart Card can be used for a number of applications such as e pass book (which substitutes physical passbooks); saving certificates in demat forms, cash card, ATM card, credit/debit card, telephone card, identity card, driving licence, ration card, voters card etc. As a Department of the Government of India, the Post Office it is felt is ideally positioned to consolidate the smart card applications. The strategy for introduction of smart cards in the country is

being formulated by the Ministry of Information Technology and the RBI and the Post Office is a participant in these discussions. Commercially the fact that its own POSB customers can provide the smart cards the critical mass is relevant as only marginal costs need thereafter be passed on to other users of the same card. The plastic cards will result in major cost savings for the POSB itself as transactions can be carried out using it at a fraction of the cost of manual transactions. The issuance of these cards in association with Master/VISA systems will add to customer convenience by way of increased acceptability in India and worldwide.

The cost of a single smart card is expected to be approximately Rs.300. Although the POSB has nearly 11 crore account holders in the first instance smart cards could be issued to only one crore account holders at an estimated cost of Rs.300 crores. Considering the wide applicability of these cards and the resultant customer convenience it should be possible for the Department to recover this entire cost from the customers as well as other organizations whose applications will be put on the card. The Department itself will benefit from the reduced POSB operational costs as well as from the inter change income that will accrue to it each time the card is used at a merchant establishment.

9.4.3. Point of sale terminals - an essential infrastructural support required by plastic card is availability of point of sale terminals which are required to activate cards and to make POSB transactions. It is proposed to install these terminals at 10,000 Post Offices during the Plan period so that the customers have the advantage of a wide acceptability and the department benefits from significantly lower operational costs at each of these post offices. Additionally a source of revenue would be provided by these terminals each time they are used by the cardholders of other banks. A large scale induction of the system is necessary to make an impact in a country of India size. At Rs. 25,000 per terminal this will involve a cost of Rs.25 crores.

9.4.4. Automated Teller Machines (ATMs) – contrary to popular perceptions the ATMs are not esoteric machines. Nor are they merely cash dispensing machines. The functionality of an ATM comes from it being a multi applications platform, built in efficiency and cost effectiveness as well as the convenience of being available for use round the clock 365 days of the year. Worldwide ATMs are getting recognized as the center piece of the, "self service industry". These machines are capable of performing a large number of functions such as dispensing cash, checking account balances, buying and selling mutual funds (NSCs/KVPs) paying public utility bills, dispensing stamps and postal stationery, ordering flowers and greetings cards, sending money orders and buying railway and cinema tickets amongst others.

The versatile nature of the ATMs has in fact made them into an independent business. A key requirement of the ATM business is having the right locations and this is where the post office scores. The ATMs will generate revenue each time they are used by other than post office customers and for many services even post office customers would contribute to the revenue streams. The POSB in addition provides a critical mass to the ATM business coupled with substantial savings for the government. Each machine can earn a revenue of approximately Rs. 10 lakhs per annum from other than POSB customers. The Department may consider installation of ATMs in collaboration with banks and other ATM providers on a revenue sharing basis without incurring any capital cost.

Effectively the introduction of a plastic card (credit/debit/prepaid) by the Department of Posts in association with a global service provider such as MasterCard would give the customers all the benefits of state of the art electronic banking not just in India but worldwide. For the post offices it would reduce paper work and accounting to a fraction of what it is today with all settlements being electronic. It is in fact a widely shared industry perception that the post office is ideally suited to consolidate smart card applications in the country. It is perceived to be a rare example of an organization which can provide financial as well as non financial

applications including verification of identity through the postman. The positioning of the post office in the business of smart cards would also add to its brand image.

9.4.5. Human Resource Development - the introduction of new products and services as well as induction of electronic banking practices would need upgradation of the skills of the post office employees. At three employees per post office for the envisaged network of 10,000 post offices as many as 30,000 employees would be required to be trained at an approximate cost of Rs. 6 crores.

