

**A Review on the Gramin Dak Sevak (GDS) System  
of India Post: Opportunities and Challenges**

**A dissertation submitted to the Punjab University, Chandigarh for  
the award of Master in Philosophy in Social Sciences, in partial  
fulfillment for the requirement for the Advanced Professional  
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## CERTIFICATE

I have the pleasure to certify that **Mr. Shailendra Dashora** has pursued his research work and prepared the present dissertation entitled **“A Review on the Gramin Dak Sevak (GDS) of India Post: Opportunities and Challenges”** under my guidance and supervision. The dissertation is the result of his research and to the best of my knowledge, no part of it has earlier comprised any other monograph, dissertation or book. This is being submitted to the Punjab University, Chandigarh for the degree of Master of Philosophy in Social Sciences in partial fulfillment of the requirement for the Advanced Professional Programme in Public Administration (APPPA) of Indian Institute of Public Administration, New Delhi.

I recommend that the dissertation of Mr. Shailendra Dashora is worthy of consideration for the award of M. Phil degree of Punjab University, Chandigarh.

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(Shailendra Dashora)

**LIST OF ABBREVIATIONS**

ABBREVIATION	FULL FORM
AMPC	Automated Mail Processing Centre
ADB	Asian Development Bank
AePS	Aadhar Enabled Payment System
APY	Atal Pension Yojana
B2C	Business to Customer
BC	Business Correspondence
BNPL	Book Now Pay Later
BPL	Below Poverty Line
CAT	Central Administrative Tribunal
CBS	Core Banking Service
COD	Cash on Delivery
DARPAN	Digital Advancement of Rural Post Office for a New India
DBT	Direct Benefit Transfer
DoP	Department of Posts
ECS	Electronic Clearance Service
EDA	Extra Departmental Agents
eMO	Electronic Money Order
EOD	End of Day
FDI	Foreign Direct Investment
FMS	Fund Management System
G2P	Government to People
GDP	Gross Domestic Product

GDS	Gramin Dak Sevak
GDS BO	Gramin Dak Sevak Branch Office
GDS BPM	Gramin Dak Sevak Branch Postmaster
GDS MC	Gramin Dak Sevak Mail Carrier
GDS MD	Gramin Dak Sevak Mail Deliverer
GDS MM	Gramin Dak Sevak Mail Man
GDS MP	Gramin Dak Sevak Mail Packer
GDS SV	Gramin Dak Sevak Stamp Vendor
GeM	Government e-Marketplace
GOI	Government of India
GPS	Global Positioning System
IAMAI	Internet and Mobile Association of India
IFS	International Financial System
IMO	Instant Money Order
IMT	International Money Transfer
IPC	International Post Corporation
IPPB	India Post Payment Bank
JAM	Jan Dhan-Aadhar-Mobile
KVP	Kisan Vikas Patra
LOT	List of Transactions
MBC	Mail Business Centre
MCD	Mobile Computing Device
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MIS	Monthly Income Scheme

MIS	Management Information System
MNOP	Mail Network Optimization Project
MPCM	Multipurpose Counter Machine
MSME	Micro, Small and Medium Enterprises
NEFT	National Electronic Fund Transfer
NGO	Non Governmental Organization
NSAP	National Security Assistance Program
NSC	National Saving Certificate
PLI	Postal Life Insurance
PMJDY	Pradhan Mantri Jan Dhan Yojana
PMJJBY	Pradhan Mantri Jeevan Jyoti Bima Yojna
PMSBY	Pradhan Mantri Suraksha BimaYojna
PoS	Point of Sale
POTD	Point of Transaction Device
PPF	Public Provident Fund
PSU	Public Sector Undertaking
QR	Quick Response
RD	Recurring Deposit
RICT	Rural Information and Communication Technology
RMS	Railway Mail Service
RPLI	Rural Postal Life Insurance
RTGS	Real Time Gross Settlement
SB	Saving Bank
SCSS	Senior Citizen Saving Scheme

SDBS	Service Discharge Benefit Scheme
SSY	Sukanya Samriddhi Yojana
TD	Time Deposit
TRAI	Telecom Regulatory Authority of India
TRCA	Time Related Contingency Allowance
UIDAI	Unique Identification Authority of India
UPSO	Universal Postal Service Obligation
UPU	Universal Postal Union
USPS	United States Postal Services
VP	Value Payable
YoY	Year over Year



## CHAPTER – 1

### INTRODUCTION

- 1.1 Communication has always been an important part of everyday life of people. There have been radical changes in the way people communicate with each other. It is in this scenario, India Post has stood firmly on its ground and is providing quality service to the people by adapting to the technologies.
- 1.1.2 India Post has been operating as a backbone of communications in India for more than a century. It has played a pivotal role in delivering mails, besides accepting deposits under Small Saving Schemes, providing insurance under Rural Postal Life Insurance (RPLI) and Postal Life Insurance (PLI). Department of Posts also disburses wages under Mahatma Gandhi National Rural Guarantee Scheme (MGNREGS) and old age pensions. With its vast network of 1,55,531 post offices (as per India Post's Annual Report 2018-19), India Post is the biggest postal network in the world. The network also comprises of 129975 Gramin Dak Sevak Branch Offices (GDS BOs) located in the rural and far flung areas of the country with a taskforce of 237341 Gramin Dak Sevaks (GDSs) catering to the needs of poor and underprivileged people. Branch Offices (BOs) provide postal services to a single village or a cluster of villages.
- 1.1.3 Gramin Dak Sevak system provides the rural poor the facility of delivery of mails and money remittance. With its simplistic approach towards banking, Gramin Dak Sevak system has built a relationship of trust and respect among those people, who were otherwise deprived or not adequately entertained by the formal banking sector. The relationship of Gramin Dak Sevak with his customers is so unique that he is

bestowed upon with much respect in his area or village, which may not be enjoyed by any other government representative or servant.

1.1.4 The Gramin Dak Sevaks are not regular employees of the Central Government. The services of the Gramin Dak Sevaks are governed in accordance with the provisions of the “Gramin Dak Sevak (Conduct and Engagement) Rules, 2011”. These rules are framed under the executive powers of the Central Government. Thus, the Gramin Dak Sevaks are only engaged, and not appointed, to carry out the services provided by the India Post. It also means that a Gramin Dak Sevak shall not claim benefits on par with the Central Government employees.

1.1.5 It would not be an exaggeration to say that Gramin Dak Sevaks contribute to the half of the working strength of the India Post. They are categorized into various categories for effective and clear working in the post offices, viz.

- Gramin Dak Sevak Branch Postmaster (GDS BPM)
- Gramin Dak Sevak Mail Deliverer (GDS MD)
- Gramin Dak Sevak Mail Carrier (GDS MC)
- Gramin Dak Sevak Mail Packer (GDS MP)
- Gramin Dak Sevak Stamp Vendor (GDS SV)

## 1.2 **Statement of the Problem**

New inventions in the communication sector, have affected not only the life of the urban class but also of those residing in the rural areas. The infusion of technology in the saving banks and money remittance has transformed the way the Gramin Dak Sevak Branch Offices (GDS BOs) perform, whose job till recently was manual in nature. It is imperative to study the role of small post offices, the building blocks of the India Post, and their transition to provide better, quicker, IT infused effortless postal services to the rural areas with a view to achieve financial inclusion of the

unbanked and underprivileged people of the country. Hence, the present study makes an effort to examine the challenges and opportunities of the Gramin Dak Sevak system of the India Post.

### 1.3 **Objectives**

The objectives of the present study include:

- To examine the nature and functioning of Gramin Dak Sevak system.
- To identify challenges faced by Gramin Dak Sevaks in the light of emerging technologies
- To explore new avenues to enable Gramin Dak Sevak system to render services efficiently to the under privileged
- To suggest measures to improve the services and outreach of Gramin Dak Sevaks.

### 1.4 **Research Design**

The present research being descriptive and analytical in nature intends to study how the Gramin Dak Sevak system can be made more productive for the India Post as well as for the overall growth of the country.

### 1.5 **Rationale or Justification**

India Post has taken new initiatives to meet the requirements of the contemporary rural society, which is swinging away from traditional mails to mobile phones, social apps and emails and opting for quicker saving and money remittance methods. Projects like Rural Information and Communication Technology (RICT) and India Post Payment Banks (IPPB) have been introduced in the Branch Offices (BOs) to improve the level of services being offered to rural customers with an objective to improve the quality of service, add value to services and achieve “financial inclusion” of unbanked rural population. These factors justify the Department’s belief in the vast and trusted network of the GDS and hence it is

imperative that a review of the present Gramin Dak Sevak system and their working be made.

## 1.6 **Hypothesis and Questions**

The hypothesis of the present study is as under:

- Gramin Dak Sevak system would plummet with the introduction of new technologies in the communication sector.
- The Gramin Dak Sevak system can play a crucial role in leading the market since it caters to mostly rural and backward areas in disbursement of the subsidies through Direct Benefit Transfer (DBT).
- The younger generations who are joining the India Post in the Gramin Dak Sevak cadre are more talented, educated and self-motivated in comparison to the older/ previously engaged Gramin Dak Sevaks.

1.6.2 Research Questions framed to evaluate the Gramin Dak Sevak system are as follows:

- Is the Gramin Dak Sevak system equipped to cater to the contemporary needs of the rural areas?
- How efficient is the network of Gramin Dak Sevaks?
- Is Gramin Dak Sevak system equipped to keep pace with new technologies undertaken by the India Post?
- How adequately GDS cadre is compensated for their services?
- What role new and young generation of Gramin Dak Sevaks can play in the expansion of the services of the India Post?

## 1.7 **Scope, Limitation and Delimitation**

The study intends to understand the impact of new methods aimed to modernize the services offered by the Gramin Dak Sevak Branch Offices (GDS BOs). India Post

has introduced changes in the engagement procedure of the Gramin Dak Sevak system to strengthen the cadre to cater to the contemporary needs of the Department. The new wage structure, emoluments, gratuity and other benefits offered to the Gramin Dak Sevak cadre shall also be examined in the study. The study will be confined to the reports and articles published by the India Post along with recommendations of the various committees set up by the Government of India to review the Gramin Dak Sevak system.

## 1.8 **Literature Review**

The Gramin Dak Sevak system is a very old concept and has been with Indian Post since the beginning. There have not been many attempts to understand Gramin Dak Sevaks' working and their role in the society, except for the reports of the committees set up by the Government of India and some research works or articles.

- 1.8.2 In the report of the Gramin Dak Sevak Committee (2016), submitted by Sh. Kamlesh Chandra, Chairman, which was primarily formed for wage structuring and allowances of the Gramin Dak Sevaks, a brief analysis of the network of Gramin Dak Sevak Branch Offices has been made along with the ongoing IT projects. The committee in its report has noted that the slogan "Sabka Saath Sabka Vikas" cannot be fulfilled without ensuring the growth of the poor and underprivileged sections. The Gramin Dak Sevak system can lead in taking the Government's initiative of rural development and social security schemes to the last mile of the villages by providing banking, insurance, third party business and e-commerce at Gramin Dak Sevak Branch Offices. The committee also noted that Gramin Dak Sevak Branch Offices were opened under the Universal Service Obligation (USO) in rural India for ensuring that mail gets delivered at the doorstep of each household of each village in India.

1.8.3 The research paper titled “Role of Indian Post in Financial Inclusion” by Dipankar Malakar, Research Scholar, Guwahati University Assam, India, published in 2014, praised the India Post, for doing commendable job towards providing easy financial services to the people throughout the country especially in remote areas through its huge network. The research paper also discussed the various banking services offered by the India Post and the initiatives taken like establishment of ATMs and Post Bank of India. The paper though commented about the role the India Post can play in the Government’s plan for financial inclusion was also critical about the infrastructure, shortage of manpower and innovation in the Post Offices.

The research paper neither examines postal services offered by the Department in the rural areas nor it discusses the working of the Gramin Dak Sevak structure and the new methods introduced in the Gramin Dak Sevak system.

1.8.4 In another research paper “Problems and Challenges of Indian Post in Financial Inclusions” by M. Mala and G. Vasanthi, published in 2016, an attempt was made to study the problems and challenges faced by Indian Post in Financial Inclusion. The paper discussed the problem of large population of India where more than half of the population is not having access to banking services. It also dealt with the challenges faced by India Post in terms of lack of infrastructure, staff shortage, and lack of coordination with other Departments and slow progress of innovation.

The paper just gives a cursory view on the large number of rural post offices as compared to urban post offices as on March 31, 2013 and the various banking services offered by the Post Offices. It does not examine postal services offered by the Department in the rural areas and the working of the Gramin Dak Sevak structure. In addition to this, it does not delve into Government of India’s new

initiatives to strengthen the Gramin Dak Sevak system after introducing new IT methods into postal operations.

- 1.8.5 In a research done by Shriyanka Hore, Director Product Strategy at Oracle (2017), titled “Driving Financial Inclusion through India Post”, an attempt has been made to throw light on the new methods being introduced in the postal operations for making it an effective tool for financial inclusion. The study only presents a brief picture on the aspect of modernization of post office, and does not discuss the impact of the modernization on the Gramin Dak Sevak system and the services offered by them.
- 1.8.6 In a study conducted by Asian Development Bank Institute titled under “Innovating Financial Inclusion: Postal Savings System Revisited” (2016), the role of post offices in Asia for the financial inclusion has been discussed. The study briefly states that in India, the postal service is going to play a powerful role in providing banking access to the unbanked population since it is capable to reach the rural parts of the country. The study which primarily discussed the position of postal operations in Asia, does not delve into the new technologies and methodologies which have been implemented or under consideration for strengthening the rural postal operation, which are manned by the Gramin Dak Sevaks (GDSs)
- 1.8.7 In the AMC Research Group Report (2004) submitted to the Planning Commission of India on functioning of ‘Rural Postal System including ‘Panchayat Sanchar Seva Yojana’, the impact of the technological advancement on rural postal operations was discussed on the basis of study conducted in the states of Bihar, Himachal Pradesh, Kerala, Orissa, Punjab and Rajasthan. The Report also took into account working conditions and revenue generated by Gramin Dak Sevak Branch Offices (GDS BOs), appointment and working nature of the Branch Postmaster (BPM)

and other local factors. The study recommended that opening of more such offices based on the norms can be dispensed with and instead relocations and adjustments may be made based on the assessment of specific needs, to provide better and cost efficient postal services in the rural areas. The report in some way touches the Gramin Dak Sevak structure and its nature of working but is dated and is limited to some states only.

## 1.9 **Methods to be applied and Data Sources**

The study primarily will depend on the data collected from the India Post and its reports and websites. The study would also refer to the Reports of the various Committees set up for the India Post. It will also include discussions with the officers concerned in the Department and visits to some post offices to get a first hand account of the functioning there.

## 1.10 **Chapterization Scheme**

The entire research work will depend on data collected and will run into four chapters.

- Chapter I – Introduction
- Chapter II – The functioning of Gramin Dak Sevak System

This chapter presents various services offered by the Post Offices including Branch Offices as well as the functions of the various categories of the Gramin Dak Sevaks.

- Chapter III – Role of Technology in Gramin Dak Sevak System.

This chapter analysis the impact of new technologies and methodologies brought into the functioning of the Gramin Dak Sevaks.

- Chapter IV – Gramin Dak Sevak System: Challenges and Opportunities



This chapter examines with the challenges faced by the Gramin Dak Sevak system and the new opportunities brought by the Rural Information and Communication Technology (RICT), India Post Payment Bank (IPPB).

- Chapter V – Conclusion and Recommendations.

This chapter based on the study shall highlight the various welfare benefits introduced by the Department for the benefit of the Gramin Dak Sevaks and summarizes the analysis.

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## CHAPTER – 2

### THE FUNCTIONING OF THE GRAMIN DAK SEVAK SYSTEM

#### 2.1 Introduction

Department of Posts was founded in 1854 by Lord Dalhousie who laid its foundation by enacting the India Post office Act, 1854 which significantly improved upon Lord William Bentinck's 1837 Act which had introduced Post offices in India. The Postal System was in existence since the ancient times as references can be obtained from Atharvaveda that doots and pigeons were sent to communicate messages. The system was further developed by the various Emperors who ruled India since it was necessary for them to be informed of various happenings and developments in various parts of their empire. During the Mughal rule, a messenger post system was introduced by Qutub-din-Aibak which was further strengthened by the later rulers. The construction of the grand trunk road by Sher Shah Suri from Bengal to Peshawar, which covered a stretch of 4800 kms, is one fine example that development of the communication system was one of the priority of the rulers of India. The East India Company, established post offices in Bombay, Chennai and Kolkata from 1764–1766, each serving the Bombay, Madras and Calcutta Provinces. During the British Period, postal system was further developed by introduction of Post Office Savings Banks on 01.04.1882 and Postal Life Insurance (PLI) on 01.02.1884. The British era also saw the world's first official Airmail flight that took off from Allahabad to Naini, in India on 18.02.1911, during which 15 kilograms of mail (approximately 6,000 letters and cards) were carried to a distance of 13 kilometers.

2.1.1 At the time of independence, India had 23,344 Post Offices which were largely

confined to urban areas and selected villages. The Postal Department adopted a policy of expansion of its services in the country by providing inexpensive and efficient postal services. The rural areas could only be addressed by a system of the Post Offices, which could provide postal services in a simplistic manner. The Gramin Dak Sevak System, earlier called the Extra Departmental System, was primarily established to provide economical and efficient postal service in rural areas of the country which was continuing since 1866-67. The Gramin Dak Sevak Post Offices system was suitable for rural areas, where inadequate volume of traffic as well as less socio-economic environment did not justify and sustain the regular departmental framework for providing postal services.

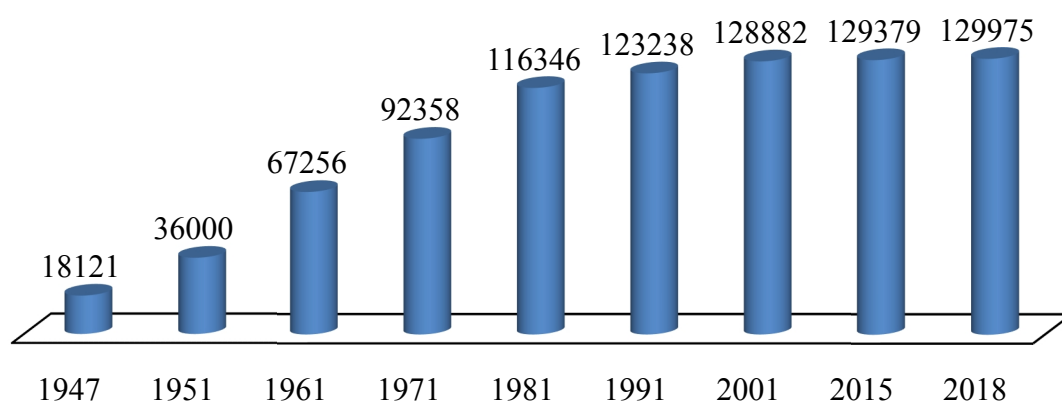
- 2.1.2 The Postal Department being 147 years old was prescribed to be run by the local persons having their roots in that society and environment. The Extra Departmental Agents (now called Gramin Dak Sevaks or GDS) hence, generally enjoyed acceptance by the community they served. The system in fact, is a judicious blend of economy and efficiency in catering to the postal needs of the rural communities spread over in remote areas.
- 2.1.3 The Department seized upon the idea of availing the services of shop-keepers, agriculturists, school masters, etc. and such other persons in the village who had the faculty of reasonable standard of literacy and adequate means of livelihood. They therefore, in their leisure hours, could assist the Department by way of gainful avocation in serving the rural communities for their postal needs.
- 2.1.4 The Department too prescribed simple nature of transactions and minimum procedural formalities for the branch post offices. Gramin Dak Sevak System had a pre- condition of residence that the sevaks should reside in the village of the post office. This is because the local resident was considered to be in a better position to

provide office accommodation for Branch Post Office on nominal charges, protect Government cash and records round the clock, by virtue of his stay in the same premises. Moreover, his intimate knowledge of local residents and local area facilitates ensured unhindered delivery of mail

2.1.5 As on 15<sup>th</sup> August, 1947, there were only 18,121 Gramin Dak Sevaks (GDS) working in the Department. The Department adopted the policy of the expansion of the Gramin Dak Sevak (GDS) System under various different five year Plan Schemes. The aim was to provide postal facilities to each and every individual of the vast and untouched rural areas of the country at an affordable cost.

**Figure 2.1**

**Gramin Dak Sevak Branch Offices (GDS BOs) from 1947 to 2015**



*Source: GDS Committee, 2016 and India Post Annual Report 2018-19.*

The Department adopted liberal norms of income, workload and population, and established new Gramin Dak Sevak Branch Offices (Gramin Dak Sevak Branch Office (GDS BO) for limited hours instead of opening full time departmental post offices. This resulted into a considerable increase in the number of Gramin Dak Sevak Branch Offices (GDS BOs) from 1947 to 1991. As on 31.03.2018, there were

129975 Gramin Dak Sevak Branch Offices (GDS BOs) working in the Department. This intricate system of Gramin Dak Sevaks (GDS) makes the Department, the largest Postal Department with unparalleled and unmatched outreach.

- 2.1.6 The Gramin Dak Sevaks (GDSs) are engaged by Department for a maximum work of five hours a day and are paid remuneration on the actual workload assessed on the basis of number of transactions handled. The livelihood of the Gramin Dak Sevaks (GDSs) and their families is not solely dependent on the allowances paid by the Postal Department for performing the duties of the Post Office. As one of the condition of their engagement as Gramin Dak Sevaks (GDS), they are mandatorily required to possess independent source of income for adequate means of livelihood for themselves and their family, before they could be engaged as Gramin Dak Sevaks (GDSs). The Gramin Dak Sevak Branch Offices (GDS BOs) function irrespective of the element of profitability and even in places where the workload and traffic does not justify opening a departmental post office.

## 2.2 **Mail Services offered by India Post (Department of Posts-DoP)**

The primary function of Post Office is collection, processing, transmission and delivery of mail which includes Letters, Postcards, Inland Letter Cards, Packets, Ordinary, Registered, Insured, Value Payable articles and Speed Post.

- 2.2.1 Mail is further classified as first class and second class mail. First class mail gets free air transmission within India; whereas second class mail gets air lift only if prepaid with air surcharge. Initially, the transmission of mails was handled on a regular line or path and its handling was based on traditional concepts, which were no longer prevalent in the changing times. This was disadvantageous to the Department and led to dissatisfaction to the customers. To overcome these

drawbacks, Department has embarked upon a massive exercise to review and restructure the mail operations, starting from booking to delivery of mails.

- 2.2.2 Mail Business Centre (MBC) was conceptualized by Department of Posts in 2006 as a key component of the New Paradigm for Mail Management, which sought to change the way, mail management has been traditionally looked at. In the new context of expanding Courier, Express and Parcel market in India, Mail Business Centres (MBCs) are envisioned as frontline business wings of India Post, offering one-stop solution for varied mailing needs of the customers. It focuses on one stop solution to the bulk mailers, providing all pre-mailing activities and other value added services.
- 2.2.3 Project arrow launched in 2008 was aimed at the improvement of the mail operations in the post office along with better delivery efficiency for all kinds of articles. More than 15000 post offices have been covered under project arrow.
- 2.2.3 Automated Mail Processing Centre (AMPC) at major locations in the country has been set up to create an Automated Mail grid. Dedicated transport arrangements both road and air are made for expeditious transmission of mails. The introduction of Mail Network Optimization Project (MNOP) has been done to streamline core mail operations and to bring in greater standardization and improvement in the operational processes relating to mail processing, transmission and delivery. The visibility of transmission has been enhanced by providing track and trace facility for speed post and registered mail. The customer can track the mail through India Post website by using the unique bar code number.
- 2.2.4 Traditionally, for booking of registered articles, insured and value payable (VP) articles, speed post was provided at manually operated counters. Considering the vital need for providing the benefit of technology to the customers, the mail

operations are now computerized to improve efficiency of operations. Track and Trace facility is available for speed post and registered post articles. All these innovative strategies have increased consistency and reliability in mail delivery system in line with global standards and improved customer satisfaction.

