

## Posts

9.39 The services of the Indian Postal network, amongst the largest networks in the world in terms of area covered and population served (Table 9.13), can be broadly classified into four categories: communication services (letters, post cards, etc.), transportation services (parcel, logistic post), financial

redefining their roles, developing and expanding their core competencies and even harnessing the very technologies that have challenged them. Presently, 5232 post offices, which include all head post offices and major sub-post offices, are computerized for both counter and back office works. Process enhancement using IT is being continued on a large scale during the Tenth Five Year Plan.

**Table 9.13 : Postal network – international comparisons**

Country	Permanent post office	Population served	Average area served (sq.km)	Employee
China	63,555	20,521	151	0.49
<b>India</b>	<b>1,55,516*</b>	<b>6,615*</b>	<b>21.13*</b>	<b>0.53</b>
Indonesia	20,073	10,954	94.88	0.11
Malaysia	1,211	20,169	272.30	0.59
Sri Lanka	4,680	4,074	14.02	1.18
U.K.	15,868	3,734	15.31	3.24
USA	37,579	7,825	256.24	2.81

**Source: Department of Posts.**  
\* As on 31.3.2005.

services (savings bank, money order, international money transfer service, PPP for extending financial service outreach through post office network, Postal Life Insurance) and premium value-added services (speed post, business post, retail post, etc.). The Post Office Savings Bank is the largest savings bank in India in terms of network, accounts and annual deposits.

9.40 There is a significant subsidy element in postal services (Table 9.14) with user charges in the postal system roughly covering only 76 per cent of the cash costs. As per the latest indications, the deficit is likely to increase from Rs. 1,364.40 crore in 2002-03 to Rs. 1,449.64 crore in 2005-06(BE). Clarifying the rationale, the mechanism and the size of the subsidy constitutes an important policy question at this juncture.

9.41 The spread of computers and communication technology has had profound implications for the postal system. Postal systems the world over, including India Post, are responding to these challenges by

**Table 9.14 : Subsidy on postal services**

Service	Subsidy per unit (Rs.)	Traffic (in million)	Total subsidy (Rs. Crore)
Post card	6.56	229.00	150.13
Printed post card	1.57	39.16	6.16
Letter card	4.58	293.96	134.70
Registration	16.69	200.45	334.55
Money order	26.97	109.58	295.59
Reg. Newspaper :			
(a) (Single)	8.64	53.19	45.93
(b) (Bundle)	13.66	32.24	44.04
Printed books	10.70	22.79	24.38
Parcel	11.51	47.95	55.17
Others	NA	NA	273.75
Total	NA	NA	1364.40

**Source : Department of Posts.**

Automatic Mail Processing Centres (AMPC) have been set up at Mumbai and Chennai for faster processing of mails, especially business mails. Two more AMPCs are planned to be set up in Kolkata and Delhi. A National Data Centre (NDC) will also be set up in Delhi to connect all the computerized post offices by March 2007.

9.42 e-Post service has now been upgraded for multiple messaging to make it useful for corporate houses. Under e-Bill Post, customers are able to pay multiple utility bills at post office counters. The application software for e-Bill is being modified to make it useful for cash-on-delivery services and for e-commerce. Efforts are on to provide low priced services which will provide electronic information in respect of delivery of letter mail articles. Pick up of mail from the residence of the customers, which has commenced all over the country, is a major initiative to provide user-friendly services to its vast customer base. Direct Post, which comprises of unaddressed postal articles like promotional items has been introduced to provide the facility of direct advertising for increasing commercial activity in the country. 'Logistics Posts' has been introduced to complement the existing range of parcel services for the high-end customers. Retail Post Services, inter alia, offering sale of applications forms for entrance examinations and passport application forms are now widely available in post offices. The postal network is being used for helping the Election Commission in revising the electoral rolls.

9.43 It is proposed to meet the rising expectations of customers by providing dedicated offices rendering a basket of financial services including small savings in

line with the international trend of the post office providing exclusive retailing outlets as a One-Stop-Post Shop (called Postal Finance Marts). There was an assessed need to improve the ambience in which Postal Financial Services are offered and bring under one roof a Financial Super Market, with networked and computerized facilities providing all postal financial products like Savings Bank and Savings Certificates, Postal Life Insurance, non-life Insurance products (as a corporate agent of Oriental Insurance Co. Ltd.), International Money Transfer, Mutual Fund and Bonds, Government Securities, Domestic Money Transmission, etc. The Postal Finance Mart are to be manned by Association of Mutual Fund Institutions (AMFI) and insurance qualified staff who will provide value addition of advice and information to the customers. The Senior Citizen Savings Scheme (SCSS)-2004 (a special high yielding assured return scheme) mobilized Rs. 8,775 crore in 2004-05. India Post provided options to senior citizens for payment of interest by (i) cash, (ii) payment into POSB accounts and (iii) money order. Payment by post dated cheques and electronic clearing system (ECS) is also under finalisation. The Department, in September 2004, tied-up with the UTI Asset Management Co. Ltd., for retailing 17 mutual fund schemes from selected post offices. A new product called IMO, an on-line domestic money transmission service intended for a market clientele which desires assured time related money delivery, has been launched. Another Scheme where Post Office Savings Bank account holders can be covered with an accidental death insurance cover of Rs. 1 lakh on payment of a nominal premium of Rs.15/- per annum has been launched recently.