9.4.6. Customer Relations Management (CRM) – in an increasingly competitive environment it would be essential to provide world class customer services. It is estimated that it costs 6 times more to acquire a new customer as compared to retaining an existing one. To this extent CRM has emerged as a new discipline to service customers on a organized and informed basis using scientific data basis to track and record customer likes and dislikes. Considering the large customer base of the POSB it is proposed to provide a sum of Rs.25 crores for the purpose.

9.4.7. Marketing - Introduction of new products and services, familiarization of customers with new technology and transition from manual to electronic banking systems would critically depend upon the ability of the department to reach out to the targeted customers. Traditionally in the government systems marketing is under valued. However, the entire success of the financial services would depend upon effective marketing and for this purpose it is proposed to make a provision of Rs.50 crores during the plan period.

9.5 The development of the Postal Financial Services on the above lines is admittedly a departure from the past. This proposal envisages that in the future Postal Financial Services will be treated as an independent business group and receive a much higher priority than has so far been the case.

The complexities and specialized nature of the Postal Financial Services actually call for establishment of a separate Financial Services Group within the Department. The successful implementation of the Plan would also require strategic partnerships with other players in the industry. A continuous dialogue and advice would also be called from experts in the field. It is also felt that in the Post Office providing a platform to other service providers such as mutual funds a reputation risk would be incurred. Typically despite best efforts customers are likely to mistake non post office products to have the implicit backing of the department. As many of these products carry market related risks the need for caution is of extreme importance. The Post Office should diversify its Financial Services and in seeking to do so it should attempt to be the best service provider in the world offering state of the art customer services at lowest possible costs to the users.

Chapter – 10

Human Resource Development

- 10.1 The Department has a network of 26006 departmental post offices and another 1,28,545 Extra Departmental post offices. There are 2.91 lakh Government employees and 3.09 lakh extra departmental agents. This network is managed with the help of 573 officers of the Indian Postal Services Group 'A' and another 866 officers of group 'B'. There are 53 Group 'A' officers from the P&T Accounts and Finance Service and 785 from the Account Service Group 'B' which are engaged only in rendering accounts according to the Central Government Accounting Codes and have no contribution to make in the management function of this huge network. Thus the officers to men ratio tends to be lopsided. The Divisional Supdt.of POs/Railway Mail Service is responsible not only for the management of the operative offices in the district but is also responsible for each and every activity that remotely concerns the post office including the recruitment training, discipline, welfare, promotion, of the employees; maintenance of the buildings and provision of all the essential material requirements of the post offices/mail offices under his charge. Thus he is a man for all seasons and must possess requisite leadership qualities particularly when the Department is in the process of induction of technologies in its various operations and is starting a large number of new services/products in close collaboration with other organizations in the public and private sector.
- 10.2 This dichotomy of lopsided ratio of managers to men has resulted in higher responsibilities being given to a large number of group 'C' officials especially those with regard to modernization and induction of technology. The Department has the VSAT managers, the trouble shooters, the systems managers, system administrators and the officials which man the Software Development Centre. All these responsibilities are being increasingly handled by the group'C' officials who had the necessary

attributes which have finely been honed as a result of repeated training in new and better skills. The adhoc manner in which a body of officials have been pitchforked into new higher responsibilities needs to be systematized. There is an urgent need for restructuring of the management cadres so that the initiatives already taken in induction of technologies are sustained and systematized at the management level.

- 10.3 The Working Group felt that the emphasis in the Department should be on developing people who could conceive and implement change. What would matter to the new Postal Managers would be results rather than rigid application of rules. They would have to exhibit a greater sense of responsibility and foresight gained through better knowledge of the multiple factors that effect the postal services. There was a strong need for recognizing and rewarding the talent presently engaged in facilitation of induction of technology. There should be adequate training for both hard and soft skills. Management at all levels including senior management had to change from the present command and control approach to one of facilitation.
- 10.4 The Department should develop relationship with institutions of technical excellence under which certain courses are specifically designed with reference to the specialized requirement of the Department. Apart from the long term training programmes the Department should set up objectives for short term training for all employees. The duration and content of the course would vary with reference to the particular level and requirement of the work place. These training programmes could also be used to identify talent. The officials so identified should be suitably trained and used in ways consistent with their ability. A fine example is of the software programmers working at the Software Development Centre in Mysore. Such identification of talent and its utilization could be one way in which the Department should create a pool of IT specialists which would not be readily available for the Department from the market. Skills matter more than ever in today's competitive environment. Technology transfer and diffusion are not easy. In this era of rapid technological advance,

