

## Posts

9.43 The Indian postal network is among the largest network in the world in terms of area covered and population served, and constitutes an important mechanism of achieving transportation and communication. The Indian postal system currently provides 38 services which can be broadly divided into four categories: Communication services (letters and postcards), Transportation services (parcel), Financial services (Saving Bank, Money order, Postal Life Insurance) and Premium Value added services (like Speed post, and Business Post). The Post Office Savings Bank is the largest bank in India in terms of network, accounts and annual deposits.

9.44 As of March 31, 2003, there were roughly 1.56 lakh post offices or outlets, of which roughly 89 per cent outside cities. On an average, a post office serves an area of 21.13 Sq. kms. and a population of 6,602. Table 9.11 shows some international comparisons in this regard.

9.45 User charges in the postal system only cover roughly 78.3 per cent of costs, and there is a significant subsidy element. The financial position of the postal department has marginally improved over the last three years. The deficit dropped from Rs.1,550 crore in 2000-01 to Rs.1,364 crore in 2002-03 and is projected to be Rs 1,204 crore in 2003-04. All services of the post office are presently subsidized (Table 9.12). Clarifying the rationale, the mechanism and the size of the subsidy constitutes an important policy question at this juncture

9.46 The advent of computers and communications has had profound implications for the postal system. Telegrams have lost ground to faxes, long-distance telephony and email. In some countries, more letters are sent by email than by post. In its program for upgradation of the services offered, the department has worked on induction of new technology, modernizing processes, and improving the customer

experience. A VSAT network with 150 High Speed VSAT stations which are further connected to 1,300 Extended Satellite Money Order (ESMO) stations located in the Post Offices have been set up, for quick commission of money orders across the country. At the end of the Ninth Five Year Plan, 506 Head offices and 1,266 other Departmental Sub-post Offices were computerized and provided with multi-purpose counter machines which can carry out all public transactions. Computers have also been deployed for back office functions like supervisory duties, and record management. Process enhancements using IT is being continued on a large scale during the Tenth Five Year Plan.

9.47 Two internet-based initiatives of the department are 'e-post' and 'e-bill post'. Under e-post, email messages are downloaded and printed at the post office, and physically delivered to the recipient. Under e-Bill Post, customers are able to pay multiple utility bills at post offices.

9.48 Several measures have been introduced to optimize retailing capacity and outreach to provide services that are relevant to the needs of the customers. Retail Post services offering sale of applications forms for entrance examinations, facility to collect fees are now widely available in post offices. Financial products and services are an important part of services provided by post offices in urban and rural areas. New initiatives have been taken up for facilitating fund transfer through its network for those customers who do not have the benefit of a vast retailing network. A strategic alliance with Western Union Financial Services has helped to strengthen the payment business by providing facilities for processing of in-bound international money transfers. The post office commands 19 per cent of the total market share for the international money transfer undertaken through Western Union Financial Services.

**Table 9. 12 : Subsidy on Postal Services**

| <b>Service</b>                 | <b>Subsidy per unit (Rs.)</b> | <b>Traffic (in million)</b> | <b>Total deficit (Rs. crore)</b> |
|--------------------------------|-------------------------------|-----------------------------|----------------------------------|
| Post Card                      | 6.1                           | 255.1                       | 156.6                            |
| Printed Post Card              | 0.7                           | 43.6                        | 2.9                              |
| Letter Cards                   | 4.1                           | 327.5                       | 135.4                            |
| Registration                   | 16.0                          | 223.3                       | 357.9                            |
| Money Order                    | 28.5                          | 116.5                       | 331.5                            |
| Reg. Newspaper (Single)        | 7.9                           | 59.3                        | 46.6                             |
| Reg. Newspaper (Bundle)        | 12.2                          | 3.6                         | 4.4                              |
| Printed books                  | 9.2                           | 2.5                         | 2.3                              |
| Parcel                         | 12.1                          | 5.3                         | 6.5                              |
| Others                         | NA                            | NA                          | 160.0                            |
| <b>Total</b>                   | <b>NA</b>                     | <b>NA</b>                   | <b>1,203.0</b>                   |
| <b>Source: Dept. of Posts.</b> |                               |                             |                                  |