2.2.5 Mail services can be diversified into following categories:

<i>Mail Products</i>	<i>Premium Products</i>	<u><i>Business Products</i></u>
• Letter	• Speed Post	• Book Now Pay Later (BNPL)
• Inland Letter Card		• Cash on Delivery (COD)
• Post Card		• Bill Mail
• Book Packet		• Direct Post
• Registered Newspaper		• Retail Post
• Blind Literature Packet		• Media Post
• Parcel		• Business Post
• Registration		• Logistics Post
• Insurance		• e-Payment
• Value Payable Post		• e-Post

### 2.3 **Financial Services offered by India Post (Department of Posts-DoP)**

A post office offers variety of financial services which are a good alternative to banks, for different classes of risk averse investors. The Financial services offered by Post office includes Savings and Postal Life Insurance (PLI) / Rural Postal Life Insurance (RPLI). The Post Office small savings scheme provides a secure, risk free and attractive investment option for the small investors and offers the savings products across its Post offices. The Post Office savings bank is the oldest and by far



the largest banking system in the country, serving the investment need of both urban and rural clientele. These services are offered as an agency service for the Ministry of Finance, Government of India. In addition to the saving services, various money remittance services as well as Jansuraksha Schemes are offered through the post offices. The various financial services provided by the post office are detailed below:

➤ Financial Services

- Saving Bank (SB)
- Recurring Deposit (RD)
- Time Deposit (TD)
- Monthly Income Scheme (MIS)
- Public Provident Fund (PPF)
- Senior Citizen Savings Scheme (SCSS)
- Sukanya Samriddhi Yojana (SSY)
- National Savings Certificates (NSC)
- Kisan Vikas Patra (KVP)
- Postal Life Insurance (PLI) and Rural Postal Life Insurance (RPLI)

➤ Money Remittance Services

- Electronic Money Order (eMO)
- Instant Money Order (IMO)
- International Money Transfer (IMT)
- Electronic Clearance Service (ECS)
- International Financial System Money Order (IFS MO)

➤ Jansuraksha Services

- Pradhan Mantri JeevanJyoti Bima Yojna (PMJJBY)

- Pradhan Mantri Suraksha Bima Yojna (PMSBY)
- Atal Pension Yojna (APY)

## 2.4 Types of Post Offices

Post Offices are divided into three classes.

- Head Post Offices
- Sub-Post Offices
- Branch Post Offices.

The first two classes of offices normally transact all types of postal business. Facilities are generally provided at Branch Post Offices for the main items of postal work like delivery and dispatch of mails, booking of registered articles and parcels, accepting Saving Bank (SB) deposits and effecting Saving Bank (SB) withdrawals, and issue and payment of money orders, though in a restricted manner. So far as the public is concerned, there is generally no difference in the character of the service rendered by Sub-Post Offices and Head Post Offices.

- 2.4.1 Night Post Offices are those Post Offices, which works before and/ or after normal working hours of a post office. Night Post Offices were conceptualised when Sunday was declared a compulsory holiday from 7th May 1950. This was done with a view to serve the public and give more facilities to them on Sundays and National Holidays. The Director-General may extend the working hours of any post office up to 8:30 P.M. and keep them open on Sundays also. These post offices will be termed 'night post offices' and will transact those transactions which have been authorized by the Director-General in this regard. On Sundays and National Holidays as well as other post office holidays, the night Post Offices function and observe restricted working hours. These offices work for one shift only from 10:00 to 17.00 hours. The delivery functions of the offices are entirely suspended as well as the payment

of Money Orders and Saving Banks and post office Certificates are also suspended on these days.

2.4.2 Mobile Post offices – Mobile Post Offices are functioning at Bombay, Calcutta, Delhi, Madras, Ahmedabad, Nagpur, Hyderabad, Bangalore, Kanpur, Poona, Jaipur and Bhilai Industrial Township. These Mobile Post Offices are intended to provide the facility of late posting in the different areas of the cities at different timings according to a fixed schedule (excluding insured and Value Payable (V.P.). These offices remain closed on Sundays and Postal Holidays. The Mobile Post Offices sell stamps and Postal stationery, book registered articles (excluding insured and Value Payable (V.P.) and air parcels besides accepting unregistered articles of the letter mail for dispatch. The mobile Post Offices at Madras and Nagpur are also permitted to book money orders.

## 2.5 **Services offered at Gramin Dak Sevak Branch Office (GDS BO)**

As discussed above, the post offices provide number of financial services, however, in Branch Offices this is not the case. A Branch Office provides deposits and withdrawal facilities in Saving Bank (SB), Recurring Deposit (RD), Time Deposit (TD) Sukanaya Samridhi Yojana (SSY) and Rural Postal Life Insurance (RPLI).

2.5.1 For all the above saving schemes, Branch Postmaster (BPM) should not accept cash deposit transaction for more than Rs. 25000/- in any account in a day. Moreover, a Branch Office is authorized to allow withdrawal of amount, not exceeding Rs. 5000/- without obtaining prior sanction of its account office, subject to the condition that not more than one withdrawal is allowed on any day from any account. If an amount exceeding Rs.5000/- is to be withdrawn at a branch office, the application for withdrawal together with the Pass Book will be received by the account office which shall authorize such withdrawal. Not more than one withdrawal in a day shall

be allowed from an account standing at an Extra Departmental Sub Savings Bank or Branch Savings Bank.

- 2.5.2 In case of any closure/ payment of Recurring Deposit (RD) or Time Deposit (TD) accounts, the Branch Postmaster shall make the payment up to Rs. 20000/- in cash by getting the closure authorised by the account office. If amount is equal or more than Rs.20000/-, account office/ head office will either credit the maturity value into savings account of the customer or prepare cheque for the maturity value and send back to Branch Office for handing over to the depositor.
- 2.5.3 Jansuraksha schemes accounts like Pradhan Mantri Jeevan Jyoti Bima Yojna (PMJJBY), Pradhan Mantri Suraksha Bima Yojna (PMSBY) and Atal Pension Yojna (APY) cannot be opened at Branch Offices. However, a Gramin Dak Sevak (GDS) can pursue either a depositor having Savings Account in any post office migrated to Core Banking Service (CBS) Platform or any Indian Citizen who is ready to open a Savings Account in any of those post offices.
- 2.5.4 The Branch Office can book un-registered parcel, the weight of which should not exceed 4 kilograms however, the weight of a registered parcel should not exceed 10 kilograms if posted at or addressed to, a branch post office. Registered letters, value-payable registered letters, registered parcels and value-payable registered parcels may be insured. However, in a Branch Office the limit of insurance is Rs.600. In addition to this, the Branch Office can also issue Electronic Money Order (eMO), speed post and registered articles.

## 2.6 **Working of Gramin Dak Sevak Branch Office (GDS BO)**

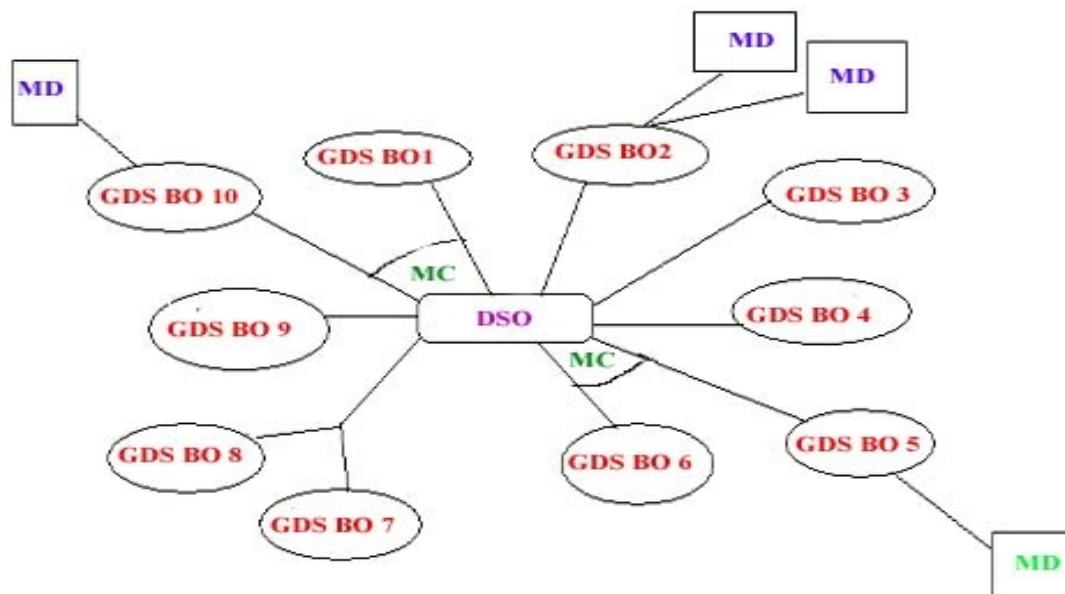
A Gramin Dak Sevak Branch Office (GDS BO) is a post office of lower status than a departmental sub-post office. It works for approximately five hours a day. This

could be either five hours at a stretch or it could be in two spells in a day depending upon the linking mail arrangements of that particular post office.

- 2.6.1 For accounting purpose, it is in direct account with a sub-post office or a head post office, which is termed as account office. Monetary transactions of the branch office are incorporated in the accounts of account office. The official in-charge is designated as Branch Postmaster (BPM).

**Figure 2.2**

**Relation between Gramin Dak Sevak Branch Office (GDS BO) and Departmental Sub Office (DSO) or Account Office**



*Source: Report on functioning of 'Rural Postal System' including 'Panchayat Sanchar Seva Yojana' Submitted to Planning Commission, Government of India (January 2004)*

- 2.6.2 The Gramin Dak Sevak Branch Office (GDS BO) performs the function of selling of postage stamps and stationery, delivery of mails and money orders, the post office saving bank functions, collection of mails, booking of registered articles and money orders. Depending upon the location of the branch post office and its distance from

the accounts office as well as its workload, the Branch Post Master is assisted by Gramin Dak Sevak Mail Deliverer (GDS MD) for delivery of mail.

2.6.3 Gramin Dak Sevak Branch Office (GDS BO) is generally operated with two men, consisting of a Branch Postmaster (BPM) and a Mail Deliverer (MD). There are few Branch Offices, which are single handed whereas, some Gramin Dak Sevak Branch Offices (GDS BOs) are run by a three men team. For carriage of mails between the account office and the branch post office depending upon the local justification there may be a Mail Carrier (MC). In the hilly areas and also in the remote rural areas, there is a chain of Mail Carriers (MCs) whose job is to convey the mail bags between the account office and the branch offices as well as other offices lying on his route.

2.6.4 A Mail Deliverer (GDS MD) is attached to a branch office (BO) and is responsible mainly for delivery of mails. However, depending upon the workload, there are numerous cases where Branch Postmaster (BPM) himself works as Mail Deliverer (MD) and draws additional allowance known as Combined Duty Allowance.

## 2.7 **Accommodation of Gramin Dak Sevak Branch Offices (GDS BOs)**

Gramin Dak Sevak Branch Offices (GDS BOs) are privately owned. They operate out of premises owned or rented by the Branch Postmaster (BPM) who is provided a nominal maintenance amount per month. According to the conditions of engagement of Gramin Dak Sevaks (Conduct and Engagement) Rules, 2011, Rule 3-A (viii) "Post office shall be located in the accommodation to be provided by the Branch Postmaster (BPM) suitable for use as Branch Office (BO) premises." Sometimes, the Gramin Dak Sevak Branch Offices (GDS BOs) operate from the premises of a local stationery shop or a general merchant shop. However, in some cases the Gramin Dak Sevak Branch Offices (GDS BOs) are also operating from shops.

2.7.1 In most the cases, the Branch Offices (BOs) are operationalised in the residences of the Branch Postmaster (BPM). Where Branch Postmaster (BPM) is not able to provide accommodation, the Branch Offices (BOs) are housed in Panchayat/ Government/ Private building. The main reason for housing a Branch Office (BO) in the Panchayat Building can be attributed to the cooperation extended by the Gram Panchayat because of the respect a post office still holds in the village society.

**Figure 2.3**

<b>Details of housing of GDS Post Offices in different types of accommodation</b>		
<b>SN</b>	<b>Particulars of housing of GDS Post Offices</b>	<b>Number</b>
1	GDS Post Offices housed in the premises of BPMs	<b>96960</b>
2	GDS Post Offices housed in Panchayat / Government / Private building but rented	<b>16251</b>
3	GDS Post Offices housed in Panchayat / Government / Private building but rent free	<b>16135</b>
4	GDS POs for which no information is furnished by Circles.	<b>33</b>
<b>Total</b>		<b>129379</b>

33 GDS Post Offices for which information was not available, was presumed to be housed in Departmental offices either in the Sub Post Office or Head Post Office.

*(Source: GDS Committee, Report, 2016)*

2.7.2 Those Branch Offices (BOs) which are located in Panchayat buildings or government buildings such as school and markets, are have proper place for customer's visits and transactions thus, they are frequented daily by the rural people.

2.7.3 During visit to Udaipur Division, some Branch Offices (BOs) were visited for assessing their nature of work. These Branch Offices (BOs) were either housed in Panchayat Buildings or in the residence of the Branch Postmaster (GDS BPM).





*(Sapetia Gramin Dak Sevak Branch Office, Udaipur Division, Rajasthan)*



*(Bedla Gramin Dak Sevak Branch Office, Udaipur Division, Rajasthan)*





*(Bhaiyon ki Pancholi Gramin Dak Sevak Branch Office, Udaipur Dn. Rajasthan)*

Sapetia, Bedla and Bhaiyon ki Pancholi Gramin Dak Sevak Branch Offices (GDS BOs) in Udaipur Postal Division are housed in Rajiv Gandhi Sewa Kendras (Panchayat Bhawans) which is easily accessible to public. During conversation with Branch Postmasters (BPMs) of these post offices, it was noted that the working of the Branch Postmaster (BPM) nowadays is not related to simple credit and debit transactions. With the introduction of Rural Information and Communication Technology (RICT) project in the Branch Offices (BOs), the working of Branch Postmaster (BPM) has simplified as it has reduced in maintaining multiple physical records. Moreover, with the real time record of the banking transactions, there is more transparency in the performing financial transactions.

2.7.4 Another Branch Office (BO) that was visited in Udaipur Division was Lakadvas which is operated in a shop. Since the work of the Gramin Dak Sevak (GDS) is not considered a full time job, he is required to provide an undertaking that he has other means of livelihood. Accordingly, a Branch Postmaster (BPM) houses a Branch

Office in a shop so that he can earn sufficient livelihood while performing his duties.



*(Lakadvav Gramin Dak Sevak Branch Office (GDS BO), Udaipur Division)*

2.7.5 In places, where Branch Offices (BOs) are located in good private buildings or in the residences of BPMs, where sufficient space is dedicated to its functioning, the accessibility is easy, which results in sufficient footfall of the customers.

2.7.6 The approach or the accommodation of the Branch Offices (BOs) can be linked up with its revenue (though it is not a rule). As discussed above, the Branch Postmaster (BPM) is paid a nominal amount for housing a branch office (BO). It can be concluded that many of them operate out of accommodation which is unsuitable. This not only impacts the revenue of the Branch Offices but also affects the reputation of the Department. The revenue of the Branch Offices is a matter of concern for the Department (discussed in next chapter) since the department is spending a huge amount of money for their upliftment.

- 2.7.7 The problem of accommodation is grave in cases, where Branch Postmasters (BPMs) are not from the same village. It is generally challenging for the Branch Postmasters (BPMs) from outside the village to get a rented accommodation for housing the Branch Offices (BOs) as well as for their own stay in a new village. Naturally, such Branch Offices (BOs) are housed in substandard/ unsuitable accommodation and therefore, not easily approachable. The Branch Postmasters (BPMs) have to pay rent of the accommodation for the Branch Offices (BOs) as well as for his/ her own stay from his/ her Time Related Contingency Allowance (TRCA), which is sometimes insufficient. The problem is more serious for newly joined Branch Postmasters (BPMs) with Time Related Contingency Allowance (TRCA) at initial level, as they receive a low amount which is not sufficient to hire accommodations for Branch Office (BO) as well as for his/ her residence. This makes things difficult for the Branch Postmasters (BPMs), who do not belong to the villages catered by the Branch Office (BO).
- 2.7.8 Many times, Branch Postmasters (BPMs) hire insecure accommodations for Branch Offices (BOs) in the new village, and commute from his/her village daily to the post office village with records of the office in his/ her Thaila (hand bag). Sometimes such Branch Postmasters (BPMs) do not even hire accommodation for Branch Offices (BOs) and work through this bag only. There are many cases, where non resident Branch Postmasters (BPMs) are engaged in Branch Offices (BOs) which are located in the semi urban / semi rural areas, where hiring of Branch Office accommodation is costly. In such scenarios, Branch Postmasters (BPMs) are unable to pay higher rent and leave the job. Moreover, looking for cheaper accommodation results in frequent shifting of the Branch Office which hampers its performance / business.

- 2.7.9 The Branch Postmaster (BPM) is supposed to have adequate source of livelihood and what he gets from the Department is additional income for him. However, when the Branch Postmaster (BPM) is engaged from outside, the Time Related Contingency Allowance (TRCA) becomes the only source of his income which seems to be insufficient to maintain the family. This is one of the reasons why he is likely to be tempted to commit misappropriation of Government money. On the other hand, the local Branch Postmaster (BPM), in view of his permanent dwelling and status in the village, will refrain from resorting to nefarious activities, because of social and family pressure on him/her.
- 2.7.10 The Postal Department in the recent past has taken several steps for strengthening the technical and physical infrastructures of Branch Offices (BOs). This is because of the rolling out of Rural Information and Communication Technology (RICT) solution and Core Banking Solution (CBS) along with proposal of covering 1.30 lakhs Branch Offices (BOs) as Access Points for India Post Payment Bank (IPPB). This is to become leading payment agency in the rural areas and to generate substantial revenue. The Department is implementing a plan to supply infrastructure to Branch Offices (BOs) under the 12th plan scheme “Rural Business and access to postal network”, to strengthen them by providing chair, table, fan, weighing scale, almirah, cash chest, wall clock etc. The plan scheme now envisages provision of a bigger signage in the Branch Offices (BOs) for their increased visibility.
- 2.7.11 The Department should place its focus and resources to further strengthen the accessibility, proper accommodation, visibility and infrastructure of the Branch Offices (BOs) to convert them into vibrant business centres in the rural areas as envisaged in several schemes of the Government. Then, the impact of technology induction, supply of infrastructure including signage and converting all Branch

Offices (BOs) as an Access Point for Payment Bank for increasing Rural Business would be most rewarding. The objective should be to welcome rural customers to Branch Offices (BOs) and provide them enough space and facilities to complete their transactions with the aid of modern tools and technology. Branch Offices (BOs) with better customer facilities can leverage the business opportunities which are available in the form of Direct Benefit Transfer (DBT), remittances, e-Commerce/ third party businesses etc.

2.7.12 The norms for accommodation of Branch Offices (BOs) have never been qualified / clarified with details in terms of size, accessibility, ease of approach and ease of use etc. which resulted into different interpretations at the field level. This has resulted in housing of many Branch Offices (BOs) in unsuitable and insecure accommodation with difficult access and approach. The norms are required to be clearly defined and standardized across the country. A customer friendly atmosphere should eventually be created in Branch Offices (BOs) in view of the massive business potential available in the rural areas. The scheme of the accommodation should be modified in a way to make it sustainable. The infrastructures provided to Branch Offices (BOs) are to be maintained properly.

2.8 **Condition of residence for Gramin Dak Sevak (GDS BPM) of village that are served by Branch Offices (BOs)**

The underlying principle of the Gramin Dak Sevak (GDS) System is its closeness with the roots of the village life of this country. As a result, it got developed to cater to the needs of local people of an area. Gramin Dak Sevak (GDS) System initially had a pre-condition of residence. It was based on the principle that a local resident was considered to be in a better position to provide office accommodation free of charge, protect Government cash and records, round the clock by virtue of his stay

in the same premises and his intimate knowledge of local residents and local area facilitates ensured unhindered delivery of mail.

2.8.1 Similarly, residing locally was a pre-condition in case of Aanganwadi workers where an Assistant Aanganwadi worker was permissible to be considered as Aanganwadi worker provided they belong to same Gram Sabha or Ward and had rendered a service of 5 years, who is either a person who has passed matriculation or a widow belonging to Below Poverty Line (BPL) of the same Gram Sabha/ Ward, or a divorcee woman of the same Gram Sabha/ Ward. In a nutshell, the condition of local residence for engagement to certain posts still exists and on the similar analogy, local residents alone could be considered for engagement to Gramin Dak Sevak (GDS) Posts since the Gramin Dak Sevak (GDS) system provides an element of supplementing the existing income of the rural communities.

2.8.2 The qualification in favor of local residence did not discriminate against any other section of population because even a person settled in a village from another State was eligible for appointment as a Gramin Dak Sevak (GDS). Conversely, a person of the same village residing outside the village was not eligible for engagement as Branch Post Master (BPM). Moreover, a person residing outside the delivery jurisdiction of the post office was not eligible for engagement as a GDS [other than Branch Postmaster (BPM)]. However, this provision underwent a change in the year 1993 as the Courts of Law held this condition precedent for seeking appointment to the post as violative of Article 14 and 16(2) of the Constitution.

2.8.3 Constitutional Provisions

(i) *Article 14 - Equality before law*

- The State shall not deny to any person equality before the law or the equal protection of the laws within the territory of India i.e. Prohibition of discrimination

on grounds of religion, race, caste, sex or place of birth.

(ii) *Article 16 - Equality of opportunity in matters of public employment.*

- (1) There shall be equality of opportunity for all citizens in matters relating to employment or appointment to any office under the State.
- (2) No citizen shall, on grounds only of religion, race, caste, sex, descent, place of birth, residence or any of them, be ineligible for, or discriminated against in respect of, any employment or office under the State.
- (3) Nothing in this Article shall prevent Parliament from making any law prescribing, in regard to a class or classes of employment or appointment to an office 3 [under the Government of, or any local or other authority within, a State or Union territory, any requirement as to residence within that State or Union territory] prior to such employment or appointment.
- (4) Nothing in this Article shall prevent the State from making any provision for the reservation of appointments or posts in favor of any backward class of citizens which, in the opinion of the State, is not adequately represented in the services under the State.
- (4A) Nothing in this Article shall prevent the State from making any provision for reservation [in matters of promotion, with consequential seniority, to any class] or classes of posts in the services under the State in favor of the Scheduled Castes and the Scheduled Tribes which, in the opinion of the State, are not adequately represented in the services under the State.]
- (4B) Nothing in this Article shall prevent the State from considering any unfilled vacancies of a year which are reserved for being filled up in that year in accordance with any provision for reservation made under clause (4) or clause (4A) as a separate class of vacancies to be filled up in any succeeding year or years and such

class of vacancies shall not be considered together with the vacancies of the year in which they are being filled up for determining the ceiling of fifty per cent reservation on total number of vacancies of that year.]

- (5) Nothing in this Article shall affect the operation of any law which provides that the incumbent of an office in connection with the affairs of any religious or denominational institution or any member of the governing body thereof shall be a person professing a particular religion or belonging to a particular denomination.