mastering new technology is a continuous process. Without continuous upgradation of skills, organizations cannot stay competitive. The development of information and communication technology provides the tools for learning through a global network. Web based or satellite based distance education systems could provide access to training of the staff at the workplaces. Training on various application softwares as well as on operating systems should be moved closer to the work place given the geographical distances to be covered to reach the training centers. This process has already started in the Department and needs to be further strengthened and taken forward.

- 10.5 Training is shifting from Group Learning to Distance Learning. The Department is trying to bring about systematic changes spread over a wide geographical area. Wherever the target population is large Distance Learning method of training is cost effective and suitable. There is a large body of full time staff who are presently not getting any formal training. Nearly 20% of the full time staff consists of postmen who are not provided with any formal training. Group 'D' staff other than those entrusted with delivery work would also not require any training in the distance mode. Training for postmen and other delivery staff needs to be provided at the workplace. The critical functional areas which could be covered by Distance Learning in the Department, and should take care of improving knowledge and attitudes could be the following:-

10.5.1 Refresher courses for Savings Bank

Institutional training being provided in the form of a refresher course could be converted into a distance learning package. The trainees shall complete distance learning programme and thereafter attend a three day Group Learning at nodal center either at the Head Office or in the Divisional Office. For delivering the distance learning package, regional training centres would identify competent tutors from the Inspectors/ASPOs Cadre. Designing the package would be the responsibility of the Postal Training Centres. The tutors will be delivering the distance learning package and at

the end of the distance learning would call for the candidates should have effectively took part in the Distance Learning for a three day workshop.

10.5.2 Premium products and New Services

Training in premium products and new services would have to be provided on a continuous basis to keep the group 'C' staff abreast of the latest position relating to the products and services of the Department. After delivery of the Distance Learning Package by the tutor two day group interaction by the Head Office/Divisional office is envisaged.

10.5.3 Critical Areas in Postal/RMS Operations

There are many critical areas relating to operational irregularities having serious consequences. These areas need to be identified and the distance learning package.

10.5.4 Philately

Training in philately through Distance Learning Package followed by a one day group interaction under the guidance of the trainer at the Head Office/Divisional Office is envisaged.

10.5.5 PLI/Rural PLI

Distance Learning is suitable for training of staff in PLI and Rural PLI operations at least to the extent of what the post office is expected to do.

10.5.6 Training of other staff

On the job training existing at present for the delivery staff does not meet the training needs of postman engaged in delivery. The cadre is very large and is very important as they are the largest points of interface with our customers. Emphasis needs to be put on the delivery function for more

efficiency, monitoring, control, better customer satisfaction, greater ease and facility for employees. In the years to come training of this personnel would assume greater importance because of the fact that the postal service is trying to reposition itself recognizing the demands of the new communication market namely new products and services as a result of emergence of new market segments with specific preferences and unique needs. The future postman would have to perform multifarious tasks such as pick up, delivery, taking orders, conducting transactions and providing information/advice with regard to various products/services to wide ranging customers. Text based distance learning with two days group learning, may be necessary for the postmen at a nodal center close to the workplace. All the Postmen are proposed to be covered during the Xth Plan.

10.5.7 Computer Training

During the year 2000-2001 training on various operating systems and application softwares was provided to 14,000 personnel, mainly at the Postal Training Centres. There is ever increasing demand on the training centers for training on various softwares. Computer based training therefore, on various application softwares has also to be done in the distance mode at the Divisional/Head Office level. Computer based training is an absolute requirement in the distance mode for the following:-

- (i) All the five modules of Meghdoot
- (ii) Meghdoot SpeedNet
- (iii) Sankalan software for philately
- (iv) Various mutual funds dispensed through the post office counters
- (v) Western union money transfer
- (vi) Suvridha Customer Care package
- (vii) Computerised Registration software
- (viii) Transit mail office package.

