

Posts

9.51 The Indian postal network is among the largest networks in the world in terms of area covered and population served, and constitutes an important mechanism of achieving transportation and communication (Table 9.14). The Indian Postal System currently provides 38 services which can broadly be divided into four categories: Communication services (Letters, Post Cards etc.), Transportation services (Parcel),

Financial services (Savings Bank, Money Order, Postal Life Insurance) and Premium Value Added Services (Like Speed Post, Business Post). The Post Office Savings Bank is the largest bank in India in terms of network, accounts and annual deposits.

9.52 As on March 31, 2004, there were 1,55,669 post offices or outlets, of which roughly 89 per cent were outside cities. On an average, a Post Office serves an area of 21.11 square km, and a population of 6,592.

Table 9.14 : Postal network — International Comparisons

Country	Permanent post office	Population served per post office	Average served area (sq. km)	Employee per 1000 population
China*	76,358	16,851	125.68	0.38
India**	1,55,618	6,602	21.13	0.56
Indonesia***	19,881	10,806	95.80	0.12
Malaysia*	1,207	19,085	273.20	0.62
Sri Lanka*	4,638	4,158	14.15	1.17
U.K.*	17,243	3,460	14.16	3.55
USA*	37,683	7,657	248.72	2.96

Source : Dept. of Posts.

* All figures pertain to the year 2002 and have been drawn from the UPU publication on Statistics, December, 2003.

** As on 31.3.2003.

*** All figures pertain to the year 2001 and have been drawn from the UPU publication on Statistics, December, 2003.

9.53 User charges in the postal system cover only 78.3 per cent of costs. There is a significant subsidy element (Table 9.15). The revenue deficit dropped from Rs.1,550 crore in 2000-01 to Rs.1,354 crore in 2003-04. However, with the merger of 50 per cent of Dearness Allowance (DA) with basic pay last year and related enhancement, the deficit is likely to increase to Rs. 1,628 crore in 2004-05 (projection). Clarifying the rationale, the mechanism and the size of the subsidy constitutes an important policy question at this juncture.

Table 9.15 : Subsidy on Postal Services

Service	Subsidy per unit (Rs.)	Traffic (in million)	Total deficit (Rs. crore)
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
Total	NA	NA	1,203.0

Source : Department of Posts.

9.54 The advent of computers and communications has had profound implications for the postal system. In some countries, more letters are sent by e-mail than by post. The postal systems world over, including India Post, have been able to respond to these changes by redefining their roles, optimizing their traditional strengths, developing and expanding their core competencies, and even harnessing the very technologies that have challenged them, to provide value added services to their customers. In its programme for upgradation of services offered, the Postal Department has worked on induction of new technology, modernising processes, and improving the customer experience. Presently, there are 839 Head Post Offices and 1,448 other Departmental Sub-post offices which are computerised for both counter and back office works. In addition, Multi-Purpose-Counter Missions (MPCM) are also available in 1,007 Sub Post Offices. A VSAT network with 150 High Speed VSAT stations which are further connected to 1,327 Extended Satellite Money Order (ESMO) stations located in the Post Offices have been set up for quick transmission of money orders across the country. The Department is transmitting about 60,000 money orders every day through this VSAT network. Process enhancement using IT is being continued on a large scale during the Tenth Five Year Plan. Automatic Mail

Processing Centres (AMPC) have been set up at Mumbai and Chennai for faster processing of mail, especially business mail.

9.55 Two internet based initiatives of the Department are 'e-Post' and 'e-Bill Post'. Under e-Post, e-mail messages can be booked at any post office and the messages are transmitted electronically, downloaded and printed at identified post offices and physically delivered to the recipient as hard copy. Thereby, e-Post service connects individuals who may or may not have access to PC/Internet and thus bridges the digital divide. Under e-Bill Post, customers are able to pay multiple utility bills at post office counters.

9.56 Several measures have been introduced to optimize retailing capacity and reach out to provide services that are relevant to the needs of customers. Retail Post services offering sale of applications forms for entrance examinations and facility to remit fees are now widely available in post offices. The postal network is being used for helping the Election Commission in revising the electoral rolls. The Department of Posts will be also introducing "Logistics Post" shortly, to complement its existing range of parcel services for the high end customers.

9.57 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, through its

network, fund transfer 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. Indian Post commands 23 per cent of the total South Asian market share of the international money transfers undertaken through Western Union Financial Services.

9.58 The Government of India has introduced a special high-yielding assured return scheme namely 'The Senior Citizen Savings Scheme (SCSS)- 2004' with effect from August 2, 2004. The scheme provides for a special rate of interest of nine per cent for depositors and is vended through post offices and Public Sector Banks. The Department, in September 2004, tied up with the UTI Asset Management Co. Ltd., for the retailing of five mutual fund schemes on a pilot basis from selected post offices. A new initiative for sale of non-life insurance products through post offices has been taken up from January 2004. Under this scheme, the Department of Posts will function as the marketing agent for M/s Oriental Insurance Company for sale of 16 of its products. These products are currently being made available through select post offices in some Circles and will be gradually extended to post offices throughout the country.