#### 2.8.4 Legal Position:

Permanent residence condition of an Extra Departmental (ED) was held to be unconstitutional initially by Central Administrative Tribunal (CAT) Ernakulum in the year 1992. The thrust of those judgments was that, so long as there was no law passed by the Parliament satisfying the requirement of Article 16(3) of the Constitution, the residential qualification cannot be fixed as condition precedent for seeking appointment to the post. The court passed directions for a fresh selection to the post of Extra Departmental Branch Postmaster (ED BPM) after replacing the word 'Permanent' residential condition with a condition of 'Residence simpliciter' in the village concerned. Ministry of Law also opined that the judgment did not suffer from any legal infirmity and thereafter the Department finally decided to allow implementation of the judgment.

#### 2.8.5 Gramin Dak Sevak Rules Position

The condition of the residence of Branch Postmaster (BPM) is being followed in the Department and firstly it was incorporated in the Posts and Telegraph Extra Departmental Agents (Conduct and Service) Rules, 1964 which contained the following provisions.

- (i) The Extra Departmental Branch Postmaster (EDBPM)/ Extra Departmental Sub-



Postmaster (EDSPM) must be a permanent resident of the village where the post office is located. He should be able to attend the post office work as required of him keeping in view of the time of receipt, dispatch and delivery of mails which need not be adapted to suit his convenience or his main avocation.

- (ii) Extra Departmental Mail Carriers, Runners and Mail Peons should reside in the station of the main post office or stage where from mail originates or terminates i.e. they should be permanent residents of the delivery jurisdiction of the post office.
- (iii) Extra Departmental Agents of other categories may, as far as possible, reside in or near the place of their work.

2.8.6 The Department also considered the residence status of the Gramin Dak Sevak (GDS) and as per Para 3 (ii) of Director General Posts letter no. 17-104/93-ED & TRG dated 06.12.1993 observed that "the board also decided that having regard to the judgment of the Central Administrative Tribunal (CAT), it may be clarified that while making selections for appointment to Extra-Departmental posts, permanent residence in the village/ delivery jurisdiction of the Extra-Departmental Post Office need not be insisted upon as pre-condition for appointment. However, it should be laid down as a condition for appointment that any candidate who is selected, must before appointment to the post take up his residence in the village/ delivery jurisdiction of the Extra-Departmental Post Office office as the case may be. Thereafter, the norms of the residence was relaxed to a little extent and accordingly, Rule 3 of Department of Posts, Gramin Dak Sevaks (Conduct and Employment) Rules, 2001 provided that "residence in post village/ in the delivery jurisdiction of the post office before appointment shall be mandatory for a Sevak".

2.8.7 The residence condition of the GDS was further relaxed in the Gramin Dak Sevaks (Conduct and Engagement) Rules, 2011. Rule 3-A provided that the "residence in

post village/ delivery jurisdiction of the Post Office within one month after selection but before engagement shall be mandatory for a Sevak". It also provided that failure to reside in place of duty for Branch Postmaster (BPM) and within delivery jurisdiction of the Post Office for other categories of Gramin Dak Sevaks after engagement shall be treated as violative of conditions of engagement and liable for disciplinary action under Rule 10 of the Conduct Rules, requiring removal/ dismissal.

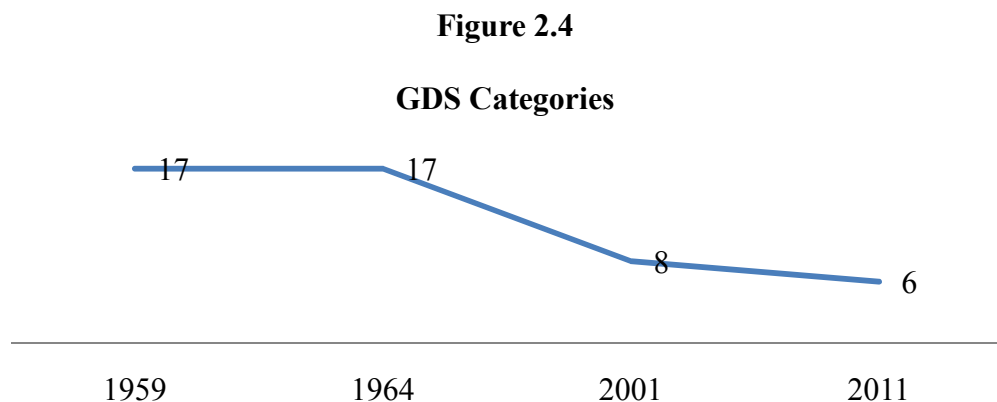
## 2.9 **Gramin Dak Sevaks - Categories and their functions.**

In the post independence India, Gramin Dak Sevaks categories were first documented in the Posts and Telegraph Extra Departmental Agents Rules, 1959. During that period, there were 17 following categories of the Extra Departmental Agents which highlights the deep and intricate system.

- Extra-Departmental Sub Postmaster
- Extra-Departmental Branch Postmaster
- Extra-Departmental Delivery Agent
- Extra-Departmental Mail Peon
- Extra-Departmental Mail Carrier or Runner
- Extra-Departmental Packer
- Extra-Departmental Messenger
- Extra-Departmental Chowkidar
- Extra-Departmental Stamp Vendor
- Extra-Departmental Sorter in the Railway Mail Service
- Extra-Departmental Sub-Record Clerk in the Railway Mail Service
- Extra-Departmental Sweeper

- Extra-Departmental Boy Peon
- Extra-Departmental Boy Messenger
- Extra-Departmental Water Carrier
- Extra-Departmental Mali
- Extra-Departmental Porter

During the passage of time, attempts have been made to rationalize the Extra Departmental categories and for the first time, in Gramin Dak Sevak (Conduct and Employment) Rules, 2001 not only the nomenclature of Extra Departmental was substituted with Gramin Dak Sevak, but also the categories of the Extra Departmental were reduced from 17 to 8.



*Source: Gramin Dak Sevak Committee, 2016*

- 2.9.1 The Gramin Dak Sevak (Conduct and Engagement) Rules, 2011 further rationalized the GDS categories and presently, there are only six approved categories of GDSs in the Department. The sanctioned and working strengths of six approved categories of GDSs as on 31.03.2015 are given below:

**Figure 2.5**  
Strength of different approved categories of Gramin Dak Sevaks in the Department as  
on 31.03.2015

<i>Categories of GDS</i>	<i>Sanctioned strength of GDS</i>	<i>Working strength of GDS</i>
Gramin Dak Sevak Branch Postmaster (BPM)	129379	116654
Gramin Dak Sevak Mail Deliverer (GDS MD)	98104	82812
Gramin Dak Sevak Mail Carrier (GDS MC)	52084	42262
Gramin Dak Sevak Mail Packer (GDS MP)	18286	15743
Gramin Dak Sevak Mailman	2586	945
Gramin Dak Sevak Stamp Vendor (GDS SV)	2282	1378
Others*		1368
	302721	261162

(\* There is difference in working strength of GOSs as on 31.03.2015 between the figures reported in the Annual Report 2015-16 and the data received from Establishment Division of Postal Directorate. The data of the Annual Report 2015-16 was finalized and the difference of 1368 as others was added in the working strength to match the figure. No of BPMs was taken from Annual report.)

*Source: GDS Committee Report, 2016*

**2.9.2 Gramin Dak Sevak Branch Postmaster (GDS BPM) -** Among all the above listed categories, Branch Post Master, Mail Deliverer and Mail Carrier are most prominent categories of Gramin Dak Sevaks constituting more than 93% of their total strength. They form the core of the Indian rural postal network. Gramin Dak Sevak Branch

Postmaster (GDS BPM) is the oldest and most recognized category. The overall management of postal facilities in the villages and Gram Panchayats rests on the shoulder of Branch Postmasters (BPMs). They have multiple operative and supervisory responsibilities in managing the Branch Offices (BOs). All the financial transactions in the Branch Offices (BOs) are done by the Branch Postmasters (BPMs) and he is personally responsible for it.

2.9.3 Since, the Gramin Dak Sevak System was established primarily for the welfare of the rural people, the working of the Branch Postmasters (BPMs) was only restricted to making of deposit and withdrawal in the Branch Offices (BOs). With the passage of time, Branch Postmasters (BPMs) post have acquired more responsibility and prominence in the postal structure. In the present scenario, the growth of a country is not possible, unless the welfare schemes reach each and every individual of the country. The post of Branch Postmasters (BPMs) is not only seated at the very root of Department but, it has also won the confidence and trust over a period of 100 years. Therefore, for a government scheme to reach the last mile, the performance of duties of the Branch Postmasters (BPMs) should be exceptional.

2.9.4 During the recent years, government of India has launched various welfare schemes. Sukanaya Samraddhi Yojana (SSY) and Atal Pension Yojana (APY) are part of those schemes. The Sukanaya Samraddhi Yojana (SSY) launched in 2015, aims at the parents of girl children to build a fund for the future education and marriage expenses of their female child. The Atal Pension Yojana (APY) is a pension scheme for citizens of India which focuses on the unorganized sector workers who will receive guaranteed minimum pension of Rs. 1,000/- or 2,000/- or 3,000/- or 4,000 or 5,000/- per month at the age of 60 years (depending on the contributions). The role of the Branch Postmasters (BPMs) has changed drastically with the launch of these

schemes. Nowadays, besides performing the saving and insurance work, they are expected to actively publicise the welfare schemes introduced by the Department with the help of Mail Deliverers (MD) or Mail Carriers (MC).

- 2.9.5 With the launch of Rural Information and Communication Technology (RICT) and India Post Payment Bank (IPPB), the job profile of Branch Postmasters (BPMs) has further evolved. The remittance of money is not only limited to post offices only, but to third party also. The aim of RICT (Rural Information and Communication Technology) is to bring more transparency and reduction of paper work in the Branch Offices (BOs). The launch of payment bank will enable the last mile connectivity to the postal Department with the help of Gramin Dak Sevak System.
- 2.9.6 In Udaipur Division, during visit of the Branch Offices i.e. Sapetia, Bedla, Kanpur, Bhaiyon ki Pancholi and Lakadvas, the Branch Postmasters (BPMs) were using Rural Information and Communication Technology (RICT) devices for saving bank transactions. Apart from this, payment bank was also in operations. During conversation with the Branch Postmasters (BPMs), they informed that with the change in working due to Rural Information and Communication Technology (RICT), there has been a change in the attitude of the people. Branch Offices (BOs) are now no longer a picture of rustic post offices but they have become a symbol of advanced bank offices.
- 2.9.7 **Gramin Dak Sevak Mail Deliverer (GDS MD)** - The two other categories of Gramin Dak Sevaks (GDS) which form the 'core of the Indian rural postal network' are Mail Deliverer (MD) and Mail Carrier (MC). Jointly, their numbers are higher than the Branch Postmaster (BPMs) as shown in Figure 2.5 (Page No. – 45).
- 2.9.10 Gramin Dak Sevak Mail Deliverers (GDS MDs) are entrusted with the delivery of all kinds of mails in villages. For conveyance, they are more dependent on Cycles

because of their nature of work of delivering letters from home to home in the villages. However, many of them also use faster means such as Scooter/Moped etc. in their personal capacity.

2.9.11 The work of the Mail Deliverer (MD) has also undergone change. Recently, their work was only restricted to delivery of mails, which was also manual in nature. Previously, the mails received from the Account Offices in the Branch Offices (BOs) were used to be entered manually in the delivery slip of the Mail Deliverer (MD). After delivery of mails, the manual records of the delivery as well as non-delivery of articles were conveyed to the account offices, which were thereafter entered into the system. This procedure invited a lot of paper trail and maintenance of manual records. This kind of working suited those Branch Offices where there was sanctioned staff available. As discussed, in Gramin Dak Sevak (GDS) system, combination of duties is permissible, a Branch Postmaster (BPM) performing mail delivery used to face a lot of trouble arising out of vacancy of Mail Deliverer (MD).

2.9.12 However, with the launch of Postman Mobile App, the work of the Mail Deliverer (MD) has simplified. The mobile app can be used by Postman/delivery staff for delivering various postal articles including cash on delivery. After the delivery, the App will capture the exact date and time of delivery of article and later sync the details with the central server. The postman mobile app handles the delivery of Registered Letter, Registered Parcel, Electronic Money Order (eMO), Speed Post, Cash on Delivery (COD) Articles and Delivery of articles to bulk customer. The electronic delivery by Mail Deliverer (MD) including obtaining acknowledgement enhances the customer experience. Through the postman mobile app the exact date and time including location is captured automatically which eliminates the inaccurate capturing of the same during manual delivery. With the delivery through

- postman app, the delivery clerk can update returns electronically, which reduces keying in manually the returns and eliminates all inaccuracies associated with it.
- 2.9.13 With the launch of India Post Payment Bank (IPPB), the Mail Deliverer (MD) will offer assisted banking in rural areas. Armed with a smartphone, the Mail Deliverer (MD) or postman will assist people to make banking transactions from their homes. The trust of people that post offices and postmen enjoy, will help India Post Payment Bank (IPPB) make its presence felt at the ground level and bring individuals and small business into the formal financial system.
- 2.9.14 In the present set up, due to growth of e-Commerce and distribution of large number of PAN cards, Credit / Debit cards, Aadhaar cards etc, Mail Deliverers (MDs) are overburdened due to heavy delivery workload but they seldom receive any assistance from the Mail Carriers (MCs) who might be sitting idle in the same office. In such cases, Mail Carriers should also be involved in delivery/marketing/other works so as to utilize their services optimally.
- 2.9.15 Gramin Dak Sevak Mail Carrier (GDS MC) - The work of the Mail Carriers (MCs) mostly involves conveyance of mail and small government money of one or more Branch Offices (BOs). In the recent years, their work has become easier in large number of Branch Offices (BOs) due to construction of motorable roads in rural areas. Accordingly, a large number of Mail Carriers (MCs) are now using motorcycles and other means of transport for mail conveyance works between the post offices. However, in the hilly or backward areas, the work of the Mail Carrier (MC) holds great importance due to difficult terrain and possibility of any mishap. Since, most of the Mail Carriers (MCs) are using private or public vehicle for mail conveyance, their conveyance duties are well within the working hours. There are also some instances, where the Mail Carriers (MCs) do not involve themselves in



the prescribed working hours. After handing over the bags at the Branch Offices (BOs), account offices or other exchange points, Mail Carriers (MCs), either disappear for the day or sit idle, waiting for the return bag which results in wastage of working hours. In such scenario, the concerned Inspector or Assistant Superintendent is required to calculate the workings hours (as per the prescribed norms) for proper utilisation of the Mail Carrier (MC).

- 2.9.16 The other categories Gramin Dak Sevaks i.e. Stamp Vendor (SVs) and Mail Packers (MPs) work in departmental Post Offices only. As the name suggests, the work of the Stamp Vendor (SV) involves sale of the postal stamps and stationary. However, with the computerisation of the post offices, their work has drastically reduced. In most of the offices, which utilise multipurpose counter machines (MPCMs), the work of the Stamp Vendors (SVs) is not justified and should be attached to the counter officials. In many Post Offices, the stamp vendors are used for other duties to justify their retention as the post cannot be sustained on account of stamp sale alone. In such cases, multitasking is required to ensure optimal utilization of this man power.
- 2.9.17 The post of Gramin Dak Sevak Mail Packers (GDS MPs) was created as substitute for Multi Tasking Staff (MTS) posts (where the Group D workload did not justify the creation of post). The post of the Mail Packer exists even in a small, no-delivery single handed Sub Post Office without any Branch Offices (BOs) attached to it. After computerisation, the nature and working of the Post Office has undergone change, and a post cannot be created for purpose of providing indoor assistance to a departmental postmaster exclusively. Therefore, multitasking is the best option for the optimal utilization of resources and getting the best out of Packers.

- 2.9.18 The post of Gramin Dak Sevak Mail Man (MM) exists only in Railway Mail Sorting offices. Their main duty is to load/ unload bags in Railway Mail Sorting (RMS) compartments in trains, mail vans and moving them in platforms. The posts of Mail Man (MM) were created in the past based on 'observation' and as on 31.3.2015, only 945 posts are manned against a sanctioned strength of 2586 (Figure 2.5) (Page No-45). The nature of the work of the Mail Man (MM) does not require the services of a person who has passed matriculation and possesses computer knowledge. The work can very well be managed on a contractual basis without any formal selection and engagement process. It would be productive to examine the feasibility or justification of the Mail Man (MM) posts in Railway Mail Sorting (RMS) units or not, or their inclusion in other works of the Department for better utilisation of their working hours.
- 2.9.19 As already discussed, the Gramin Dak Sevak System is more than a century old. Initially, established to perform simple postal operations, the Gramin Dak Sevaks (GDSs) were entrusted with simple duties. The functions or duties of the Gramin Dak Sevaks categories needs clarity and better understanding. Of late, with the introduction of new technologies in the money remittance and the shrinkage of the traditional mail operations, the functions of the Gramin Dak Sevak have undergone radical changes.

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**CHAPTER – 3**

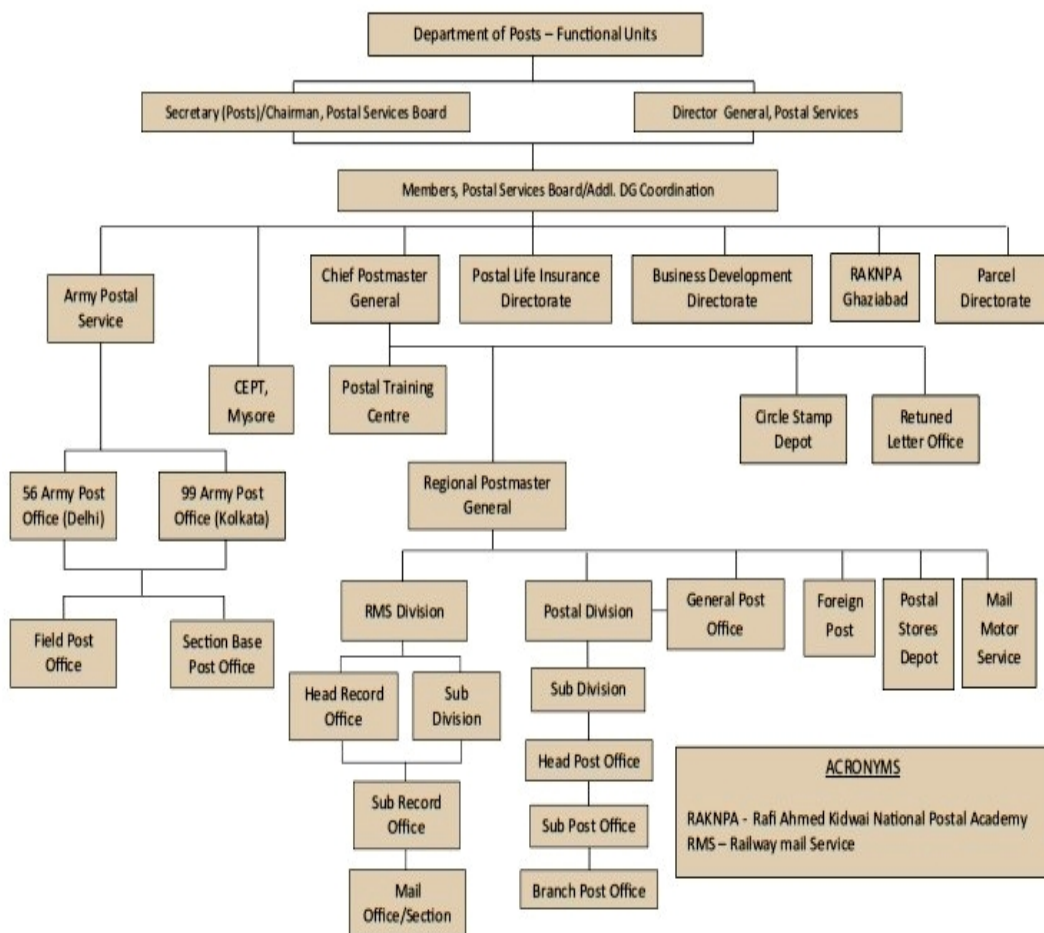
**ROLE OF TECHNOLOGY IN GRAMIN DAK SEVAK SYSTEM**

**3.1 Introduction**

3.1.1. The Indian postal system with its century old legacy has the highest number of post offices in the world. Over the period, this system was developed to cater to each and every individual of the country so that one gets his mail delivered at his doorstep. In this process of evolution, the Postal Department has grown exponentially with a system of different kinds of post offices.

**Figure 3.1**

**Functional Units of India Post**



*(Source: India Post Annual Report 2018-19)*

- 3.1.2 The post offices of the India Post can be broadly categorized into three categories of post offices, viz, Head Post Offices, Sub-Post Offices and Gramin Dak Sevak Branch Post Offices. These Post Offices provide similar postal services however, delivery function is restricted to specified offices. While the work in both Head and Sub-Post Offices are being performed through various online and offline systems, the working of the Gramin Dak Sevak Branch Post Offices till recently was only manual.
- 3.1.3 The system of Branch Office (BO) was based on the principal of providing simple banking and postal facilities to the rural areas and therefore, going with this tradition, the working of the Branch Office (BO) was manual in nature. The banking and mail transaction in Branch Office (BO) until recently, was conducted physically by maintaining various physical records. The supervisory work of the Branch Office (BO) was conducted by Gramin Dak Sevak Branch Postmaster (GDS BPM), who used to maintain manual records of the transactions of a particular day. Moreover, the List of Transactions (LOT) was also prepared manually which was then handed over to the Account Office i.e. Sub-Office or the Head Post Office who then used to take them into the account. This transfer of the records between BO and Account office was mostly done by Gramin Dak Sevak Mail Carrier (GDS MC) or the Gramin Dak Sevak Mail Deliverer (GDS MD), depending on the sanctioned staff of the Branch Office (BO).
- 3.1.4 Besides, providing saving schemes, the Gramin Dak Sevak system did a great deal of work in disbursement of wages under MGNREGA and National Security Assistance Program (NSAP).

**Figure 3.2**

**Year Wise MGNREGA Accounts and Amount Disbursed**

Financial Year	Number of MGNREGS account up to the year (Rs. in Crore)	Amount Disbursed in the year (Rs. in Crore)
2008-09	2.92	3863
2009-10	4.25	7900
2010-11	4.90	9179
2011-12	5.38	7865
2012-13	5.74	12014
2013-14	6.42	11403
2014-15	6.82	7688

*Source: GDS Committee Report, 2016*

Initially, the Department had a large share in the disbursement of wages under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) which was more than the share of all the banks combined together. Similarly, the Department actively disbursed the payment for the pension schemes under the National Security Assistance Program (NSAP) through money orders or the post office accounts. However, the share of the Department reduced later due to slow implementation of Information Technology (IT) in GDS Post Offices. The dip in the share of the Department was due to shift of the Ministry of Rural Development (MoRD) and other agencies from manual mode to electronic mode of transfer of benefits, using electronic Fund Management System (FMS) and Direct Benefit Transfer (DBT) to prevent leakages and frauds in the system.