The strategy with regard to computer training programmes in the distance mode would be largely self learning by the trainees with the help of the computer based training packages without much tutor support except the help of a mentor whenever there is a difficulty. A PC with multi-media and internet dial up connection would be provided at the nodal Divisional/Head Office identified for such training. It is proposed to train 72,000 officials annually in the distance mode with regard to courses other than those for computer training. In addition 190000 officials are proposed to be trained in the distance mode for various applications, softwares and operating systems. The total training targets for computer courses as well as other courses in the distance mode along with the financial implications are given at Annexure III. In a study made by the Postal Training Centre, Mysore based on the actuals for 1999-2000, the average expenditure per trainee in a new training course of two weeks works out to approximately Rs.3600, excluding salary, cost of infrastructure at the training center etc. As against this in the distance mode the likely expenditure would be of the order of Rs.350 per trainee.

The Financial requirements are as follows:-

(Rs. In Crores)

	Plan Activity	Financial Requirements
1.	Training Institute learning	
a)	In-service Training	12.98
b)	Computer training	30.00
c)	Training Equipment	5.00
2.	Distance learning	
a)	In-service Training to 3,60,000 officials	10.40
b)	Computer training to 1,90,000 officials	9.30
c)	Training Equipment	6.25
3.	Training Buildings	10.00
4.	Training/Programmes for Group "A" Officers	20.00
	Sub Total	103.93

Chapter – 11

Conclusion

11. The postal service has been trying to reposition itself recognizing the demands of the new communications market viz., new products and services as a result of emergence of new market segments with specific preferences and unique needs. The initiatives already taken in entering into joint ventures with various mutual funds, banks and pension fund as well as the launch of a large number of new products and services has shown a 44% increase in the revenues, on an average, for the last three years and the growth rate indicated in para 6.3 would enable the Department to develop a dedicated revenue stream which together with rationalization of the postal charges would enable the Department to break even in the foreseeable future. What will be shape of postal market a decade from now? The answer to this question is convergence and e-penetration would probably have reached its apogee but the virtual world will not exist without its complementary physical, real, “hard copy” world. The Post will perhaps be the bridge between the virtual and the real and it will create the bridge under these categories, namely, at the product level, at delivery level and at functional level. Much of the success of its ventures into non-postal activities depends on how the Department reinvents itself to meet the challenges caused by the ongoing economic and technological changes. The Indian Postal system which has its own historical importance and has successfully attuned itself to change over the centuries would not merely be the world’s largest postal communication system but would also be one of the most efficient.

**COMPOSITION OF THE WORKING GROUP
ON POSTAL SECTOR**

Sl. No	Name	Designation	Ministry/Organisation/ Department
1	Shri B.N.Som (Chairman)	Secretary	Department of Posts
2	Prof. K. Mamkootam	Professor, Human Resource Management and International Relations	Faculty of Management studies, DU
3	Prof. S. N. Maheshwari	Professor of Computer science and Engineering	IIT, New Delhi
4	Prof. Balakrishnan	Professor of Computer Sciences	IIT, New Delhi
5	Prof. G.Raghuram	Professor	IIM, Ahmedabad
6	Shri Subir Hari Singh	Joint Secretary, IT Applications Group	Ministry of Information Technology
7	Dr. Birendra Kumar Thapliyal	Director (CAS)	NIRD
8	Shri M.N.Chopra	Executive Director (Coaching)	Ministry of Railways
9	R.M.Choubey	Director	Ministry of Finance
10	Shri N.K. Gupta	DDG(I) TEC	Deptt. Of Telecom
11	Shri C.R.K.Nair	Dir(Mon.)	Ministry of Rural Development
12	Shri Nirmal Singh	Director (C&I)	Planning Commission
13	Shri L.K.Puri (Convener)	Sr.DDG (CPT)	Department of Posts
14	Smt.Rekha Gupta	JS & FA	Department of Posts
15	Shri M.P.Rajan	PMG, Dharwad	Department of Posts
16	Shri A.N.D. Kachari	PMG, Dibrugarh	Department of Posts