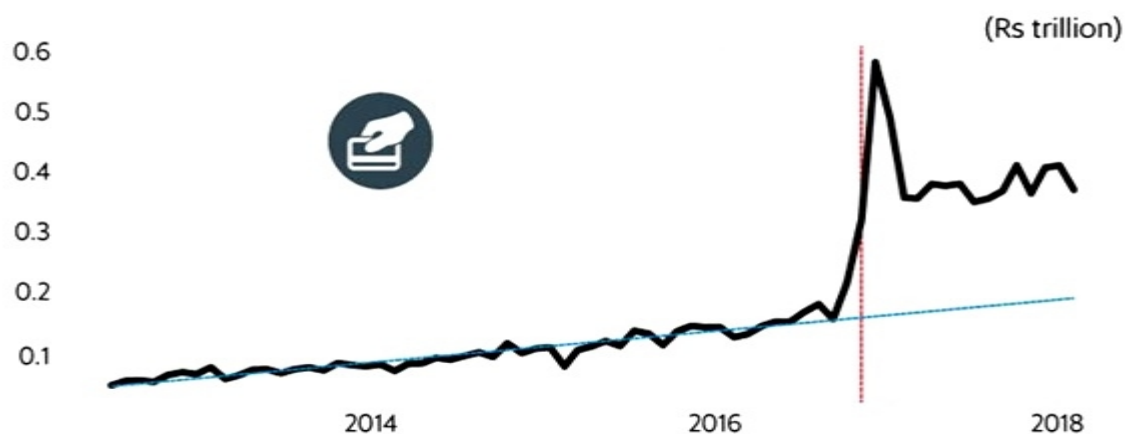
### 3.2 **From Cash to Digital**

The Gramin Dak Sevak System was established to provide services of the simple nature to the rural population of the country. The cash dependence nature of the rural population of India has justified the survival of the network of the Gramin Dak

Sevak for such a longer duration of time. However, the Government's efforts to move to a cashless economy received a major boost after demonetization which was announced on November 8, 2016 by the Prime Minister Shri Narendra Modi. The demonetization was launched with the two-fold objective – first, choking the funding channels of militancy and terrorism from across the border and to fight corruption. In continuing with the focus on corruption, the government has placed emphasis on digitizing India. The impact of the digitization was felt in all the parts of the country, which set the stage for the digital payments to take a footing in the cash strapped market. The volume of digital payments in India has doubled after digitization (*RBI Data*). Prior to demonization, the debit cards were mostly used for the ATMs for withdrawal of money.

**Figure 3.3**

**Total value of Debit Card Point of Sale Transactions per month**

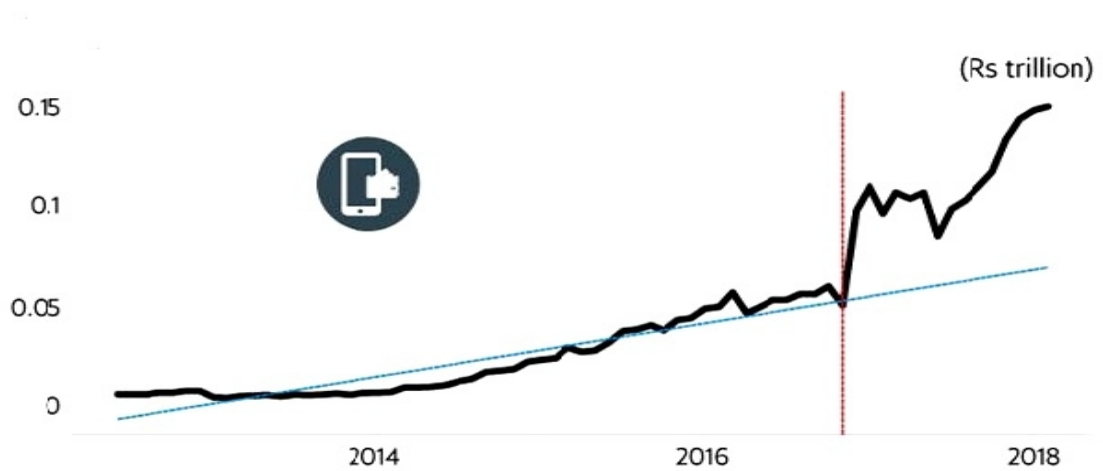


(Source: RBI Data)

However, after demonetisation, there has been a considerable usage of debit cards at Point of Sale (PoS) terminals. Moreover, prepaid payment instruments (mobile wallets such as Paytm, Free Charge or Mobikwik) show an altogether different, and interesting pattern of growth.

Figure 3.4

## Total value of Mobile Wallet Transactions



(Source: RBI Data)

- 3.2.2. There was an initial spike associated with demonetization, followed by a dip in mid-2017, as cash returned to the economy. Then, there was a second boost which has put mobile wallet payments on to a different trajectory.
- 3.2.3 Since, the impact of the demonization was felt through the country including the rural areas, there is an inclination towards the digital payment methods over the traditional methods of money remittance of the Gramin Dak Sevak Branch Offices (GDS BOs). According to TRAI (Telecom Regulatory Authority of India) data, tele-density in rural India is growing at a much faster rate than in urban India. (Source: <https://digitalequality.in/smart-phones-as-educational-tools-a-reality-check-from-rural-india/>). This has affected the work of the Gramin Dak Sevak Branch Offices (GDS BOs) in two ways, i.e. in reduction of postal work as well as related to saving. As per the report by the *Internet and Mobile Association of India (IAMAI)* and *KANTAR IMRB*, number of mobile internet users reached 478 million by the June, 2018, out of which urban users were around 291 million and rural users were around 187 million. (Source: <https://www.business-standard.com/article/current->



*affairs/next-wave-of-growth-in-mobile-internet-to-come-from-rural-india-study-118032900834\_1.html.*) For a country like India, mobile banking is proving to be an engine of inclusive growth. Considering the huge number of mobile users in the rural areas, it only makes sense to make them better acquainted with the benefits of mobile money. (Source: <https://www.obopay.com/blog/5-ways-mobile-money-can-change-the-face-of-rural-banking/>)

### 3.3 **Direct Benefit Transfer (DBT)**

In a country like India which is characterized by its diversity, Governments' aim to provide welfare schemes to nook and corner is not possible, unless the process of distribution of the information/ funds is streamlined. With this aim, the scheme of Direct Benefit Transfer was introduced on 1<sup>st</sup> January, 2013 to re-engineer the existing process in welfare schemes for simpler and faster flow of information/funds and to ensure accurate targeting of the beneficiaries, de-duplication and reduction of fraud by using modern Information on and Communication on Technology (ICT). This program aims to transfer benefits directly into the bank/postal accounts, preferably Aadhaar seeded, of accurately targeted beneficiaries. In a nutshell, Direct Benefit Transfer (DBT) intends to achieve:

- Electronic transfer of benefits, minimizing levels involved in benefit flow
- Reduced delay in payments
- Accurate targeting of the beneficiary
- Curbing pilferage and duplication

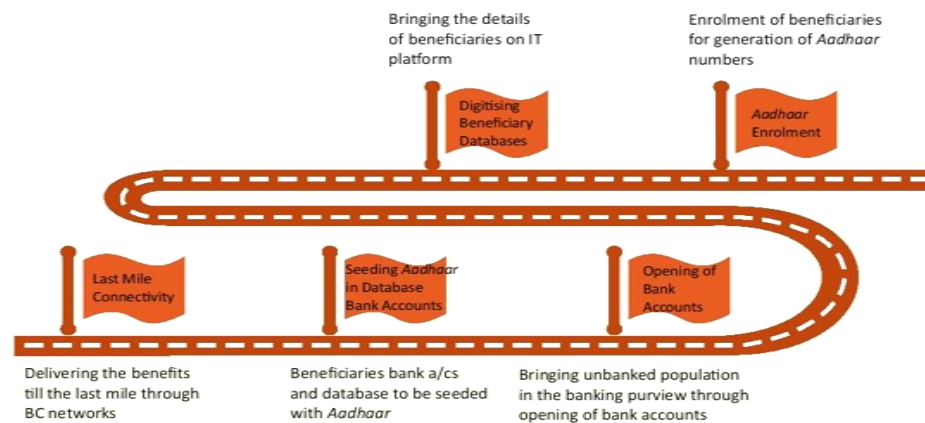
3.3.1 The vision of the Direct Benefit Transfer (DBT) is - "A governance regime which ensures a simple and user-friendly Government to People (G2P) interface and directly delivers entitlements to eligible individuals and households in a fair, transparent, efficient and reliable manner." (Source:

<https://dbtbharat.gov.in/data/documents/REPORT-ON-DBT.pdf>

Direct Benefit Transfer (DBT) is an attempt to ensure a better and timelier delivery of benefits to the people. This marks a paradigm shift in the process of delivering government benefits like wage payments, fuel subsidies, food grain subsidies, etc. directly into the hands of the beneficiaries, speeding up payments, removing leakages, and enhancing financial inclusion.

**Figure 3.5**

**Beneficiary's journey to Direct Benefit Transfer (DBT)**



Source: DBT Mission <https://dbtbharat.gov.in/data/documents/REPORT-ON-DBT.pdf>

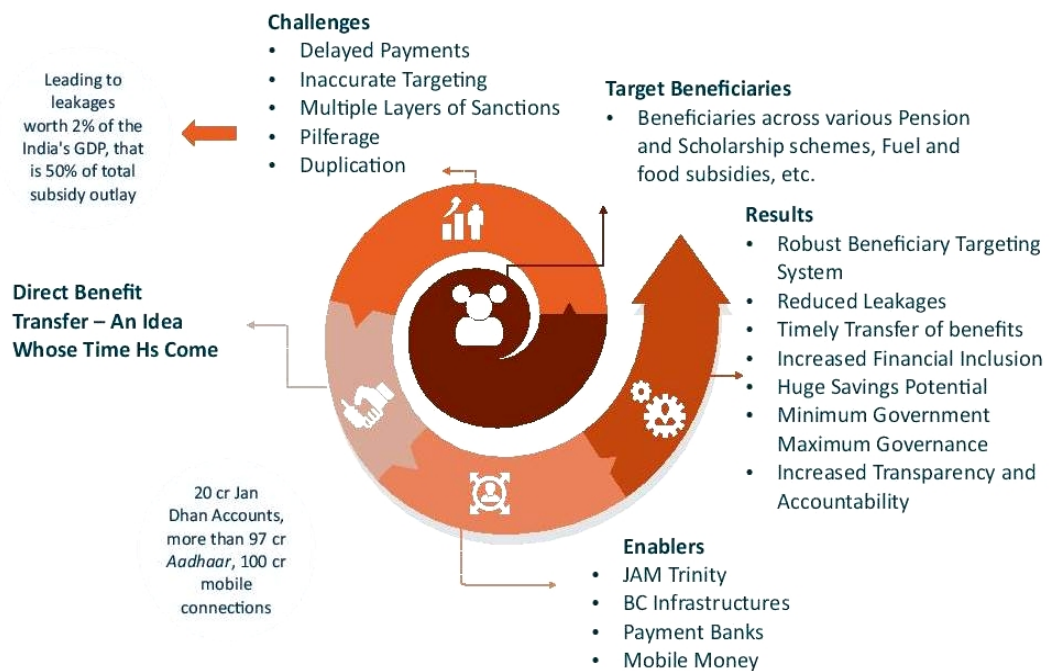
The Direct Benefit Transfer (DBT) system through its lucid and customer-friendly process ensures the last mile connectivity, allowing actual disbursements to the real beneficiaries through a network of bank branches and Business Correspondents (BCs) with micro ATM machines.

**3.3.2 Why Direct Benefit Transfer (DBT)?** - The Central and the State government transfers and subsidies in India today stand at about 4% of India's Gross Domestic Product (GDP) (Source: <https://dbtbharat.gov.in/data/documents/REPORT-ON-DBT.pdf>) Since, these transfers happen through multiple channels, the payment gets delayed and often its value to the beneficiary reduces before it reaches him or her. These kinds of delays and other hurdles leave a huge leakage gap of 2% of Gross

Domestic Product (GDP) every year. Apart from this, the several levels of sanctions within the structure leads to further delays, thereby creating space for various inefficiencies and duplication of efforts.

**Figure 3.6**

### Why Direct Benefit Transfer (DBT)?



(Source: <https://dbtbharat.gov.in/data/documents/REPORT-ON-DBT.pdf>)

Thus, subsidies and benefits which are needed for different sections of the society require a well-targeted system of delivery which ensures timely transfer of benefits to the citizens of the country. Direct Benefit Transfer (DBT) will bring efficiency, effectiveness, transparency and accountability in the Government system and infuse confidence of citizen in the governance. Thus, Direct Benefit Transfer (DBT) entails leveraging modern technology and Information Technology (IT) tools to realize the dream of maximum governance and minimum government.

#### 3.3.3 Key Enablers for Direct Benefit Transfer (DBT)

The success of an ambitious and a highly desirable initiative like Direct Benefit Transfer (DBT) depends on a set of a few critical factors. For a heterogeneous and a

large country like India, it becomes imperative that these critical success factors are ensured to achieve smooth roll-out of a program like Direct Benefit Transfer (DBT). The key success factors or enablers for an efficacious implementation of Direct Benefit Transfer (DBT) would include:

- (i) Jan Dhan-Aadhaar-Mobile (JAM) Trinity - With over 21.11 crore Jan-Dhan bank accounts, 100 crore mobile connections and 98 crore Aadhar numbers, there is a compelling belief that Jan Dhan-Aadhaar-Mobile (JAM) is the way ahead in delivering financial inclusion. It holds the key to one of the biggest reforms ever attempted in India. In fact, it is seen as a new-age solution using technology as the common man's friend and an economic enabler for financial inclusion. It is here that Direct Benefit Transfer (DBT) by leveraging the Jan Dhan-Aadhaar-Mobile (JAM) trinity and the technological prowess offers to drastically improve the delivery system.
- (ii) Business Correspondents (BC) Infrastructure - Reserve Bank of India introduced Business Correspondents (BC) as an alternative to brick and mortar banks for infrastructure. Business Correspondents (BC) is a representative authorized to offer services such as cash transactions where the bank does not have a branch. As per census 2011, there are 23,333 villages with population above 5,000 and 1,19,761 villages above 2,000 population. However, there are only 11,224 villages in the country with population above 5,000 which have a bank branch. Business Correspondents/ Bank Mitras will have a vital role in operationalizing the program and ensuring the last mile connectivity. The strong presence of Business Correspondents (BC) will ensure that payments are disbursed to the beneficiaries on time, at their doorstep.
- (iii) Payments Bank - A payments bank is like any other bank, but operating on a

smaller scale, without involving any credit risk. It can carry out most banking operations and enable transfers and remittances through a mobile phone but cannot advance loans or issue credit cards. The main objective of payments bank is to widen the spread of payment and financial services to small business, low-income households, migrant labour workforce, etc. in secured technology-driven environment across the country. On 19 August 2015, the Reserve Bank of India gave licenses to eleven entities to launch payments banks. With payments banks, Reserve Bank of India seeks to increase the penetration level of financial services in the remote areas of the country.

- (iv) Mobile money – It is a fast moving way of payment in the country and could be helpful in providing solution to last mile issue for better accessibility of Direct Benefit Transfer (DBT). There is a need to develop a comprehensive eco-system for carrying out cashless transactions over mobile platform using Aadhar as identifiers. This will revolutionize the drive for financial inclusion.

#### 3.4 **Modernization of Post Offices**

The post offices of the country over a considerable period of time, have undergone into radical changes. In sync with the aspirations of the public, changes into the facilities of mails, money transfer and saving has been brought by the postal Department. Trends such as urbanization, increased demand for financial services, increased funding by the government for the weaker sections and the rural sector, have opened up new opportunities for the Department of Posts, which in turn has necessitated development of new processes and supporting technology. The Department of Posts is also faced with twin challenges of increasing competition and continuing advances in communication technology, especially in mobile telephony and the Internet. In order to provide the best-in-class customer service,

deliver new services and improve operational efficiencies, the Department of Posts has undertaken an end to end IT modernization project to equip itself with requisite modern tools and technologies.

- 3.4.1 Realizing the business potential in the rural areas, the Department established Rural Business Division (RBD) in Directorate, New Delhi in 2008. The Rural Business Division (RBD) has been created for giving necessary policy directions and promoting rural business partnerships with Ministries/ Agencies in consultation with Circles for leveraging the network of Gramin Dak Sevak Branch Offices (GDS BOs).
- 3.4.2 The IT modernization project intends to achieve wider reach to the population through more customer interaction channels, better customer service, growth through new lines of business and IT enablement of business processes and support functions. The IT Modernization Project of Department of Posts was approved by the Government of India in November 2012. The networking of the post offices under this project will enable tracking and tracing of all kinds of accountable mails and parcels in the country, besides providing real time information to facilitate customer feedback and management functions.
- 3.5 **Rural Information and Communications Technology (RICT) Project - DARPAN**
- 3.5.1 The DARPAN — “Digital Advancement of Rural Post Office for A New India” Project is a part of the larger IT modernization project being undertaken by the Department of Posts with a project outlay of Rs. 1400 Crore (approximately). The goal of the project is to provide a low power technology solution (Information and Communications Technology Device) to each Branch

Postmaster (BPM) which will enable each Branch Post Offices (BOs) to improve the level of services being offered to rural customers across all the states.

3.5.2 Under the IT modernization project, India Post has set up a wide area network of 25,000+ post offices, Core Banking Solution (CBS) for the Post Office Saving Bank (POSB) rolled out in 23686 urban and semi-urban post offices, 996 ATMs and a Rural Information and Communications Technology (RICT) micro-ATM program with an aim to digitize Gramin Dak Sevak Branch Offices (GDS BOs) in rural areas, using hand held computing devices, to aid propagation of the financial services business (*Source: India Post, Annual Report 2018*).

3.5.3 The primary business goal of the Digital Advancement of Rural Post Office for A New India (DARPAN) project is to improve the quality of service, add value to services and achieve “financial inclusion” of unbanked rural population, while taking advantage of this opportunity to increase revenue traffic.

3.5.4 The vision of the Digital Advancement of Rural Post Office for A New India (DARPAN) project is summarized as under:

- To increase the rural reach of the Department of Posts and enable Branch Offices (BOs) to increase traffic of all financial remittances, savings accounts, Rural Postal Life Insurance (RPLI), and Cash Certificates;
- Improve mail operations processes by allowing for automated booking and delivery of accountable article; increase revenue using retail post business;
- Provide third party applications a platform for rural reach;
- Make disbursements for social security schemes such as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)

The Project has the potential to make a significant contribution to these goals.

3.5.5 In the Rural Information and Communications Technology (RICT) Project, the Gramin Dak Sevak Branch Offices (GDS BOs) are provided with the Master Computing Device (MCD), barcode scanner and peripherals which will enable them to improve the level of services being offered to rural customers. The Master Computing Devices (MCDs) also known as Micro ATM is an "integrated device" which forms the core of the Rural Information and Communications Technology (RICT) Project solution.

**Figure 3.7**

**Master Computing Device (MCD)**



*(Source: RSI\_Device\_Ops\_Maintnce28June16-1-1)*

It has a camera, printer, biometric scanner, magnetic and smart card reader and GPS inbuilt. The devices are networked and provided with a printer to provide receipts to customer and solar powered battery to charge and operate Micro ATM. The device would be compliant to the latest version of Micro ATM standards set by Indian Banks' Association, Unique Identification Authority of India (UIDAI), Institute for Development and Research in Banking Technology and National Payments Corporation of India (NPCI).



The Micro ATMs are able to perform business transactions, capture the photos, print the receipts, authenticate the BPM through biometric module, locate the device through GPS module and read the magnetic smart card and chip card for financial transactions

3.5.6 Since, the Head Post Offices and Sub-Post Offices achieved the Core Banking Solutions (CBS) and Core Insurance Solutions, the DARPAN project is a milestone under which GDS BO will be able to provide the following facilities.

- Provide banking solutions to the un-bank rural population
- Core Banking Solutions — deposit and withdraw from anywhere
- Ease of deposit and withdrawal and real-time account update
- Rural postal life insurance would be available to the citizens in last mile of the country
- Other postal services such as Electronic Money Order (eMO) across the length and breadth of the country (through online BOs) in couple of hours
- Disbursal of government schemes as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Old age Pension
- Any other government schemes in future
- Speed post booking from their next door

Not only this, the disbursement of social security benefits to the needy across the country such as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Old age Pension, Direct Benefit Transfer (DBT) etc. by the Branch Offices (BOs) will be seamless, ensuring payment to the genuine beneficiary.

3.6 **Andhra Pradesh Online model experience:**

The Department has commenced Direct Benefit Transfer (DBT) in Andhra Pradesh and Telangana Circles under a tripartite agreement between Department of Posts

(DoP), State Governments and Technical partner called AP Online. Under this model, 18921 handheld devices also called Point of Transactions Devices (POTDs) or Micro-ATMs have been deployed in 12098 Post Offices (of which 11777 are Branch Offices) for online disbursement of wages of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and benefits under Social Security Payments (SSP) to the wagers and other beneficiaries in Andhra Pradesh and Telangana Circles. In Branch Offices, these Point of Transactions Devices (POTDs) are operated by the Branch Postmasters and Mail Carriers.

**Figure 3.8**

<b>Details of coverage MGNREGS and SSP in Andhra Pradesh and Telangana Circles</b>			
<b>MGNREGS</b>			
<b>Details of Coverage</b>	<b>Andhra Pradesh</b>	<b>Telangana</b>	<b>Total</b>
No. of Districts	13	6	19
No. of Mandals	667	252	919
No. of Gram Panchayats	13253	4866	18119
No. of Gram Panchayats with Post Offices	9246	2852	12098
No. of Gram Panchayats without Post Offices	3869	2014	5883
No. of Point of Transactions Devices	13503	5418	18921
<b>SSP</b>			
No. of Districts	13	7	20
No. of Mandals	667	285	952
No. of Gram Panchayats	13253	5571	18824
No. of Point of Transactions Devices	13503	5418	18921

*(Source: GDS Committee Report, 2016)*

The difference in the number of GDS Post Offices and number of POTDs has been ensured by deploying more than one Point of Transactions Devices (POTDs) in one Branch Office (BO). The additional Point of Transactions Devices (POTDs) in a Branch Office (BO) are meant for another village which is called Customer Service Point (CSP). The Point of Transactions Devices (POTDs) are handled by the Branch

Post Masters (BPMs) as well as other categories of Gramin Dak Sevaks to extend the reach and coverage of Branch Offices (BOs) for disbursement under the Direct Benefit Transfer (DBT) scheme.

- 3.6.1 Andhra Pradesh Circle is pioneer in implementation of Direct Benefit Transfer (DBT) scheme in the Post Offices. The entire system runs on an Aadhaar Payment Bridge (APB) and Aadhaar Enabled Payment System (AePS) and makes payments so that it reaches to the correct beneficiary's account. It also guarantees that funds are withdrawn by beneficiaries themselves through biometric authentication. The agreement ensures robust systems for online fund flow, crediting of fund into beneficiaries accounts, access of accounts through The Point of Transactions Devices (POTDs), biometric authentication of beneficiaries at the time of payment, monitoring and alert system, maintenance of Data Centre, deployment of The Point of Transactions Devices (POTDs), maintenance of Management Information System (MIS) and field level technical support. The financials have also been worked out in agreement for smooth flow of work in the Post Offices.

### **3.7 Payment Bank**

- 3.7.1 Modern banking in India originated in the last decade of the 18th century. Among the first banks were the Bank of Hindustan, which was established in 1770 and liquidated in 1829–32 and the General Bank of India, established in 1786 but failed in 1791. The largest and the oldest bank which is still in existence is the State Bank of India (S.B.I) which originated in mid-June 1806.
- 3.7.2 The British Raj was instituted in 1858, when the rule of the East India Company was transferred to the Crown. Under the British Raj, a number of acts were enacted. Among them was the Government Savings Bank Act 1873, which was passed by the legislature on 28<sup>th</sup> January 1873 and was enacted in 1881. On 1 April 1882, Post

Office Savings Banks were opened throughout India (except in the Bombay Presidency). It is a well established fact that the postal system of India is among the first postal system in the world and it is also among the oldest banking institution of India.

3.7.3 India Post has the most widely distributed network in the world with a reach of 1.55 lakh physical points of presence, of which 90% are in rural areas. In addition of delivering mails, India Post has a significant experience of disbursing of wide array of financial services such as saving schemes, life insurance, and money remittance (*Source: India Post Annual Report, 2018*).

3.7.4 To capitalize on its deep reach in the rural areas and to give boost to financial inclusion by establishing formal financial services, India Post had aspired to set up a Universal Bank. However, the Reserve Bank of India (RBI) as well as Government, was of the opinion that India Post should start a differentiated bank focusing on deposits and payments. As a result, the India Post applied for a license of Payment Bank in 2015.

3.7.5 During the Budget Speech 2015-16, the Finance Minister announced setting up of a Payments Bank by Department of Posts to promote financial inclusion and increase access of the people to the formal financial system. The Government accorded approval for setting up of India Post Payments Bank (IPPB) on 1<sup>st</sup> June, 2016 with 650 branches across the country which shall be located with the district headquarters post offices. All post offices in the district will be linked with the respective India Post Payments Bank (IPPB) branch. Below the district level, there would be a complete integration with the post offices so that each post office functions both as Department of Posts (DoP) outlet and as an access point for the Payments Bank.

3.7.6 Consequent to Cabinet approval, IPPB got incorporated as a Public Limited Company with 100 % Government of India (GOI) equity under Department of Posts on 17<sup>th</sup> August, 2016. Two pilot branches were launched on 30<sup>th</sup> January, 2017 at Ranchi in Jharkhand and Raipur in Chhattisgarh. Further, the Prime Minister of India inaugurated 650 IPPB branches with 3250 Access points on 01.09.2018 from Talkatora Stadium, New Delhi. As on 31.03.2019, 650 IPPB branches and 135496 Access Points have been rolled out across the country.

### 3.8 **Vision, Mission and Objectives of India Post Payments Bank (IPPB)**

India Post Payments Bank (IPPB) was set up with the following ideals

- (i) *Vision* – Building the most accessible, affordable and trusted bank for the common man.
- (ii) *Mission* – Catalyzing easy access to formal financial services by removing the barriers for the unbanked and reducing the opportunity cost for the underbanked.
- (iii) *Mandate* – Financial Inclusion through the extensive postal network.
- (iv) *Objectives* –
  - (a) Taking financial inclusion to every corner of the country through the combined network of the Bank and the linked Post Offices.
  - (b) Bringing a large number of individuals and small businesses into formal banking channel.
  - (c) Provide a secure and reliable payments channel for social security payments under Mahatma Gandhi National Rural Employment Guaranteed Act (MGNREGA), National Social Assistance Program (NSAP) etc. and all the Government to Citizen (G2C) transactions.

- (d) Become the preferred partner for service delivery for Government (Central, State and Local) by connecting citizens, irrespective of their location, financial or educational status to deliver products and services to beneficiaries.
- (e) Tie up with various other banks, insurance companies, mutual fund houses and other financial institutions and service providers to help in customer acquisition and distribution of third party products.
- (f) Safe, economical and reliable money transfer to meet the needs of migrant laborers and the unorganized sector.
- (g) To provide a payments platform for integrating services provided by Government and Private sector for the economic upliftment of the poorer and marginalized sections in both urban and rural India.
- (h) Build the most accessible payments bank through various channels including Post Office Counters, mobile phones, and internet as well as at the doorstep of the customers and encourage the transition to a less cash economy.

### 3.9 **Features of India Post Payments Bank (IPPB)**

India Post Payments Bank (IPPB) set up as a separate legal entity under the Reserve Bank of India's differentiated banking license allows a Payment Bank to offer demand deposits such as savings and current accounts with an End of Day (EOD) balance ceiling of Rs. 1 lakh, payments and remittance facilities. The main features of the IPPB are:

- (i) India Post Payments Bank (IPPB) is not allowed to offer lending products or credit cards to their customers.
- (ii) India Post Payments Bank (IPPB) can function as Business Correspondences Business Correspondents (BC) to other banks and regulated financial service providers to offer credit, insurance and investment products.

- (iii) A post office saving bank account can be linked with India Post Payments Bank (IPPB) to sweep out funds in excess of Rs. 1 lakh end of day (EOD) balance.
- (iv) Providing last mile banking capability through Post Office counter and delivery staff (Gramin Dak Sevaks in rural areas) in exchange of revenue/ commission.

### 3.10 **Reaching Last Mile for Financial Inclusion**

Financial inclusion is described as the method of offering banking and financial solutions and services to every individual in the society without any form of discrimination. (Source: <https://www.bankbazaar.com/personal-loan/financial-inclusion.html>) Financial inclusion mainly focuses on providing reliable financial solutions to the economically underprivileged sections of the society without having any unfair treatment. It is also committed to being transparent while offering financial assistance without any hidden transactions or costs.

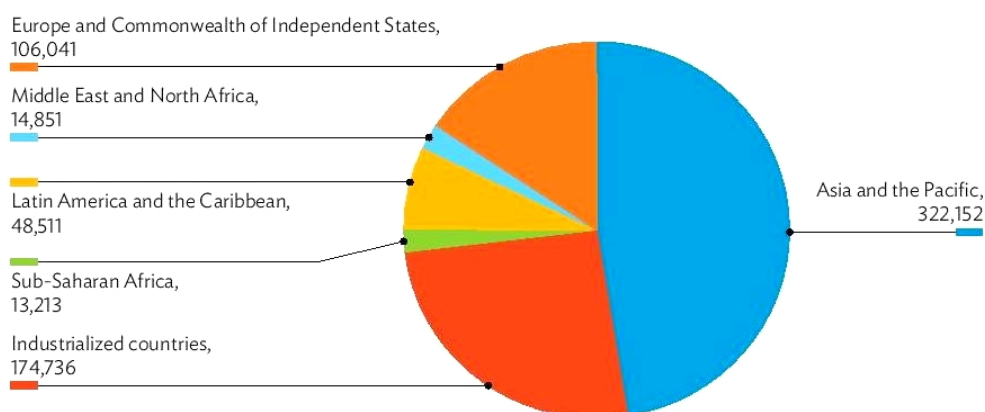
- 3.10.1 In the recent years, the Governments' main focus is on the rural development along with Financial Inclusion (FI). During the year 2014, the Government launched the Pradhan Mantri Jan Dhan Yojana (PMJDY), which was a major step towards the Financial Inclusion, due to which nearly 33 Cr bank accounts were opened in urban as well as rural areas. The government is engaging post offices for disbursement of wages and benefits under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Social Security Pensions, Women and Child development schemes etc.
- 3.10.2 The postal savings system or the use of the postal network to mobilize savings has its origins in 1861, when policy makers in the United Kingdom recognized the difficulty of including the less wealthy in the nation's system of formal finance. In Japan also, the postal savings system has long served the needs of middle,

low-income, and rural people for financial services, and it has provided financing for public (Source: *Asian Development Bank Institute Report, 2016*).

- 3.10.3 In Brazil, more than 10 million bank accounts were opened between 2002 and 2011 after the post established Banco Postal in partnership with an existing financial institution (Source: <http://blogs.worldbank.org/developmenttalk/financial-inclusion-and-role-post-office>). In the case of Japan, the number of post branches performing financial functions was nearly double than that of all other financial institutions combined in 2015. They have government-backed credibility, holding a greater amount of deposits than every other private bank in Japan (Scher and Yoshino 2004).
- 3.10.4 In the context of Asia, the huge postal network combined with the infrastructure, is in a natural position to promote postal savings that can serve as access points for delivery of financial services. Around 48% of post offices in the world, roughly around 320,000, are located in Asia. On an average, every 72 square kilometers is served by a post office branch, a coverage ratio far greater than other parts of the world.

**Figure 3.9**

**Number of post offices by region, 2014**



(Source: UPU, 2014)



- 3.10.5 The India Postal network is more than a century old system. Over the time, it has acquired enormous trust of the people of this country which has enabled it to lay a strong foundation for the India Post Payments Bank (IPPB). One advantage of the postal savings system compared to the banking system is its ability to use existing post offices to bring basic financial services to underserved areas and communities. By providing access to services such as deposits, payments, and insurance, post offices increase competition for the underserved segments, thus generating a positive impact on employment and supporting rural and regional economic development (*Boon 2016*).
- 3.10.6 India Post Payment Bank's strength is basically derived from its leveraging of DoP's last mile delivery capabilities which has been made possible by the Branch Offices working in the rural parts of the country, where the local Gramin Dak Sevaks or from the nearby area, speak local language and is therefore familiar to the people.

**Figure 3.10**

**IPPB with the strong foundation of India Post**



(Source: Annual Report IPPB 2017-18)

Since, all the post offices in a district will be linked to the respective India Post Payment Bank branch, it will automatically enjoy the trust of the common man, through the solid foundation laid by the DoP.

3.10.7 The role of the Gramin Dak Sevak system which recently was limited to mail delivery and performing banking transactions of simple nature, has now been revolutionized by the India Post Payments Bank (IPPB). The Branch Offices will now be able to cater the banking services to the unbanked, who choose not to transact through banks. The reasons could be: one, they do not have enough money to start banking transactions; two, the cost and distance from bank branches was an impediment; three, they do not have an account because a family member already has one; and, four, lack of documentation and distrust in the financial system (Source: *World Bank's FINDEX 2017 report*, <https://www.thehindubusinessline.com/opinion/columns/slate/all-you-want-to-know-about/article24856746.ece#>)

3.10.8 The strength of the Gramin Dak Sevak (GDS) system is that it has penetrated deep into the society of the rural India. The ability of the GDS to reach customers' doorsteps as a part of their normal mail delivery has been leveraged by the India Post Payments Bank (IPPB). Gramin Dak Sevak (GDS) will be there to fulfill the doorstep banking to the under-banked and bridging the last mile gap. One may ask for doorstep banking (non-cash as well as cash transactions) at their doorstep. At no cost, one may ask for the opening of the account at the doorstep.

**Figure 3.11****Doorstep banking IPPB**

(Source: IPPB, <https://ippbonline.com/web/ippb/doorstep-banking>)

Once opened, one may even ask for these - transfer funds, deposit and withdraw cash, recharge or pay bills through the doorstep banking services, at nominal charges. The doorstep banking is offered through the Gramin Dak Sevak (GDS) at the comfort of the customers' own premises at a nominal charge of Rs. 25 for each cash transaction and Rs. 15 for digital transactions. The customer can either request for a doorstep transaction through mobile banking or simply request service from a Gramin Dak Sevak (GDS) on his delivery beat.

- 3.10.9 Through the Branch Offices (BOs), it will be ensured that India Post Payment Bank (IPPB) provides banking facilities at ease. This has been achieved through the Quick Response (QR) Card, which provides a unique, secure and convenient way to access the account without remembering the account number. The Quick Response (QR) Card works on biometric authentication and doesn't require passwords or PINs.

**Figure 3.12****IPPB Quick Response (QR) Card**

(Source: IPPB, <https://ippbonline.com/web/ippb/qr-card>)

One does not need to remember their PIN/Password, as transactions can be initiated by using biometric authentication. Through the Quick Response (QR) Card, one can do cash transactions, money transfer, bill payments, or cashless shopping.

**Figure 3.13****IPPB Offerings**

<b>DEPOSITS</b>	• Savings Account • Current Account
<b>MONEY TRANSFER</b>	• Simple & Secure • Instant • 24X7
<b>DIRECT BENEFIT TRANSFERS</b>	• MGNREGA • Scholarships • Social welfare benefits and other • Government subsidies
<b>THIRD PARTY PRODUCTS</b>	• Loans • Insurance • Investments • Post Office Savings Schemes
<b>BILL &amp; UTILITY PAYMENTS</b>	• Mobile and DTH recharge • Electricity, water & gas bills • Donations & insurance premiums
<b>ENTERPRISE AND MERCHANT PAYMENTS</b>	• Postal products • Digital Payment of e-commerce delivery (CoD) • Small merchants/ kirana stores/ unorganised retail • Offline payments • Cash Management Services

(Source: Annual Report IPPB 2017-18)

### 3.11 Aadhar Enabled Payment System (AePS)

With the launch of Aadhaar enabled payment system (AePS) services, India Post Payment Bank (IPPB) has now become the single largest platform in the country for providing interoperable banking services to the customers of any bank by ensuring rapid and transparent financial services to each segment of the society. With the embodiment of Aadhaar Enable Payment System (AePS), individuals are now able to withdraw funds and even review the balance of any of their Aadhaar-linked banking accounts, by just validating their identity utilizing Aadhaar and fingerprint authentication.

**Figure 3.14**

#### **Aadhaar Enable Payment Scheme (AePS)**

इंडिया पोस्ट पेमेंट्स बैंक | India Post Payments Bank  
आपका बैंक, आपके द्वार

आधार नंबर और उंगलियों की छाप के द्वारा अपने किसी भी बैंक खाते से नकद निकासी एवं बैलेंस पूछताछ करें

**आधार एटीएम**  
AePS द्वारा संचालित

136,000+ डाकघरों पर | 195,000+ डाकियों और ग्रामीण डाक सेवकों के माध्यम से अपने द्वार पर

किसान | Pensionधारक | गृहणी/एलएचजी सदस्य | प्रवासी कामगार

अपने द्वार पर पाएं निम्न बैंकिंग सेवाएं

- नकद जमा
- नकद निकासी
- धन अंतरण
- प्रत्यक्ष लाभ अंतरण
- उद्यम और व्यापारिक भुगतान
- बिल भुगतान

3.11.1 India Post Payment Bank (IPPB) imparts standard banking facilities to any bank customer linked with Aadhaar, by leveraging them with unparalleled last-mile

access to the postal network. Moreover, utilizing Aadhar Enable Payment System (AePS), India Post Payment Bank (IPPB) is now able to avail banking services to consumers at their doorsteps by merely capturing their fingerprint with the aid of biometric devices through Gramin Dak Sevaks (GDSs). Thus, India Post Payment Bank (IPPB) ushers the dawn of robust Financial Inclusion and an era of ‘Paperless, Presence-less, and Cashless’ banking activities. As per India Post Payment Bank (IPPB), 2018-19 Annual Report, more than 1.95 Lac Gramin Dak Sevaks have already been furnished with the innovative biometric scanners and smart phones to deliver services like withdrawing cash, deposit, and account balance check to Aadhaar-linked account holders at their doorsteps – signifying ‘*Aapka Bank, Aapke Dwaar*’.

- 3.11.2 With Aadhar Enable Payment System (AePS) services, any person with a bank account linked to Aadhar can perform basic banking services such as cash withdrawals and balance enquiry, irrespective of the bank they hold their account with. To avail these Aadhaar enabled payment services, a customer can simply authenticate his/ her identity with fingerprint scan and Aadhaar authentication to complete a transaction. The new system will be helpful to those who are not familiar with online transactions and those who cannot go to banks. It integrates the services of multiple banks in Departments’ payment bank. One can use the Aadhar Enable Payment System (AePS) after entering the account number, mobile number, Aadhar number and QR code in Aadhar card in the postman’s mobile app. This procedure can be completed only if biometric details are entered. Once the required money is entered, the postman will hand over the amount to the person. The account holder will receive an SMS, showing the amount is debited from his/ her account.

- 3.11.3 The launch of Aadhar Enable Payment System (AePS) by India Post Payments Bank enhances the last mile interoperable banking infrastructure. The network brings doorstep banking access to millions of under banked customers and gives a fresh impetus to inclusion of customers facing accessibility challenges in the traditional banking ecosystem. By leveraging Aadhar Enable Payment System (AePS), customers can now access their accounts with any bank by simply using their fingerprint for cash withdrawal and balance enquiry, right at their doorstep through the Postmen and GDS.
- 3.11.4 In the words of IPPB Managing Director and CEO, Sh. Suresh Sethi, India Post Payment Bank (IPPB) is positioned to extend its support to 36 Crore Jan-Dhan account holders at their doorsteps through 3 Lac postmen and Gramin Dak Sevaks employed with biometric scanners, thereby bringing a truly inclusive financial system. By rendering the customers with the ability to accept digital payments for mail products at post offices through QR code using biometric authentication, India Post Payment Bank (IPPB) is contributing towards digitization of the Department of Posts (DoP) ecosystem. With the traditional banking system, people residing in the rural parts of the nation had to travel far to reach their respective banks to carry out banking transactions. Also, the senior citizens were forced to cover the extra mile in order to collect the pension. But, with the entry of India Post Payment Bank (IPPB), no stone has been left unturned to move ahead in conventional banking methods. In the month of October, 2019 the state government, in many of the villages of Goa announced that customers having any bank account linked with Aadhaar can now carry out cash withdrawals, deposits and balance inquiry at any of the nearest post office, irrespective of the bank and branch they are holding an account with, utilizing the state-of-the-art biometric scanners.

3.11.5 In rural regions, the banking institutions are generally located at a distance of 20-25 km from each other, impeding account holders from approaching banks efficiently. Hence, India Post Payment Bank (IPPB) permits consumers to withdraw money from post offices as they are more approachable, and the rural inhabitants are well-acquainted with post office since ages. Soon, distinct states of the nation will facilitate Aadhaar-linked bank account holders a hassle-free and flawless banking experience through the nearest post offices. This is especially vital in the countryside as post offices are consumer-centric in rural regions. India Post Payment Bank (IPPB) is laying a strong foundation of the less-cash economy by extending its support to the 'Digital India' initiative.

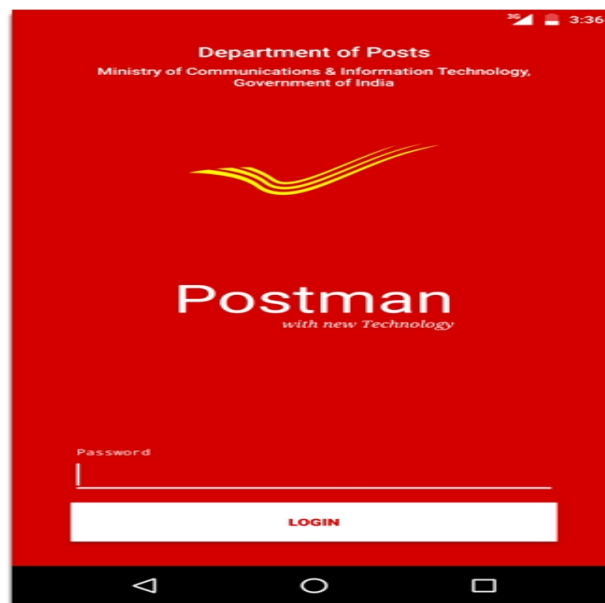
### 3.12 **Postman Mobile App**

The rural postal network of the Department is slowly transitioning from a humble post office to a technological postbank. The government is committed to do a complete makeover of the Branch Offices (BOs) to provide transparent, simple and satisfactory banking services to the rural class. Apart from this, the Department is also ensuring that banking facilities should reach each and every doorstep of the rural household, which is also in the case of postal mails. However, it should be kept in mind that the Branch Offices (BOs) were established to primarily provide mailing facilities in the rural areas and therefore, the Branch Offices (BOs) have been empowered with the mobile app that can be used by Postman/delivery staff for delivering various postal articles including cash on delivery.

3.12.1 Department has launched the Postman Mobile App to ensure electronic delivery by Postman including obtaining acknowledgement so as to enhance the overall customer experience.



**Figure 3.15**  
**Postman Mobile App**



*Source: www.sapost.blogspot.com*

The mobile app, captures the exact date and time of delivery of article and later on sync the details with the central server. The mobile app handles the delivery of following articles:

- Registered Letter
- Registered Parcel
- Electronic Money Order (eMO)
- Speed Post
- COD Articles
- Delivery of articles to bulk customer

Through the mobile app, the exact date and time including location is captured automatically the moment article is delivered. Hence, it eliminates the inaccurate capturing of the same during manual delivery. Through this, the Department can analyse the delivery performance in a more realistic manner and improve transit

time. Moreover, customer can track delivery of article, the moment it has been delivered.

3.12.2 In this app, the data invoiced in Postman and Speed Net modules for the delivery beat of the postman/ Gramin Dak Sevak Mail Deliverer (GDS MD), gets transferred to Postman app which reduces manual work of the entering the articles number in delivery slip. Moreover, the delivery clerk can update returns electronically, which reduces keying in manually the returns and eliminates all inaccuracies associated with it.

3.12.3 It is evident that the Department has taken a number of technological measures to uplift the functioning of the Gramin Dak Sevak (GDS) system to adapt them to work in the changing scenario. With a huge task force combined with the unparalleled network of the Gramin Dak Sevaks, which is backed by the century old trust and emotions of the people, it may not be difficult to say that the Branch Offices (BOs) have the potential to tap the rural business of the country and turn the Department into highly profitable organization.

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**CHAPTER – 4**  
**CHALLENGES AND OPPORTUNITIES FOR THE GRAMIN DAK SEVAK**  
**SYSTEM**

**4.1 Introduction**

In India, post offices were first established on 1 April 1854. Over a period of time, post offices enjoyed the supremacy in the communication sector since, there was no rival in that sector. With the growth in telecommunication sector and advent of internet and other communication means, the business of post offices has taken a hit. Overall, the mail is seeing a decline the world over.

**4.2 Viability of Gramin Dak Sevak Branch Offices (GDS BO)**

One of the biggest challenge before the postal system today is the viability of Gramin Dak Sevak System. There is a widespread perception in the Department that the Gramin Dak Sevak system is a loss making unit as a whole with poor workload. It is also held that the non-viable Gramin Dak Sevak System is the main contributor to the widening of gap between the overall revenue and expenditure of the Department. Further, the perception is that the Gramin Dak Sevaks are paid enough for their contributions to the Department, however, due to their non-productivity, their strength should be downsized to reduce the deficit of the Department.

4.2.1 A close look at the evolution of Gramin Dak Sevak System will make it apparent that the system of Gramin Dak Sevak Branch Offices functions irrespective of the element of profitability. Moreover, where the workload and traffic did not justify opening of a full-fledged departmental Post Office, a Gramin Dak Sevak Branch Offices was opened.

4.2.2 The objective of creating a network of Gramin Dak Sevak Branch Offices was to

meet the Universal Service Obligation (USO). India as a member of Universal Postal Union has “Universal Postal Service Obligation” (UPSO) is committed to ensure provision of quality based postal services on regular basis to all the users at all points in the country at affordable prices. Keeping in view recommendations made by the working group on Posts and objectives envisaged in 10th plan, Universal Postal Service Obligation (UPSO) needs to include post card, inland letter, envelope and money orders up to a certain limit. After independence, the main concern of the Government was to provide postal services to the citizens and therefore, the viability of Gramin Dak Sevak Branch Offices was not an issue. This is also evident from liberal norms fixed for opening of new Post Offices.

**Figure 4.1**

**Details of Norms for opening of Post Offices**

Type of Area	Population	Distance	Income
Normal Area	3000 population in a group of village (including the proposed post office village)	The minimum distance from the existing post office will be 3 Kms.	The minimum anticipated income will be 33.33% of the cost
Hilly, tribal, desert and inaccessible areas	500 population in an individual village and 1000 population in a group of villages.	Distance limit is same as above except, in hilly areas, the minimum distance limit can be relaxed by Directorate in cases, where such	The minimum anticipated income will be 15% of the cost

		relaxation is warranted by special circumstances	
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Source: Gramin Dak Sevak Committee, 2016

- 4.2.3 There are other issues or factors which also had an overall impact on the viability of Gramin Dak Sevak Branch Offices (GDS BOs). One of them is the economic reforms initiated in 1990s through which the Government allowed 100% Foreign Direct Investment (FDI) through Automatic Entry Route (non-resident investor or the Indian company does not require any approval from Government of India for the investment) in courier service sector. This resulted in mushrooming of large number of private courier companies in cities and towns, where margins are higher. However, the profits in the rural areas were low, therefore, these companies refrained from venturing into those areas. Hence, the responsibility of providing and managing postal services in the rural areas rested on the Gramin Dak Sevak System.