ANNEX- II

SURVEY REPORT OF THE CONSTITUENCIES OF MEMBERS OF THE CONSULTATIVE COMMITTEE OF THE PARLIAMENT

S.No.	Circle	Name of constituency	Number of Branch Offices in constituency	Number of villages under these Bos	Number of Bos located beyond 5 Km to each other	Average distance between the Bos	Average Population served BO	Average Income per BO P.A. (in Rs)	Average Cost per BO P.A (in Rs.)	Average No. of EDA per BO	Average number of letter per day	Average number of MO per day
1	Andhra	Kurnool	325	402	NA	9.90	3325	6444	29988	2.00	47	
2	Bihar	Begusarai	322	283	15	3.72	4263	10309	28161	2.00	39	2
		Araria	509	4171	7	4.49	5757	65173	50744	1.76	39	9
		Motihari	206	740	24	4.28	6141	18612	60720	2.00	50	
		Bagha	159	783	84	4.00	4560	20193	63104	2.12	25	12
3	Gujarat	Porbandar	252	185	60	4.55	2270	80604	33311	1.60	35	
		Godara	286	1024	2	3.18	3113	10918	41354	2.00	18	
4	Haryana	Bhiwani	187	418	52	4.77	5124	10284	31872	1.60	26	
		Mohindergarh	239	831	20	3.60	4612	17148	50748	1.75	41	
5	J & K	Baramulla	67	295	9	4.44	6508	32472	51348	1.86	14	
6	Karnataka	Chikballapur	238	1737	113	13.08	3511	15982	17376	1.60	24	
7	Kerala	Ottapalam	169	241	63	4.75	5435	102015	76300	2.50	185	
		Calicut	201	200	9	3.63	3303	41358	87132	2.80	133	
8	M.P.	Vidisha	295	2405	177	7.16	5342	2411	41741	2.40	16	
		Satna	229	1478	93	5.48	4073	7947	28100	2.00	34	
9	Maharashtra	Satara	287	607	36	4.04	3004	19572	44616	2.00	39	1.15
		Parbhani	168	669	8	3.41	4370	5772	47460	2.00	22	12
10	Punjab	Gurdaspur	171	925	9	3.02	3843	15693	35826	2.00	25	3
		Bhatinda	219	230	12	3.69	4591	6928	27446	1.75	13	1
11	Rajasthan	Barmer	616	2172	255	7.24	2507	4545	40463	2.00	21	
12	Tamil Nadu	Nagapattinam	282	1149	7	4.80	2102	16934	41571	2.00	56	2.84
13	U.P.	Hathras	167	417	3	3.42	2936	5284	46771	1.90	7	
		Barabanki	229	1139	21	3.98	4404	16392	4896	2.00	23	1.88
		Bilhaur	186	1714	125	6.17	10397	51228	60456	2.00	59	1.47
		Bahraich	255	1020	nil	3.74	5507	14868	51156	2.28	23	
		Bansgaon	226	1702	4	3.88	4033	32136	61560	2.00	59	3.73
14	W.B.	Joy Nagar	167	769	nil	3.25	4623	20363	78992	2.69	28	
		Purulia	257	1570	45	4.41	4648	40104	87696	2.46	4.88	
Total			6914	29276	1253	4.86	4439	24703	47175	2.04	39.51	

**DEPARTMENT OF POSTS
CORPORATE PLANNING DIVISION**

Tenth Five Year Plan (2002-2007) Proposals
(Schematic Details)

(Rs. In crores)

Scheme I : Infrastructure Development

1	Opening of 5,000 PSSKs	13.95
2	Licensed Postal Agents	-
3	Opening of 1250 Extradepartmental Post Offices	19.85
4	Opening of 100 Departmental Post Offices	7.45
Sub Total		41.25