**Figure 4.2**

AVERAGE COST AND AVERAGE REVENUE IN VARIOUS POSTAL SERVICES DURING 2016-17 AND 2017-18 (Figures in Paise)					
Sl. No.	Name of Services	2016-17		2017-18	
		Cost	Revenue	Cost	Revenue
1	Postcard	1215.76	50.00	1298.45	50.00
2	Printed Postcard	1174.45	600.00	1253.63	600.00
3	Competition Postcard	1175.01	1000.00	1259.13	1000.00
4	Lettercard(Inland Letter)	1207.36	250.00	1270.80	250.00
5	Letter	1330.19	1291.41	1519.74	1582.78
6	Registered Newspaper-Single	1481.75	40.00	1547.41	202.00
7	Registered Newspaper-Bundle	1786.85	24.00	1842.21	87.00
8	Book Post, Book Pattern & Sample Packets	1477.77	669.10	1564.69	819.15
9	Book Post-Printed Books	2087.06	275.77	2461.72	375.77
10	Book Post-Other Periodicals	2152.57	1181.41	2199.18	778.88
11	Acknowledgement	1091.55	300.00	1156.72	300.00
12	Parcel	8923.75	4661.09	8466.38	4270.03
13	Registration	6899.59	1700.00	7297.07	1700.00
14	Money Order	19735.01	4250.30	19823.96	2895.66
15	Indian Postal Order	9379.48	449.95	9034.85	446.72
16	Speed Post	8522.37	3831.10	9120.21	3983.25
17	Value Payable Post	4839.40	417.56	5092.70	416.69
18	Insurance	9269.56	10536.29	9771.85	4160.02

Source: India Post Annual Report 2018-19

The other factor is the availability of the postal services at a much lower cost due to the social obligation of the Department. The Department offers various products and services in which there is vast difference between cost of operation and revenue from some products.

4.2.4 This difference is impacting the Department's revenue adversely and contributing to the deficit. In addition to this, postal tariffs have not been revised after the year 2002 and many services such as Registered Newspapers etc. are provided at extremely low price.

4.2.5 Recently, the deficit of the Department touched Rs. 15000/- Crore mark in the Financial Year, 2019. This has also raised concern over the justification of Gramin Dak Sevak System. Indeed, 90% of the cost of the Department is on human resources.

**Figure 4.3**

REVENUE & EXPENDITURE DURING JANUARY, 2018 TO MARCH, 2019 (₹ In Crore)			
Particulars	Actual	Actual	TOTAL
	Jan 2018 to March 2018	April 2018 to March 2019	
<b>Revenue</b>			
Sale of Stamps	63.93	78.25	142.18
Postage Realised in Cash	1094.36	3869.09	4963.45
Commission on Money Orders and Indian Postal Orders etc	56.64	248.76	305.40
Remuneration for Saving Bank/Saving Certificates Work.	2448.24	8600.00	11048.24
*Other Receipts	288.58	686.46	975.04
<b>Total</b>	<b>3951.75</b>	<b>13482.56</b>	<b>17434.31</b>
<b>Expenditure</b>			
General Administration	373.08	1929.37	2302.45
Operation	3086.01	16802.33	19888.34
Agency Services	172.13	555.23	727.36
**Others	2772.77	8632.03	11404.80
<b>Total Gross Expenditure</b>	<b>6403.99</b>	<b>27918.95</b>	<b>34322.94</b>
Less Recoveries	265.77	789.87	1055.64
<b>Net Expenditure</b>	<b>6138.22</b>	<b>27129.08</b>	<b>33267.30</b>
<b>Deficit (Net Exp - Revenue)</b>	<b>2186.47</b>	<b>13646.52</b>	<b>15832.99</b>

\*This includes service charges retained by the Department of Posts from sale of Passport Application Form, Passport Fee Stamps, Central Recruitment Fee Stamps, receipts from other Postal Administrations etc. Sale of stamps includes sale of Postage stamps, service stamps.

\*\*This includes Audit and Accounts, Civil Engineering, Amenities to staff, Stationery and Printing etc.

Source: India Post Annual Report 2018-19



4.2.6 The Department of Posts does not calculate the revenue earned and expenditure incurred on Gramin Dak Sevak Branch Offices separately under different heads as there is no mechanism developed for the same. Due to this, a doubt has gained ground that major share of the deficit is due to the vast network of Gramin Dak Sevak Branch Offices. It is also important to mention that much data is not available which deals with the revenue and expenditure of the Gramin Dak Sevaks. However, the Gramin Dak Sevak Committee, 2016 created for the purpose of wage restructuring of the Sevaks did a study on this aspect for 129379 Branch Offices. The Gramin Dak Sevak Committee, 2016 considered the following factors:

- Sale of stamps, unpaid articles, Money Order (MO) commission and bill collection
- Remuneration for Saving Bank/ Saving Certificate Work
- Revenue from the Rural Postal Life Insurance (RPLI)
- Remuneration for the work done under Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), 2005.
- Time Related Continuity Allowances (TRCA)/ Allowances/ Service Discharge Benefit Scheme (SDBS) etc.
- Expenditure on incentive payments/ general administration

Moreover, the Gramin Dak Sevak Committee, 2016 took into consideration the revenue and expenditure of the Department from the year 2009-10 to 2014-15.

**Figure 4.4**

Comparison of the Revenue and Expenditure of the Department						
(In Crores)						
Financial Year	Total Revenue	% (+) or (-) over last year	Net Expenditure	% (+) or (-) over last year	Deficit	% (+) or (-) over last year
2009-10	6266.70	-	12908.00	-	6641.30	-
2010-11	6962.33	11.10	13307.94	3.10	6345.60	- 4.45
2011-12	7899.34	13.46	13705.27	2.99	5805.90	- 8.50
2012-13	9366.49	18.57	14792.38	7.93	5425.80	- 6.55
2013-14	10730.42	14.56	16203.52	9.54	5473.10	0.87
2014-15	11635.98	8.44	17894.58	10.44	6258.60	14.35

*Source: Gramin Dak Sevak Committee Report, 2016*

- 4.2.7 After making significant efforts, the Gramin Dak Sevak Committee, 2016 concluded that out of 129379 Branch Offices, only 29.96% were able to achieve income to cover 33% or above of their cost while 70.04% of the Branch Offices were below the Permissible Limit of Loss prescribed for normal areas. The Committee further observed that total estimated expenditure on running entire network of 129379 Gramin Dak Sevak Branch Offices including Time Related Continuity Allowances (TRCA), Allowances, Discharge Benefits, and Service Discharge Benefit Scheme (SDBS) payments to Gramin Dak Sevaks working in the Branch Offices, was around 45% of the total deficit (Net Expenditure - Revenue) of 6258.60 Crores, which was only 15% of the total expenditure of Rs. 17894.58 Crores for the Financial Year 2014-15. This observation of the Committee is contrary to the common perception that Gramin Dak Sevak Branch Offices are largely responsible for the deficit of the Department
- 4.2.8 Despite the fact that a large number of Branch Offices (BOs) were not able to meet income to cover cost in the report of the Gramin Dak Sevak Committee, 2016, this system as a whole is viable, as these offices are able to generate substantial amount

of revenue to make good the expenditure incurred by the Department on Gramin Dak Sevak network. It would not be wrong to say that the survival of the Department will largely depend on the successful management of Gramin Dak Sevak System, which effectively forms its "soul". It would be difficult for the Department to survive without the soul. Most importantly, more than the revenue generation, it is the reach and trust of Gramin Dak Sevak network, which enables the Department to deliver trustworthy services in each and every village of the country that cannot be quantified in terms of revenue and which is far beyond the realm of expectations.

- 4.2.9 The induction of technology and roll out of payment bank aims at transforming the Gramin Dak Sevak System, which will result in increased market share and revenues, launch of new products and services, improved service delivery system, motivated workforce and enhanced customer satisfaction. This will further increase the revenue generation capabilities of Gramin Dak Sevak Branch Offices which will help the Department in wiping out its deficit.

#### 4.3 **Relevancy and Decline of letter mail**

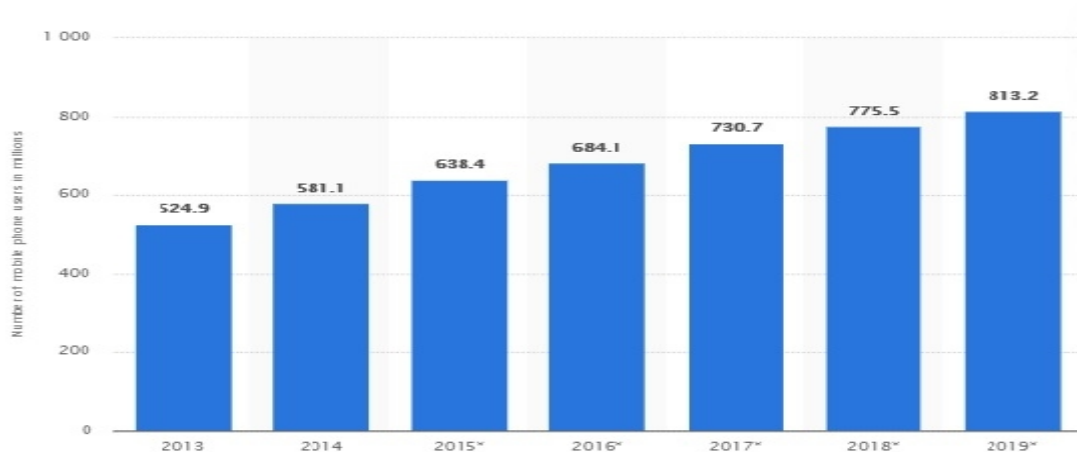
With internet, the importance of letters has declined in urban as well as rural areas. Letter writing has given way to emails and short message services (SMS) and post office has perhaps become irrelevant in today's world. If we look at the growth of telecommunication in India, we can easily infer that India's telecommunication network is the second largest in the world by number of telephone users (both fixed and mobile phone) with 1.183 billion subscribers as on 31 May 2019. Indian telecom industry now has become the world's most competitive and one of the fastest growing telecom markets. The Industry has grown over twenty times in just ten years, from under 37 million subscribers in the year 2001 to over 846 million

subscribers in the year 2011. India has the world's second-largest mobile phone user base with over 1157.04 million users as of July 2018. Telecommunication has supported the socioeconomic development of India and has played a significant role to narrow down the rural-urban digital divide to some extent. (Source: *Telecommunications in India* retrieved from [www.wikipedia.org](http://www.wikipedia.org))

4.3.1 Communication has come a long way since Alexander Graham Bell made the first phone call in 1876. Today, because of mobile phones, people stay in constant communication in ways that Bell probably never considered in his wildest dreams (Source: <https://smallbusiness.chron.com/role-cell-phone-communication-today-31479.html>). Mobile phones are now an everyday gadget for people across the globe. The number of mobile phone users in the world is expected to pass the five billion mark in 2019. Mobile phone users in India crossed 581 million users in 2014 and have been on a steady rise over the last decade. India is estimated to have over 800 million mobile phone users in 2019. (Source: <https://www.statista.com/statistics/274658/forecast-of-mobile-phone-users-in-india/>)

**Figure 4.5**

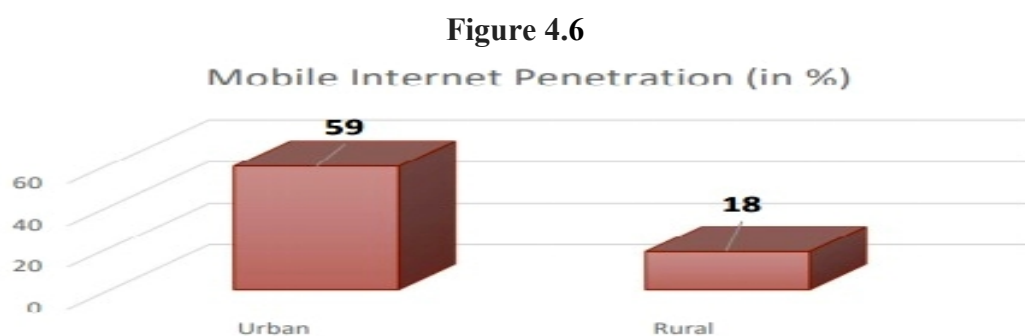
**Number of mobile phone users in India from 2013 to 2019 (in millions)**



Source: <https://www.statista.com/>

4.3.2 Interestingly, in India, mobile penetration has reached the next level, where it has moved beyond the urban cities to reach the tier-2, tier-3 cities and other rural parts of the country as well. According to TRAI (Telecom Regulatory Authority of India) data, tele-density in rural India is growing at a much faster rate than in urban India. According to *Telecom Regulatory Authority of India (TRAI)*, currently there were 499 million mobile subscribers in rural India (June, 2017), and another report points out that rural markets account for 60% of the new mobile subscription growth in the country. In addition to this, the inclusion of vernacular languages in mobile phones is also proving to be an important factor in their rise and dependence in the rural areas. The number of people in India who speak Indian vernacular languages is around 500 million - almost five times of the number of people who speak English (Source: 2019 Mobile Marketing Handbook). The introduction of local language support and the Indic keyboard in smartphones indicate the potential to reach a diverse audience.

4.3.3 There has been not only an affinity towards the use of mobile phones in the rural sector, but also the penetration of internet in the rural sector is noteworthy. As per Mobile Internet Report-2017 published by Internet and Mobile Association of India (IAMAI), Urban India witnessed an estimated 18.64% Year over Year (YoY) rise, while Rural India witnessed an estimated growth of 15.03% growth during the same period.



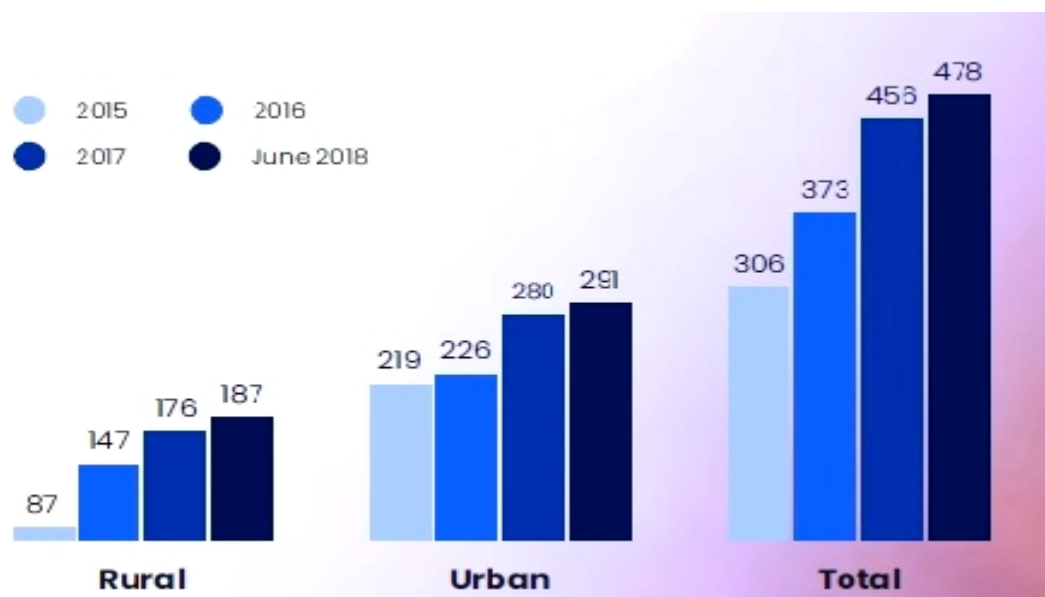
Source: KANTAR-IMRB All India Mobile Internet Users Estimates, October 2017

The report mentioned that with 59% penetration, Urban India is expected to show a slowdown, while Rural India with only 18% mobile internet penetration is clearly the next area of growth. As per India Internet 2019, published by the Internet and Mobile Association of India (IAMAI), with 451 million monthly active internet users, as on 31 March, 2019, India is now second only to China in terms of internet users.

- 4.3.4 As per Mobile Marketing Handbook-2019, since 2015, Rural India brought 100 million more people online. The next wave of growth in India's Internet population is expected from tier II and tier III cities and rural areas.

**Figure 4.7**

**Mobile Internet Users (In Millions)**



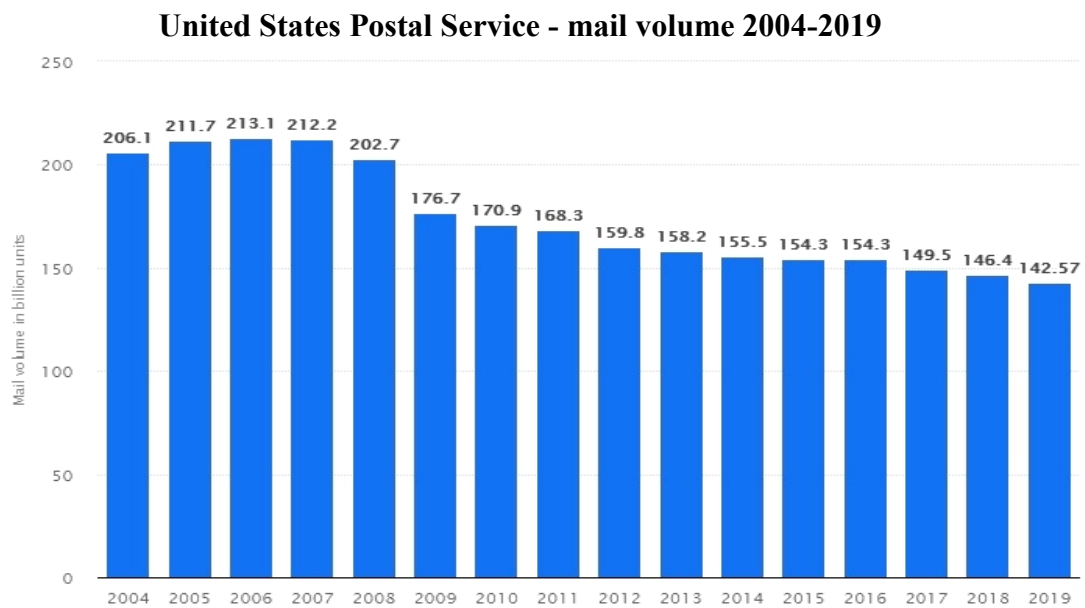
*Source: Mobile Marketing Ecosystem Report 2018, India, MMA and Group M*

- 4.3.5 Similar views were voiced in the ICUBE 2018, report published by KANTAR IMRD which noticed that India's internet users expected to register double digit growth to reach 627 million in 2019, driven by rapid internet growth in rural areas. Internet usage in the country has exceeded half a billion people for first time, pegged at 566 million, driven by rural internet growth and usage.

The report that tracks digital adoption and usage trends in India, also noted that of the total user base, 87 percent or 493 million Indians, are defined as regular users, having accessed internet in last 30 days. Nearly 293 million active internet users reside in urban India, while there are 200 million active users in rural India. While internet users grew by 7 percent in urban India, reaching 315 million users in 2018, digital adoption is now being propelled by rural India, registering a 35 percent growth in internet users over the past year. The report also estimated that, there are 251 million internet users in rural India, which is expected to reach 290 million by the end of 2019. The report summed up by observing that the digital revolution is now sweeping small towns and villages, perhaps driven by increased accessibility at affordable data costs. More than two-thirds of active internet users are now accessing the internet daily to meet their entertainment and communication needs.

- 4.3.6 The increasing use of mobile phones and internet has made significant inroads in the postal system causing a decline in the volume of mails. Not only India, but major countries of the world have also felt the dents in their postal revenue due to crashing number of mail volume.
- 4.3.6 America – In America, after reaching a peak of around 213 billion units in 2006, the United States Postal Services (USPS) has experienced a Year-on-Year decline in mail volume every year. By 2019, this number had dropped by 33 percent to just 142.57 billion units. The decline in total volume can be attributed to the shrinkage of traditional mail, marketing materials and periodicals which have each generated increasingly smaller revenue figures. In the second quarter of 2019, the Postal Service moved 47 million fewer packages than it did during the same period in 2018.

Figure 4.8



Source: [www.statista.com](http://www.statista.com)

- 4.3.7 Europe – Mail volumes are decreasing at a rate of between 2-3% per annum across most of Europe. The threat of replacement that has come with the digital age has caused a wave of change. As per a research done by Accenture, mail will decline 44% by 2020 owing to the shift from physical to digital communications. This level of decline, if you take figures from 2009 as a baseline, would amount to a loss of 297.2 billion pieces for the world’s top 26 postal agencies.
- 4.3.8 Australia - In 2019, Australia Post boss Christine Holgate warned losses for the company's letter business that could double in the current financial year and force the postal service to close multiple community branches. The government-owned company reported a loss of 69.8 percent as a result of which the profits fell to \$40.6 million, which it blamed on a significant decline in its letter business. Falling letter volumes and no price increases in stamps led to a 9 per cent drop in letter revenues to \$2.2 billion from \$2.43 billion last year, with Ms. Holgate warning the losses would likely continue. She further observed that the profits went down \$175 million, giving an overall loss of around \$190 million and if the volume goes down



close to 10% again this year, that could mean the postal service would be loss-making and no longer meeting its Postal Corporation Act obligations.

4.3.9 Canada - Canada Post segment posts \$270 million loss for 2018. The volume fell by 6.2 per cent or 187 million pieces in 2018 compared to 2017. The ongoing decline in letters, bills and statements caused Transaction Mail revenue to fall by 5.5 per cent or \$151 million compared to 2017. Most of this decline was within Canada, as Domestic Letter mail volume fell by 125 million pieces or 4.6 per cent compared to 2017. This drop in domestic mail represents a revenue decline of \$62 million or 2.7 per cent compared to 2017. Canadians mailed 2.4 billion (44 per cent) fewer pieces of mail in 2018 than in the peak year of 2006. In 2018, Direct Marketing revenue decreased by \$23 million or 2.4 per cent, while volume fell by 169 million pieces or 3.9 per cent compared to 2017.

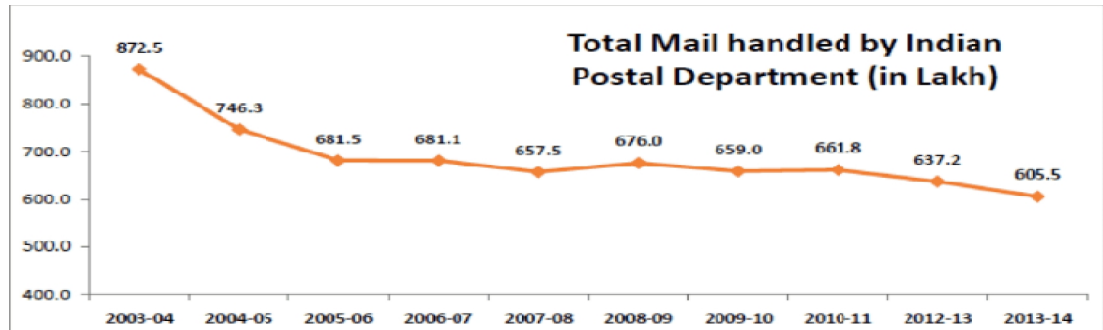
4.3.10 India - With the advent of e-mail and other forms of electronic communication coupled with the increase in the number of private courier companies, the number of physical mail sent through the postal system has been continuously coming down in the last decade and a half. Five different types of mails are handled by the Postal Department which include:

- Postcards
- Letters (Speed Posts, Registered Posts etc)
- Newspapers
- Parcels
- Packets

4.3.11 As per the data available with the Ministry of Statistics, the total volume of mail (in all the above five categories put together) handled by the Department of Posts has

been in a downward spiral in the last decade (*Source: <https://factly.in/the-volume-of-physical-mail-goes-down-savings-deposits-in-post-offices-soar/>*).