Scheme II : Computerisation and Connectivity

1	Computerisation of Post Offices	1592.12
2	Computerisation of Head Record Offices (47 + 22)	6.58
3	Computerisation of Transit Mail Offices (67 + 33)	13.89
4	Computerisation of CRCs (136 + 50)	32.65
5	Computerisation of 19 CSDs	2.52
6	Computerisation of 20 PAOs	6.61
7	Computerisation of 22 Circle Offices	5.76
8	Computerisation of 37 Regional Offices	8.33
9	Computerisation of 506 Divisional Offices	108.89
10	Computerisation of 611 Customer Care Centres	47.80
11	Computerisation of Foreign Mail centres	1.81
12	Computerisation of Foreign Post Offices	4.03
13	Computerisation of Speed Post Delivery Offices	2.00
14	Computerisation of Speed Post Booking Offices	5.00
15	National Data Centre	10.00
16	Track & trace system for accountable articles	1.00
17	Annual Maintenance	115.00
18	Research and Development	20.00
19	Software development	25.00
20	software refinement	15.00
21	Studies/surveys	10.00
22	Barcoding	
Sub Total		2033.99

Scheme III Automation and Ergonomics

1	Improving ergonomics of 10,000 Post Offices	150.00
2	Improving ergonomics of 400 Mail Offices	6.00
3	Infrastructural equipments for 45448 rural post offices	53.45
4	Mechanical Equipment	68.19
5	Establishment of International mail Security System	0.20
6	AMPCs	45.00
7	Mail Motor Vehicles	1.50
8	Mechanised Delivery	1.15
9	Fabrication of Air Brake Mail Vans (20)	10.00
Sub Total		335.49

Scheme IV Business Development

1	Business Expansion (Speed Post)	2.00
2	Upgradation of Track and Trace	1.00
3	ISO certification for speed post and business Post	0.60
4	Establishment of Express Parcel Post Centres	1.75
5	International Parcel Posts Hub Development	1.50
6	Promotion of Premium products	22.00
7	Market Surveys	3.00
8	Human Resource development	2.00
9	e-Post	10.00
10	eBillPost	30.00
11	New Products and services	20.00
Sub Total		93.85

Scheme V : Financial Services

1	Professional Consultations	5
2	Smart Cards	300
3	Point of Sale Terminals	25
4	Human Resource Development	6
5	Customer Relations Management	25
6	Marketing	50
Sub total		411

Scheme VI Human Resource Development

1	Training Institute learning	
	a) In-service Training	12.98
	b) Computer training	30.00
	c) Training Equipment	5.00
2	Distance learning	
	a) In-service Training to 3,60,000 officials	10.40
	b) Computer training to 1,90,000 officials	9.30
	c) Training Equipment	6.25
3	Training Buildings	10.00
4	Training/Programmes for Group " A" Officers	20.00
Sub Total		103.93

Scheme VII: Estates Development

1	Construction of 50 PO and 500 SOs/MOs	270.00
2	Construction of 50 Admn. Offices	60.00
3	Construction of 2000 Staff Quarters	160.00
4	Purchase of land	5.00
5	Maintainence of Buildings	30.00
6	Maintainence of Heritage Buildings	30.00
7	Petty Works	30.00
Sub Total		585.00

Scheme VIII: Philately

1	Organisation of 250 District level Philatelic Exhibition	1.80
2	Provision of Tools and Equipment to 500 units	2.50
3	Training	0.75
4	Market Research and Surveys	0.50
5	Publicity	6.00
Sub Total		11.55

Grand Total		3616.06
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Appendix : IV - A

Plan Scheme : Infrastructure Development

Financial Information for Panchayat Sanchar Sewa Kendras(PSSK)

(2001-02 base)

Elements of a Panchayat Sanchar Sewa Kendra	Amount in Rs.
Sale of Postage Stamps and Stationery	50.00
Booking of registered articles	50.00
Collection and delivery of unaccountables	
Postal articles including clearances of letterboxes(Fixed allowance)	600.00
Rural Postal Life Insurance / Saving schemes	75.00
Total Cost of a PSSK per month	775.00
Total Annual cost of a PSSK	9300.00