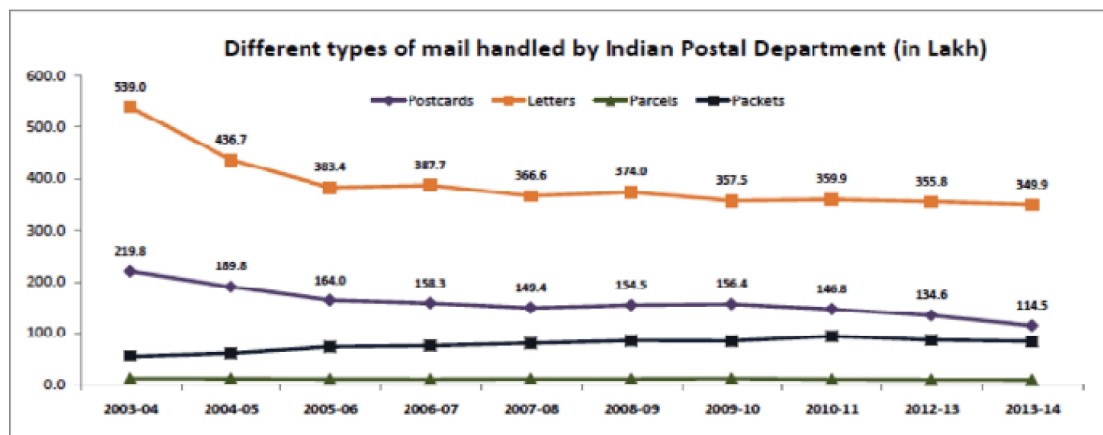
Figure 4.9



Source: [www.factly.in](http://www.factly.in)

From 8.72 crore in 2003-04, this number came down to 6.05 crore in 2013-14, a drop of more than 30%. This drop was seen in all the categories handled by the Department except newspapers and Packets.

Figure 4.10

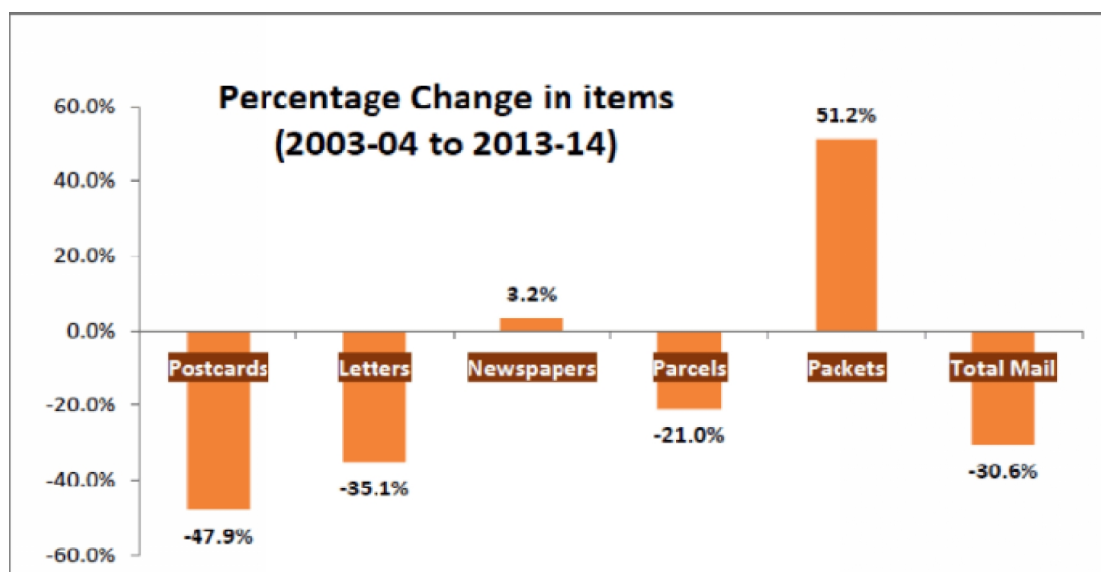


Source: [www.factly.in](http://www.factly.in)

4.3.12 In fact, the only category that has seen a substantial rise is Packets. There has been more than 50% rise in the number of packets handled by the Department. During the same time, Postcards saw a decline of close to 48% and letters saw a decline of 35%.

Figure 4.11

## Percentage Change in different Postal Articles



Source: [www.factly.in](http://www.factly.in)

- 4.3.13 In the Indian context, specific figures related to volume of mail booked by Gramin Dak Sevak Branch Offices (GDS BOs) are not available. However, it would not be wrong to assume that the traditional letters have taken a back step with the rising number of telecommunications devices like mobile phones and internet. Pertinently, it would not be wrong to say that Gramin Dak Sevak Branch Offices (GDS BOs) are still the chief mode of communication in rural and semi-urban India. In fact, in areas where there is no internet connectivity and you are dying to write to your loved ones, these post offices come to your rescue. The feelings and emotions of a soldier posted in a village close to the border remembering his mother and shaping his sentiments into words on a piece of paper can well be imagined. When all means of communication fail, postal system is the one which can be relied on.

#### 4.4 Status of the Gramin Dak Sevak

One of the foremost challenges posed by the Gramin Dak Sevak before the Department is their relentless demand for the grant of Civil Servant Status. The Gramin Dak Sevak has been perusing this demand for some time which has gained

peak during the strike called by All India Gramin Dak Sevaks Union in the year 2017, 2018 and 2019.

- 4.4.1 Department has always given due consideration to demands of the Gramin Dak Sevaks. However, the Gramin Dak Sevaks do not come under the ambit of Civil Servant. Gramin Dak Sevak (GDS) System is a special or distinct category, exclusive to the Department of Posts as no other parallel system exists anywhere in the Government of India. Earlier, they were called Extra Departmental Agents (EDAs) but this was replaced by nomenclature of "Gramin Dak Sevaks" by incorporating the same in the Gramin Dak Sevaks (Conduct and Employment) Rules, 2001, that were later replaced with Gramin Dak Sevaks (Conduct and Engagement) Rules, 2011, which are non-statutory in nature.
- 4.4.2 The Gramin Dak Sevak system is closer to Franchise / outsourcing/ contractual model which is widely practiced both in the Government as well as in private sectors. But, their present selection and engagement methods, service conditions, nature of duties, job contents, risks and responsibilities etc. are substantially different from the contractual workers and getting closer to the regular Government employees.
- 4.4.3 The erstwhile Extra Departmental System was established in 1866-67 to provide economical and efficient postal service to meet the Universal Service Obligation (USO) in rural India. They are now called as Gramin Dak Sevaks (GDS) who are engaged for a maximum of 5 hours a day and are paid remuneration / Time Related Continuity Allowance (TRCA) on actual workload assessed on the basis of transactions handled by them. They are paid Dearness Allowance (DA) on the TRCA at the same rate which is applicable to regular employees from time to time. They are mandatorily required to possess independent source of income, besides the

allowances paid or to be paid by the Government for adequate means of livelihood for themselves and their families.

4.4.4 The Gramin Dak Sevaks system was established to provide basic postal services in the rural areas by employing locals to work as part timers in Branch Post Offices in their free time. Presently also, the Gramin Dak Sevaks are employed to work on part time basis and therefore, they have not been awarded the status of regular civil servants/ government servants. Accordingly, all the benefits which are available to civil servants are not made available to Gramin Dak Sevaks.

4.4.5 Initially, there were no separate specific rules to regulate the conduct and discipline for Gramin Dak Sevak and their issues were decided on the analogy of rules for whole time employees. Rules specifically for the Gramin Dak Sevak were framed and published for the first time, vide DG Post and Telegraph Circular No. 3 dated 16.04.1935. Gramin Dak Sevak were excluded from the application of CCS (CCA) Rules and consequently from the ambit of the term 'Central Civil Service', 'Central Civil Post' and 'Government Servant' defined in the said Classification rules vide SRO 609 dated 28.02.1957.

4.4.6 Subsequently, the said 1935 rules were repealed and Post and Telegraph Extra Departmental Agents (Conduct and Service) Rules, 1959 were framed in consultation with Ministry of Law. In the case of V. Subbarayalu, filed in Madras High Court, it was held on 23.08.1960 that Extra Departmental Agents did not hold any civil post nor he was a civil servant. The court also observed that Extra Departmental Agent was not a servant at all and the relationship between the Government and the petitioner was not that of an employer and an employee but wholly contractual. Similar judgment was pronounced by Odisha High Court also on this subject. On the basis of these judgments, the Ministry of Law felt that the

statutory rules were framed on the basis of an erroneous conception about the nature of employment of Extra Departmental Agents. According to these judgments, they were to be treated as non holders of the civil post and therefore, not within purview of Article 309 and 311 of the Constitution.

4.4.7 Ministry of Law advised that non-statutory rules should be framed by repealing the statutory rules and so, non-statutory rules called "Post and Telegraph Extra Departmental Agents (Conduct and Service) Rules, 1964" were framed and made effective from 10.09.1964.

4.4.8 Consequent upon dismissal / removal of some Extra Departmental Agents during the period from 01.01.1966 and 18.06.1974 without compliance to provisions of Article 311(2) of the Constitution, the High Court of Kerala, Andhra Pradesh and Odisha held that the EDAs held a civil post under the Union of India and the orders terminating their services in violation of Article 311(2) of the Constitution were invalid. The Hon'ble Supreme Court of India in the matter of Superintendent of Post Offices vs. P. K. Rajamma (1977) (3) SCC held that

- an Extra Departmental Agent held a 'civil post' and his dismissal or removal would be invalid, if there was non-compliance of Article 311(2) of the Constitution,
- an Extra Departmental agent is not a casual worker, but he holds a post under the administrative control of the State. It is apparent from the 1964 rules that the employment of an Extra Departmental Agent is in a post which exists apart from the person who happens to fill it at any particular time. Though such post is outside the regular civil service, there is no doubt that it is a post under the State, and
- the 1964 rules make it clear that these extra departmental agents work under the direct control and supervision of the authority that obviously has the right to control the manner in which they must carry out their duties. There can be no doubt,

therefore, that the relationship between the postal authorities and the extra departmental agents are of “master and servant”.

- 4.4.9 The Hon'ble Supreme Court of India in the case of UOI and Others vs. Kameshwar Prasad, 1998 wherein the system and object of engaging Extra Departmental Agents and their status was considered and adjudicated upon, held that Post and Telegraph Extra Departmental Agent (Conduct and Service) Rules, 1964 lay down a complete code, governing the service and conduct of Extra Departmental Agents (EDAs) including proceedings for taking disciplinary action against them for misconduct.
- 4.4.10 Subsequently, Post and Telegraph Extra Departmental Agents (Conduct and Service) Rules, 1964 were repealed and replaced with non statutory Gramin Dak Sevaks (Conduct and Employment) Rules, 2001. First time, the name of Extra Departmental Agent (EDA) was changed to Gramin Dak Sevak (GDS) in 2001 but, the categories of the Gramin Dak Sevaks were also reduced from 17 to 8, by deletion of certain non-existent categories.
- 4.4.11 After approval of the recommendations of the Natraja Murthy Committee report, Gramin Dak Sevaks (Conduct and Engagement) Rules, 2011 was framed under the executive powers of the Central Government. These rules which are presently in operation, have not been framed under Article 309 of the Constitution of India and are non statutory in nature. The Hon'ble Supreme Court of India in the case of Malikarjun Rao vs. State of AP and Others (1990) had observed that the High Court or the Administrative Tribunals cannot issue a mandate to the state government to legislate under Article 309 of the Constitution of India. The Court cannot usurp the functions assigned to the Executive under the Constitution and cannot even indirectly require the Executive to exercise its rule making power in any manner. The Courts cannot assume to itself a supervisory role over the rule making power of

the Executives under Article 309. This observation of Hon'ble Supreme Court of India enables the Department to frame rule under the executive powers of the Central Government apart from Article 309 of the Constitution of India.

- 4.4.12 **Current Status and benefits of Gramin Dak Sevaks** – As per Rule 3-A (V) and (vi) of the Gramin Dak Sevaks (Conduct and Engagement) Rules, 2011, Gramin Dak Sevaks are outside the Civil Service of the Union and are not eligible to claim to be at par with Central Government employees. They don't have protection of Article 309 of the Constitution as the Gramin Dak Sevaks (Conduct and Engagement) Rules, 2011 are not framed under Article 309 of the Constitution. The Gramin Dak Sevaks are entitled to protection under Article 311 (2) of the Constitution of India as held by the Supreme Court.
- 4.4.13 **UOI and Others vs. Kameshwar Prasad** – In the light of the judgement of Hon'ble Supreme Court of India in the case of UOI and Others vs. Kameshwar Prasad 1998 SCC (L and S), Gramin Dak Sevaks are eligible for such benefits as extended to this distinct category by the Central Government under the said rules or administrative instructions governing them.
- 4.4.14 **Current Judgment of the Hon. Supreme Court on legal status of Gramin Dak Sevaks** – The Hon'ble Supreme Court of India while disposing the Writ Petition (Civil) No. 156/2015 filed by Ravinder Singh and Others vide order dated 21.04.2015 ordered that "the writ petitioner are treated as civil post holders and, therefore, they can agitate their grievances, before the Central Administrative Tribunal, Principal Bench, New Delhi and the tribunal shall advert to the same in their proper perspective". The order of the Hon'ble Supreme Court of India reiterated the legal status as held in the case of P. K. Rajamma in the year 1977.



- 4.4.15 **Views of Talwar Committee** – The Justice Talwar Committee constituted by the Department observed in its report that the Extra Departmental Agents have to be held to be Civil Servants not only for the purpose of Article 311 (2) but also as contemplated under Article 311 (1). Logically, therefore, Extra Departmental Agents come within the purview of Article 309. However, being outside the regular civil services, they are not entitled to full wages, full retirement benefits or other financial and service benefits which accrue to a regular whole time employee. It is also to be emphasized that Extra Departmental Agents are not demanding full benefits of a whole time employee, but only their entitlements on pro-rata basis i.e. they should be paid equal pay for equal work, their demand is that if an Extra Departmental Agent is working for, say 5 hours, he should be paid equivalent wages of 5 hours which are paid to a corresponding regular Departmental employee.
- 4.4.16 **Views of Natraja Murthy Committee** – The Natraja Murthy Committee observed that the Gramin Dak Sevaks are not governed by Central Civil Services (Conduct) Rules 1964, Central Civil Services (Pension) Rules, 1972, Fundamental Rule and Supplementary Rule (FR and SR), Central Civil Service (Recognition Service Association) Rules, 1993, which apply only to the regular Government Servants. The Gramin Dak Sevaks are governed by separate set of rules called the Gramin Dak Sevak (Conduct and Employment) Rules, 2001 and Extra Departmental Agents (Recognition of Service Association) Rules 1995. Gramin Dak Sevaks and Regular Employees of the Government belong to two distinct and separate groups. There is no parity in terms and conditions of employment/ engagement between the regular Government employees and the Gramin Dak Sevaks.

4.4.17 **Seventh Central Pay Commission on Gramin Dak Sevaks** - The 7<sup>th</sup> Central Pay Commission excluded Gramin Dak Sevaks and kept them outside its ambit. 7<sup>th</sup> Central Pay Commission has made following observations in the report:

- Gramin Dak Sevaks are Extra-Departmental Agents recruited by Department of Posts to serve in rural areas
- As per the recruitment rules, the minimum educational qualification for recruitment to this post is Class X.
- Gramin Dak Sevaks are required to be on duty only for 4-5 hours a day under the terms and conditions of their service
- The Gramin Dak Sevaks are remunerated with Time Related Continuity Allowance (TRCA) on the pattern of pay scales for regular government employees, plus DA on pro-rata basis.
- A Gramin Dak Sevaks must have other means of income independent of his remuneration as a Gramin Dak Sevak, to sustain himself and his family.

Government of India has so far held that the Gramin Dak Sevak is outside the Civil Service of the Union and shall not claim to be at par with the Central Government employees. The Supreme Court judgment also states that Gramin Dak Sevaks are only holders of civil posts but not civilian employees.

4.4.18 **Views of the Gramin Dak Sevak Committee, 2016** - The Gramin Dak Sevak Committee or The Kamlesh Chandra Committee, 2016 which was constituted by the Union Government to examine the wage structure, service conditions of the Gramin Dak Sevaks in the Department of Posts (DoP) has also observed that Gramin Dak Sevak are outside the Civil Service of the Union and shall not claim to be at par with Central Government employees, which is still the position till this date. The Committee has recommended several steps for the Department to bring systematic

changes / reforms in the Gramin Dak Sevak system to enable them to increase revenue generation and earn more income.

#### 4.5 **Other demands of Gramin Dak Sevaks**

Besides, the demand for Legal Status or the status of Civil Servants to the Gramin Dak Sevaks, there are various other demands. Department is very well aware that the demands of the Gramin Dak Sevaks pose a serious challenge to the overall functioning and image of the Department. It is also believed that future growth and expectations of the Department to become leading agency for disbursements under Direct Benefit Transfer (DBT) and Payment System in India will depend upon the fulfilment of reasonable demands of Gramin Dak Sevaks.

4.5.1 The Gramin Dak Sevaks (GDSs) are presently governed by Gramin Dak Sevaks (Conduct and Engagement) Rules, 2011 which are non-statutory in nature, as these rules have not been framed under Article 309 of the Constitution of India, but framed under the executive powers of the Central Government. The Rule 3-A of the same deals with nine Terms and Conditions of Engagement which determines the nature of engagement of Gramin Dak Sevaks and differentiate them from regular employees of the Department.

4.5.2 Rule 3-A deals with the terms and conditions of engagement which reads as:

- (i) A Sevak shall not be required to perform duty beyond a maximum Period of 5 hours in a day
- (ii) A Sevak shall not be retained beyond 65 years of age,
- (iii) A Sevak shall have to give an undertaking that he has other sources of income besides the allowances paid or to be paid by the Government for adequate means of livelihood for himself and his family:
- (iv) A Sevak can be transferred from one post/unit to another post/unit in public interest;

- (v) A Sevak shall be outside the Civil Service of the Union
- (vi) A Sevak shall not claim to be at par with the Central Government employee
- (vii) Residence in post village/delivery jurisdiction of the Post Office within one month after selection but before engagement shall be mandatory for a Sevak (Failure to reside in place of duty for Branch Postmaster (BPM) and within delivery jurisdiction of the Post office after engagement shall be treated as violative of conditions of engagement and liable for disciplinary action under Rule 10 of the Conduct Rules, requiring removal/ dismissal.
- (viii) Post Office shall be located in the accommodation to be provided by Branch Postmaster suitable for use as Post Office premises
- (ix) Combination of duties of a Sevak shall be permissible

Rule 3-A is by far the most contentious rule for the Gramin Dak Sevaks and their Unions which doesn't allow them to become regular employees of the Department and keeps them away from the various entitlements and benefits. They want major alterations or immediate abolition of some of the conditions mentioned in Rule 3A. However, for the Department, these conditions enable them to run the significantly large Gramin Dak Sevak system economically as the Department is able to operate all over India, offering maximum 5 hours service in an accommodation provided by the Branch Postmasters and by paying remuneration based on actual workload.

4.5.3 Some of the major demands of the Unions/Federations are listed below. Though some of the demands of the Gramin Dak Sevaks have been met by the Gramin Dak Sevak Committee, 2016, some demands require further evaluation.

4.5.3.1 *Duty beyond a maximum period of 5 hours in a day* – Most of the Unions/Federations have been regularly representing that the Gramin Dak Sevaks should be given duty of 8 hours like the regular employees and in return they are ready to do

whatever work given to them by the Department. As per a survey conducted by Gramin Dak Sevak Committee, 2016, it was found that Branch Offices having workload of 5 hours or more were far less than the number of Branch Offices having workload up to 3 hours. Moreover, it was also found by the committee that in Branch Offices having 5 hours or more work, nearly 30% of the workload was from cash handling. On account of higher workload due to cash handling, it was observed that in Branch Offices, Time Deposit (TD)/ Recurring Deposit (RD) closure amounts are deposited in Saving Bank (SB) accounts and then paid as withdrawals from Saving Bank (SB) account to the customers. This mode of payment from Saving Bank (SB) accounts converts one transaction into three transactions and cash handling of one Lakh is shown as cash handling of three lakhs.

**Figure 4.12**

**Branch Office (BO) survey conducted by Gramin Dak Sevak Committee, 2016,  
for calculation of workload**

Total No. of GDS Post Offices surveyed	1584
Average workload points earned by a GDS Post Office	85.34
Average workload	<b>3 hrs 25 minutes</b>
Average points earned by a GDS Post Office with reference to cash handling	24.42
Average workload on account of cash handling statistics alone	<b>58 minutes</b>
Percentage of average workload on account of cash handling	<b>28.29%</b>

*Source: Gramin Dak Sevak Committee Report, 2016*

Presently, the Department has not made any changes in the working hours and a 5 hour work policy is still being followed. However, Branch Offices should remain open and transact business during the entire period of prescribed working hours of respective Post Office that is four hours and five hours.

4.5.3.2 *A Sevak shall not be retained beyond 65 years of age* - Presently, the Gramin Dak Sevaks are retained in service up to 65 years of their age. Unions have demanded that discharge age should be reduced from 65 years to 60 years to bring them at par with the Departmental employees. The Nataraja Murti Committee recommended the reduction of discharge age to 62 years from 65 years, but the same has not been accepted by the Department. It is observed that reducing the age limit of Branch Postmaster (BPM) would not create any difference. Moreover, reducing the age limit would deny the opportunity of experienced Gramin Dak Sevaks to work for the Department. However, Mail Deliverer and Mail Carriers who perform their duties and have to travel by bicycle find it difficult to continue beyond 60 years of age. The Gramin Dak Sevak Committee, 2016 observed that there are Gramin Dak Sevaks who have not been able to handle the 'Rural Information and Communication Technology (RICT)' devices and therefore, retaining them in service in the Rural Information and Communication Technology (RICT) and Payment Bank environment would not be helpful to the Department. Since, the Gramin Dak Sevaks are covered under Central Civil Services (Pension) Rules, they are not entitled to monthly pension after discharge. The Committee also observed that large scale exit of Gramin Dak Sevak due to reduction in discharge age at the stage of adoption of new schemes and procedures will also not be advisable. On the observations of the committee, Department has introduced Voluntary Discharge Scheme on completion of 20 years of engagement period or on medical grounds.

4.5.3.3 *A Sevak shall have to give an undertaking that he has other sources of income besides the allowances paid or to be paid by the Government for adequate means of livelihood for himself and his family* – The Unions have demanded that this condition may be withdrawn, as the same is practically not enforceable. They have

also contended that this condition is not being implemented in letter and spirit and merely exists on paper in most of the cases. In addition to this, alternative means of livelihood is not available to Gramin Dak Sevaks who come to work from outside the post village due to changed residence condition. There is also decline in profit from agriculture income which used to be the principal source of alternate livelihood for Gramin Dak Sevaks. It is also true that employers, who hire labours for different works in the rural areas, will not hire Gramin Dak Sevaks for 2-3 hours in a day after working hours of Branch Office. As a result, a large percentage of Gramin Dak Sevaks are now solely dependent upon the wages which they receive from the Department. It should also be kept in mind that presently, younger generation who have recently graduated from Schools/ Colleges, are engaged as Gramin Dak Sevaks and they stay in service for a brief period and then joins a better service. These candidates cannot be expected to have regular and independent source of alternate income. Therefore, it would be prudent on the part of the Department to reconsider this condition and bring about appropriate changes which suits the requirements of the Department as well as Gramin Dak Sevaks.