Total Number of Panchayat H.Q. Villages in the country	213568
Total Number of Panchayat H.Q. Villages in the country without post offices	107487
Total Number of PSSKS as on 31.3.2000	1208
Total Target of PSSKs for 2000-2001 & 2001-2002	2000 each
Total Number of PSSKs as on 31.3.2002(assumed)	5413
Remaining number of Panchayat H.Q. villages for PSSKs	102771
Target for Tenth Five Year plan	5,000
Total cost of 10,000 PSSKs (on 01-02 basis)	13.95 crores

Target of opening PSSKs under Tenth Five Plan : 5000 (with target of 1000 PSSKs under each Annual Plan)

(Year 2001-02 basis)

Year	Recurring cost (Rs. In crores)
2002-03	0.93
2003-04	1.86
2004-05	2.79
2005-06	3.72
2006-07	4.65
Total	13.95

Financial Information for : Double handed Extra Departmental Post Office

Elements of the Post Office	EDBPM (in Rs.)	EDDA(in Rs.)
Average Allowance (Minimum of scale)	1280.00	1375.00
D.A. @ 43 %	550.40	591.25
Bonus	197.00	197.00
Office maintenance Allowance	50.00	Not applicable
Total Cost per month	Rs. 2077.40	2163.25
Approx Cost per month	Rs. 2100.00	Rs. 2200.00
Annual Cost	Rs. 25200.00	Rs.26400.00
Annual Cost of EDBO		Rs. 51600.00
Cost of Equipment (table,chair,bench,weighing scale,stamp box,seal record box,stool,form & stationery)- non recurring expenditure		Rs.4000.00
Total Annual Cost of EDBO		Rs.55600.00

Target of opening Extra Departmental Branch Post Offices under Tenth Five Plan : 1250 (with target of 250 offices under each Annual Plan)

(Year 2001-02 basis)

Year	Recurring cost (Rs. In crores)	Nonrecurring cost (Rs. In crores)	Total cost (Rs. In crores)
2002-03	0.00	1.39	1.39
2003-04	1.29	1.39	2.68
2004-05	2.58	1.39	3.97
2005-06	3.87	1.39	5.26
2006-07	5.16	1.39	6.55
Total			19.85

Financial Information for : Departmental Sub Post Office with three posts

Elements of Post Office	SPM(TBP)	Postman	ED Packer
Average Pay (monthly)	5750.00	3493.00	1220.00
D.A.@ 43 %	2473.00	1502.00	525.00
Leave salary and Pension Contribution @ 23 %	426.00	233.00	0.00
H.R.A.(30 % of basic pay for “ A” class city	1725.00	1048.00	0.00
Bonus	274.00	274.00	136.00
Cost per month	10648.00	6550.00	1881
Total cost per month	19079.00		
Total Annual Cost	228948		
House Rent @ Rs. 1000 per month	12000.00		
Other Charges @ Rs. 300 per month	3600.00		
Total Recurring Cost of a DSO	244548.00		
Approx. Total Recurring Cost of a DSO	244550.00		
Expenditure on equipment and other Material at the initial stage (non-recurring)	10000.00		
Total Annual Cost of a DSO	254550.00		

Target of opening Departmental Sub Post Offices under Tenth Five Plan : 100 (with target of 20 offices under each Annual Plan)

(Year 2001-02 basis)

Year	Recurring cost (Rs. In crores)	Nonrecurring cost (Rs. In crores)	Total cost (Rs. In crores)
2002-03	0.00	0.51	0.51
2003-04	0.49	0.51	1.00
2004-05	0.98	0.51	1.49
2005-06	1.47	0.51	1.98
2006-07	1.96	0.51	2.47
Total			7.45

Appendix :IV-B

Plan Scheme Computerisation

Financial information : - Computerisation of Post Offices

Computerisation of Post Offices

(Amount in Lakhs)

Elements of Computerizing One Post Office	Cost in Lakhs	Head Post Offices		More than double handed Post Offices		Double Handed Post Offices	
		UNITS	Cost	UNITS	COST	UNITS	COST
Hardware Cost							
Server	2.00	1	2.00	1	2.00	1	2.00
Node - PC	0.50	10	5.00	5	2.50	2	1.00
80 Col. Printer	0.07	7	0.49	4	0.28	2	0.14
136 Col. Printer	0.14	3	0.42	-	--	-	--
Printer Laser	0.25	1	0.25	1	0.25	1	0.25
Line printer	2.00	1	2.00	-	--	-	--
Modem	0.05	-	--	1	0.05	1	0.05
Lease Line Modem	1.00	1	1.00	-	--	-	--
Barcode Scanner	0.12	5	0.60	3	0.36	-	--
Flat bed Barcode Scanner	0.50	2	1.00	-	--	-	--
Weighing Scale	0.12	5	0.60	3	0.36	1	0.12
Weighing scale Heavy	0.25	1	0.25	1	0.25	-	--
UPS 1/2 KV	0.06	-	--	-	--	2	0.12
UPS 5 KV	2.00	1	2.00	1	2.00	-	--
Operating System / RDBMS							
-Cat 1	1.50	1	1.50	1	1.50		
-Cat 2	0.20	-	--	-	--	1	0.20
Connectivity Cost							
Structured LAN	3.00	1	3.00	-	--	-	--
PSPDN - Initial Cost	0.04	-	--	1	0.04	1	0.04
- Avg. Recurring (Per Site)	0.10	-	--	1	0.10	1	0.10
Genset							
Cat B	3.00	1	3.00	-	--	-	--
Cat C	1.00	-	--	1	1.00	1	1.00
Site Preparation							
Cat A	5.00	1	5.00	-	--	-	--
Cat B	3.00	-	--	1	3.00	1	3.00
Total Cost per office			28.11		13.69		8.02
No. of Targeted Offices		334		5638		7389	
Total Cost of Targeted Offices			9388.7		77184		59260
Total Cost			145832.74				

1458.33 Crores

Total number of departmental sub post offices as on 31/3/2001

- Single handed offices

- Already computerised post offices

25218 (A)

10925 (B)

1266 (c)

13027 (D= A-B-C)

Duble handed post offices

More than double handed Post Offices

7389 (E)

5638 (D-E)

CONNECTIVITY OF ALREADY COMPUTERISED POST OFFICES

(Amount in Lakhs)

Elements of Connectivity of One Post Office	Cost in Lakhs	Head Post Offices		Sub Post Offices	
		UNITS	Cost	UNITS	COST
Hardware Cost					
Server	2.00	-	--	1	2.00
Printer Laser	0.25	1	0.25	-	--
Line printer	2.00	1	2.00	-	--
Modem	0.05	1	0.05	1	0.05
Barcode Scanner	0.12	6	0.72	2	0.24
Flat bed Barcode Scanner	0.50	4	2.00	-	--
UPS 1/2 KV	0.06	-	--	1	0.06
UPS 5 KV	2.00	1	2.00	0.5	1.00
Operating System / RDBMS					
-Cat 1	1.50	1	1.50	0.5	0.75
-Cat 2	0.20	-	--	0.5	0.10
Software	0.20				
Connectivity Cost					
ISDN Dial up - Initial Cost	0.08	1	0.08	-	--
- Avg Recurring (Per Site)	0.48	1	0.48	-	--
PSPDN - Initial Cost	0.04	-	--	1	0.04
- Avg. Recurring (Per Site)	0.10	-	--	1	0.10
Genset					
Cat B	3.00	1	3.00	-	--
Cat C	1.00	-	--	1	1.00
Site Preparation					
Cat C	1.00	1	1.00	-	--
Total Cost per office			13.08		5.34
No. of Targeted Offices		506		1266	
Total Cost of Targeted Offices			6618.5		6760.4
Total Cost			13378.92		

133.79 Crores

Total Cost of Computerisation of Post Offices	<u>1592.12 Crores</u>
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