4.5.3.4 *Post Office shall be located in the accommodation to be provided by Gramin Dak Sevaks Branch Post Master suitable for use of Post Office premises* – One of the major problem faced by the Gramin Dak Sevak System is the provision of providing accommodation for the post office. In many cases, it is observed that the accommodation provided to Branch Offices is unsuitable which ultimately results in loss of revenue. The provision of accommodation for Branch Offices has also been raised by the Unions/ Federations who have demanded that Department should provide accommodation for Branch Offices and responsibility of providing suitable accommodation by Branch Postmaster (BPM) should be done away with. In regard

to the condition of residence, the Department is of the view that there is no need for any change in the said condition. However, the scheme of Composite Allowance for Gramin Dak Sevaks has been included under which office maintenance allowance payable to Branch Postmaster @ Rs. 100/- per month is replaced by composite allowance under which (i) Branch Postmaster (BPM) providing Branch Office accommodation which meets the prescribed standards is paid Rs. 500 per month and (ii) Branch Postmaster (BPM) having Branch Offices at non-standard/ rent free accommodation is paid Rs. 250 per month. However, the candidate who is applying for the post of Branch Postmaster (BPM) must provide accommodation for Branch Office after selection, but before engagement, which should meet the following prescribed standards:

- (i) The Branch Office should be situated in one of the following accommodations in order of preference:
  - (a) Building owned by Gram Panchayat
  - (b) Building owned by Central Government or by State Government such as schools or offices
  - (c) Branch Postmaster's own house.
  - (d) proper rented accommodation in a busy place of village
  - (e) Building owned by Non Governmental Organizations (NGOs).
- (ii) Location: The Branch Office should be located in the main busy part of the village.
- (iii) Size: The minimum size of Branch Office should not be less than 100 sq. feet preferably in 10 x 10 dimensions and in ground floor.
- (iv) Approach: The post office should have direct access/approach from village road and should be located in front portion of the building in which it is housed. The Branch Office should not be housed in varandah, courtyards, kitchen, under the stairs, bed



room, damaged rooms, and makeshift arrangements, isolated building outside the village etc. which are difficult to access/approach by the customer.

- (v) Structure: The Branch Office accommodation should preferably be a brick mortar structure to ensure safety and security. The room should be properly ventilated and lighted, properly maintained and white washed.
- (vi) Power Supply: The post office room should have electrical power connection for charging of handheld devices and running fan, electricity bulb etc. and a suitable place to install solar panels.
- (vii) The accommodation for the Branch Office should be exclusively available for post office use. It may work from a village shop, but post office working from shop should have an exclusive space to keep the registers, micro ATMs and other items apart space for prominently exhibiting the signage etc. giving due importance to post office.

4.5.4 In addition to the above, there are also other demands like:

- Grant of time bound career progression as recommended by the Kamlesh Chandra Committee.
- Accumulation of leave up to 180 days
- Grant of combined duty allowance to single hand Branch Postmaster.
- Grant of medical facilities to Gramin Dak Sevaks.
- Grant of gratuity of Rs. 5 lakhs as recommended by the Kamlesh Chandra Committee.
- Abolition of incentive/ honorarium scheme, and provision of time factor for additional work.
- Payment of all retirement benefits on the day of retirement.

- Stoppage of fixing of unrealistic targets for various businesses of work and stop harassment of Gramin Dak Sevak.

For examination of some of the demands, Department has constituted committee for further their analysis. However, it would be prudent to consider the justifiable demands of the Gramin Dak Sevaks so as to give them fair and appropriate facilities to live and earn a decent livelihood.

4.5.5 Despite the various challenges faced by the Gramin Dak Sevaks, this system is unique to the Department of Posts. Though, in the last several decades, the Department did not invest enough to strengthen this network, it has recognized the immediate need for key reforms and investment for induction of IT in the Gramin Dak Sevak system. This is to sync with the contemporary needs of rural areas and with the emerging business opportunities for the Department in such areas. With the introductions of projects like DARPAN-“Digital Advancement of Rural Post Office for A New India” and India Post Payment Banks (IPPB), the path has been laid for the Department to become leading agency for disbursements under Direct Benefit Transfer (DBT) and Financial Inclusion through leveraging the Gramin Dak Sevak System. With the launch of payment bank, Post office saving bank account holders can enjoy third party payments along with various cost-free banking services. In addition to this, with internet, India has seen a kind of revolution in the online shopping market as many Indians are moving online – purchasing everything from apparel to furniture, to dog food, to electronics. The massive e-Commerce boon which has steadily changed the shopping landscape of rural India has also breathed new life into the prominent and deep reach of the Gramin Dak Sevaks.

#### 4.6 **Financial Inclusion through Gramin Dak Sevak System**

Postal financial institutions have historically been the largest financial inclusion channels in human history. The Post Banks have played a crucial role in the financial inclusions of the poor and unbanked. With the launch of India Post Payment Bank, the government is eyeing to reach the last mile through the trusted channels of the post offices to even provide door step banking. A better way to do it is by channelizing it through the network of Post offices which includes more than 81% of Branch Offices. The Postal Banks in other countries also have played a crucial role in bridging financial services to rural, poor and unbanked people. Following are some examples of success stories of the Post Banks of the world:

- 4.6.1 Bangladesh Post – The Bangladesh Post Office has for some time been playing an important role in providing access to financial services in rural and remote areas of Bangladesh. In 2010, the Bangladesh Post embarked on an ambitious drive to develop and provide innovative digital financial services and launched a new Mobile Money Order Service and Postal Cash Card in 2010, as well as a Mobile Banking Service at the end of 2012. These new services, targeted primarily at the unbanked population in rural and remote areas, have already enjoyed considerable success. Since the introduction of digital financial services at the Post Office, the popularity of Bangladesh Post reached a new high. In 2013, the Post earned Taka 240,000,000 (~US\$ 3 million) more revenue than the previous year, mainly due to the growth and success of its new financial services. The net income of the Post also improved considerably to Taka 750 million in 2013. The Mobile Money Order Service has been particularly successful, accounting for 22.5 percent of the remittance money transfer market in Bangladesh by June 2011. The service is expected to grow at a rate of 5-6 percent in the future. The case illustrates the business model adopted by Bangladesh Post to offer digital financial services, and

provides lessons for other postal operators seeking to digitise their financial services in order to better reach the unbanked population.

4.6.2 Poste Italiane (Italy) – The Poste Italiane group has an enormous base of more than 26 million customers for financial services alone, and one million people visit a post office in Italy every day. These clients constitute a loyal clientele that is easy to reach. In order to modernize its financial services, Poste Mobile was launched in 2007, as a Mobile Virtual Network Operator (MVNO), using the Vodafone network to offer postal financial services via mobile phones. The Poste Mobile is 100% owned by the Post Italiane. In 20 months, Poste Mobile reached its break-even point. Till July, 2012 the users of Poste Mobile reached 2.5 million users and from then it has grown steadily. 50% of Poste Mobile clients use it for their financial services. Thanks to the vast customer base of Poste Italiane, Poste Mobile pays less to attract each new user, compared with its competitors, which do not have the same physical network. This explains how Poste Mobile was developed with limited capital, that is, 40 million Euro – far less than the estimated value of the company today (500 million Euro). With Poste Mobile, the Italian Post was the first Post to become a Mobile Virtual Network Operator (MVNO) (followed by France). Poste Mobile is also one of the most successful examples of mobile financial services offered fully by the Post.

4.6.3 Brazil (Banco Postal) – Banco Postal in Brazil was created in 2002 . The Brazilian Post and Telegraph Company, in partnership with the private financial institution Bradesco , started offering various banking services. Thereafter, Banco Postal as a correspondent associate with the publicly owned Banco do Brasil opened more than 6300 postal bank branches. The basic premise of this partnership is the banking inclusion of millions of Brazilians in locations where there were no

branches or bank correspondents. As per the Universal Postal Union study, Banco Postal had a positive impact on access and use of banking for relatively low income persons. The study also concluded that 50% of Banco Postal's deposits were made by people living in the poorest municipalities.

4.6.4 Japan Post Bank – The postal savings bank is the largest deposit taking financial institution in Japan. It was established in 1875 and contributed a great deal to promote domestic savings. Set up in September 2006, as a part of reorganization of the Japan Post into Japan Post Holdings. In Japan, the post office was the world's largest savings bank with 198 trillion yen (US\$ 1.7 trillion) of deposits as on 2006, much from conservative and risk averse citizens. The state owned Japan Post Bank is part of the Japan Post Holdings group intended to achieve fully private ownership of the postal system by 2017. Prior to 2009, Japan Post was not connected to the Japanese Bankers Association (JBA) payment processing network, making it impossible to wire money directly between Japan Post and most other Japanese banks. Japan Post Bank joined the network in January 2009 and became a full JBA member in October 2011. Japan Post Bank is also the largest holder of personal savings, making in the world's largest credit engine. On November 2008, it was reported as being the world's biggest deposit holder. It is one of only two banks to have branches in every prefecture in Japan. In March 2014, its deposit portfolio was in excess of 176 trillion yen, one of the largest among global banks.

4.6.5 In case of India, with the launch of India Post Payment (IPPB), the Department has been provided with an opportunity to be a leader in the banking services. Armed with the vast network of Branch Offices and a larger assemble of Gramin Dak Sevaks, India Post Payment Bank (IPPB) will be India's most accessible bank. The door step banking will be its chief characteristic since customers may not need to

leave their houses to access banking, even if they are not conversant with mobile banking. With its different and varied channels of services, India Post Payment Bank (IPPB) will be able to reach multilingual customers of all backgrounds:

- Post Office counters – India Post Payment Bank (IPPB) will ride on departments' physical assets, infrastructure, and people optimally for a cost-effective channel structure. Head Offices, Sub-Post Offices and Branch Offices will act as physical banking access points and provide counter facilities for customers. Since, a very high proportion of target customers tend to use branches for financial transactions, post office counters may prove to be major channels.
- Doorstep – Doorstep banking will be a boon to the differently-abled as well as for the elderly. The Bank will reach to rural and far-flung areas of the country, delivering banking services to the doorstep of every Indian and will be a critical differentiator.
- Mobile App – During the launch of India Post Payment Bank (IPPB) Hon. Prime Minister of India Shri Narendra Modi rightly said "We have heard song 'Dakiya dak laya'. From now, along with dakiya dak laaya, dakiya bank bhi laaya... Dak sewaks will not only help in digital transactions but will also provide training to people so they can themselves carry out digital transactions from their phones," Through it is easy to use mobile App, India Post Payment Bank (IPPB) hopes to progressively encourage its customers towards using this self-care channel by creating awareness, providing training, incentivizing mobile transactions, and with an ecosystem that accepts mobile payments. During the course of time, significant number of customers would be expected to utilize self-service channel.

- Other channels – India Post Payment Bank will also extend its services through channels such as Internet banking, SMS/Missed call banking, IVR and call centres etc.

The provision of incentives to the Gramin Dak Sevaks as well as to the postmen will enable India Post Payment Bank to open more accounts across the country.

#### 4.7 Aadhaar Enabled Payment System (AePS)

With the launch of Aadhaar Enabled Payment Services (AePS) Services, India Post Payments Bank (IPPB) has now become the single largest platform in the country for providing interoperable banking services to customers of 'any bank' by leveraging the last mile unprecedented reach of the Postal network.

- 4.7.1 Aadhaar Enabled Payment System is a new payment service offered by the National Payments Corporation of India (NPCI) to banks, financial institutions using Aadhaar. Aadhaar Enabled Payment System (AEPS) is a bank led model, which allows online financial inclusion transaction at Micro-ATM through the Business correspondent of any bank using the Aadhaar authentication. This system is designed to handle both ONUS (where the issuing bank and the acquiring bank are the same entity) and OFFUS (where the issuing bank and acquiring bank are different entities) requests seamlessly in an effective way by enabling authentication gateway for all Aadhaar linked account holders.

**Figure 4.13**



Source: [www.nirdpr.org.in](http://www.nirdpr.org.in)

4.7.2 Combined with last mile reach of the postal operations, India Post Payment Bank's Aadhar Enabled Payment System (IPPB AePS) will be able to provide doorstep banking services to customers of any bank including the 34 crore Jan Dhan account holders, by leveraging the unprecedented last mile reach of India Post Payment Bank. This also fulfills the vision of the Hon. Prime Minister Shri Narendra Modi of ushering in economic transformation by bringing banks to the doorsteps of the villagers and poor. The launch of Aadhar Enabled Payment System (AePS) by India Post Payments Bank enhances the last mile interoperable banking infrastructure. The Postman and Gramin Dak Sevaks (GDS) are the most important channel for delivery of various financial services at the last mile, making India Post Payments Bank, the most accessible, affordable and trusted bank for the people.

#### 4.8 **Direct Benefit Transfer**

Direct Benefit Transfer (DBT) Scheme was launched in 2013 by the Government of India with an aim to reduce leakages by cutting out middlemen and transferring benefits/ subsidies directly to the beneficiary's bank account. With India Post Payment Bank, utilizing the benefits of Direct Benefit Transfer (DBT) has been made easier. By linking Aadhaar number with the India Post Payment Bank (IPPB) saving account, one can obtain the benefits of the Direct Benefit Transfer (DBT) and receive his money.

4.8.1 A Direct Benefit Transfer (DBT) Cell has been set up in the Postal Directorate (India Post Annual Report, 2018-19) for proper monitoring of DBT payments through Post Office Savings Bank Accounts, thereby enhancing the role of Department of Posts in Financial inclusion. The Department of Posts has on-boarded the National Automated Clearing House (NACH) Platform of the National Payment Corporation of India (NPCI) in December 2016 for seamless disbursement



of Social Sector pension payments including MGNREGS wages, sponsored by various Ministries.

#### 4.9 **Growth of E-Commerce**

“Posts have the chance to win the e-commerce market — if they can meet the demands.” These are the words of Mr. John Spelich, the Vice President *International E-commerce Business Development, for Alibaba Group*, published in an article ([www.postandparcel.info](http://www.postandparcel.info)). He further stated that internet is now offering opportunity to the post offices. Moreover, the rise of e-commerce and online shopping, especially cross-border online shopping, has the potential to generate huge new volume of small parcels that postal services around the world are uniquely positioned to handle and deliver at low cost. Post offices are already benefitting from this trend. Parcels and logistics contributed 17% of global postal service revenue in 2012, compared to just 9% in 2002, as e-commerce generates ever-higher volume of small parcels flowing through the global system. This figure will continue to accelerate, driven by the rising ranks of consumers in the developing world, who are learning to buy merchandise that is unavailable locally from a growing list of Web retailers and online marketplaces that ship across borders, direct to their doorsteps.

4.9.1 As per the report of the International Post Corporation (IPC) Global Postal Industry Report, published on 29.11.2018, the postal industry is on track for future growth in e-commerce sector. Ongoing e-substitution and e-commerce growth continued to widen the performance gap across business units, with revenue down 2.3% for mail and up 11.0% for parcels. Favorable opinion has been voiced by Mr. Holger Winklbauer, CEO of International Post Corporation (IPC) who stated that “E-commerce continues to fuel the industry. Posts are delivering more packets and

parcels than ever before.” In 2017, the sector recorded 2.8% revenue growth, with acceleration in the first half of 2018 through an increase of 4.6% year-on-year. Ongoing e-commerce growth continued to widen the performance gap across business units, with revenue down 2.3% for mail and up 11.0% for parcels.

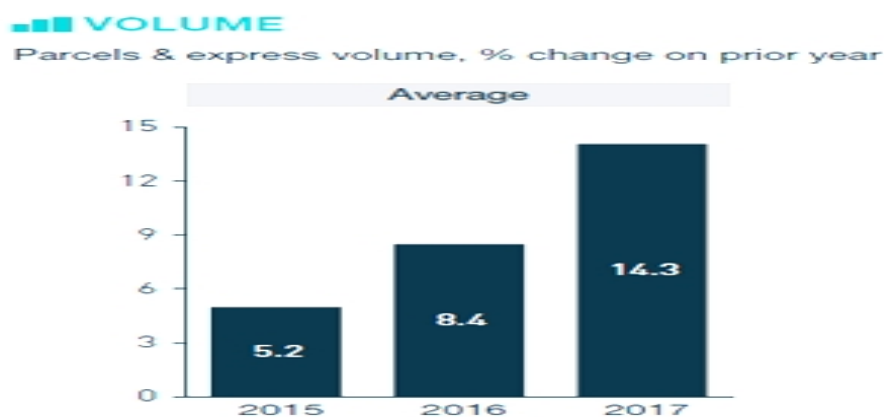
**Figure 4.14**



Source: <https://www.ipc.be/news-portal/general-news/2018/11/28/17/30/packets-parcels-driving-postal-growth>

- 4.9.2 The report also states that E-commerce is booming. As more and more shoppers move online, around 10% of retail sales worldwide are now made online, almost half of which are done via a mobile device.

**Figure 4.15**



Source: <https://www.ipc.be/news-portal/general-news/2018/11/28/17/30/packets-parcels-driving-postal-growth>

In 2017, parcels volume growth rose to 14.3% on average, up from 8.4% a year earlier. The report further stated that despite strong competition, posts worldwide continue to leverage their vast physical presence and dense networks as they innovate, improve and expand their Business to Customer (B2C) services. Many are teaming up with integrators, e-retailers and start-ups to further bolster e-commerce volumes. Others are introducing same-day shipping, offering real-time tracking and trialing drone, robot and car boot delivery.

- 4.9.3 E-commerce has a real revenue benefit on the core activities of the Post – Parcels, Letter and Financial Services. Many Posts are taking proactive steps to link these services to the leading E-shopping merchants to bring real revenue to these lines of business. In markets where small and medium enterprises need assistance, the Posts are developing their own E-shopping capabilities to meet customer needs in getting their products to the Internet so that they can be sold online. Postal services in many countries are riding on the boom of the e-commerce, which in turn is generating profits from them. By analysis of their performance, one can observe that postal sector is a powerful supporter of E-commerce.
- 4.9.4 The e-commerce has transformed the way business is done in India. The Indian e-commerce market is expected to grow to US\$ 200 billion by 2026 from US\$ 38.5 billion as of 2017. India's E-commerce revenue is expected to jump from US\$ 39 billion in 2017 to US\$ 120 billion in 2020, growing at an annual rate of 51 per cent, the highest in the world. Since 2014, the Government of India has announced various initiatives namely, Digital India, Make in India, Start-up India, Skill India and Innovation Fund. The timely and effective implementation of such programs will likely support the e-commerce growth in the country. Some of the major

initiatives taken by the government to promote the e-commerce sector in India are as follows:

- Government e-Marketplace (GeM) signed a Memorandum of Understanding (MoU) with Union Bank of India to facilitate a cashless, paperless and transparent payment system for an array of services in October 2019.
- In February 2019, the Government of India released the Draft National e-Commerce Policy which encourages foreign direct investment (FDI) in the marketplace model of e-commerce
- In order to increase the participation of foreign players in the e-commerce field, the Indian Government hiked the limit of foreign direct investment (FDI) in the E-commerce marketplace model for up to 100 per cent (in B2B models).
- The heavy investment of Government of India in rolling out the fiber network for 5G will help boost ecommerce in India
- In the Union Budget of 2018-19, government has allocated Rs. 8,000 crore (US\$ 1.24 billion) to Bharat Net Project, to provide broadband services to 150,000 gram panchayats
- As on August 2018, the government is working on the second draft of e-commerce policy, incorporating inputs from various industry stakeholders.

4.9.5 With the exponential growth in the e-commerce market in the Country in the recent years, the Department of Posts has set up a separate Parcel Directorate in April 2018 to focus on this rapidly growing segment, keeping in view the needs of the customers. A separate Marketing Division has also been set up in April 2019 to focus on marketing and to ensure better visibility. In order to strengthen the rural economy with digital and physical connectivity, the Department of Posts has launched the e-Commerce Portal on 14.12.2018, as an initiative to provide a digital

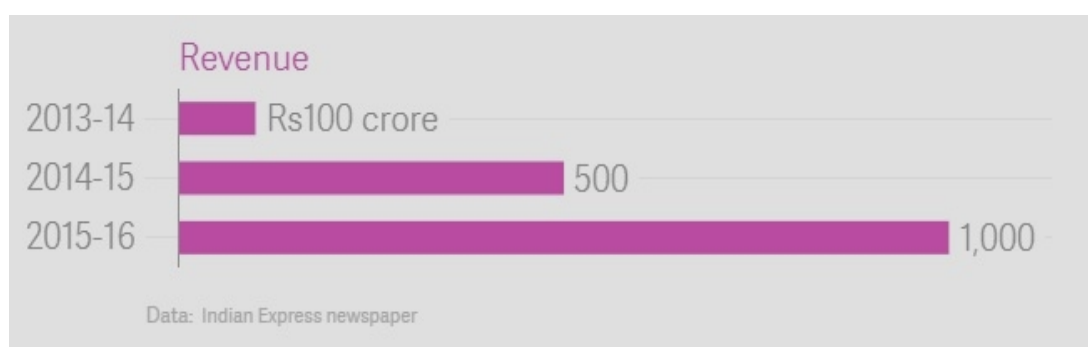
platform and e-market place for sale of Departmental and Third Party Products. Keeping in mind the overall goal of Make in India with particular focus on Micro, Small and Medium Enterprises (MSMEs), Ayush, Startups, Local Handicrafts, Small Entrepreneurs/ Women Entrepreneurs, Self Help Groups, State Handicraft Boards, State and Central Public Sector Undertakings (PSUs) etc. will also get on board shortly on the e-commerce portal.

- 4.9.6 The rapidly increasing volume of parcels especially e-commerce parcels puts a huge stress on last mile delivery due to the weight and volumetric nature of parcels. Accordingly, the Department has undertaken centralized delivery of parcels through mechanized means from the identified nodal delivery centres. Under the system, 3-4 adjoining delivery POs are being served through an identified nodal delivery centre. So far, nodal mechanized parcel deliveries have been introduced in metro cities, state capitals and other important cities.
- 4.9.7 With the introduction of India Post Payment Bank (IPPB), Post Office savings Bank (POSB) accounts will be linked to IPPB which will enable them for RTGS and NEFT and other online modes of payments. Similarly, POSB will complement India Post Payment Bank (IPPB) accounts by becoming a sweep-out destination for accounts which have balances above 1 lakh at end of the day. India Post Payment Bank (IPPB) will also compliment e-commerce business of the Department by facilitating e-commerce payments.
- 4.9.8 India Post is great apparatus for E-commerce industry to deliver their products in remote area too. India Post has emerged a saviour for e-commerce industry since it can:

- provide delivery options for the last miles. India is a huge country, and the next wave of ecommerce growth would be witnessed in 2-tier and 3-tier cities, rural areas and finally villages, and
- provide Cash on Delivery mechanism to those customers who do not have net-banking or credit cards to fulfil their orders.

**Figure 4.16**

**India Post Revenue from Cash on Delivery Articles**



4.9.9 India Post had started a partnership with major Indian e-commerce portals such as Flipkart, Amazon, Snapdeal and more to collect cash from cash-on-deliveries and the results were fabulous to start with. India Post collected over Rs. 280 crore from consumers and gave it to e-commerce firms (*Source: www.economictimes.indiatimes.com*). The Department with its huge network can serve as the best agency for not just delivering products, but also collecting money. Considering that 50-70% of all orders made on e-commerce portals constitute of Cash on Delivery (COD) medium, India Post can actually become one of the biggest platforms for e-commerce industry in the coming days. By using their existing infrastructure all over the country, India Post has emerged as a feasible, economical and powerful medium for effective and efficient ecommerce deliveries.

#### 4.10 **Benefits of Post Office Saving Accounts**

Presently in India, there are various investment schemes and opportunities available for an individual for his savings and he can choose the appropriate investment schemes, which suit his needs. There are different types of opportunities provided by many financial institutions like commercial and co-operative banks, India post, Life Insurance Corporation, public limited companies etc. Among all the above institutions, Post Office Savings Bank schemes play a vital role. It provides numerous benefits to the investors. Post office saving bank is the largest savings institution in the country.

4.10.1 Rural people are facing an extremely risky environment to save in the informal sector. Postal savings funds play a significant role in rural India. It provides numerous benefits to the investors. Post office saving bank is the largest savings institution in the country. The major instruments of post office saving schemes enjoy tax benefits such as exemption of investment contribution or interest income from tax or both up to certain limits. The Post Office Savings Bank (POSB) is the oldest banking system in the country established in 1882 by the British government to mobilize savings. It functions under the Postal Department and operates as an agent for the Ministry of Finance, Government of India, for which it receives commission. It remains the only formal system offering financial services in rural areas for many years.

4.10.2 India post has revamped Post Office Savings Account by introduction of Core Banking Solutions and India Post Payment Banks and equipping it with ATM cards. Post office savings account has received a makeover under the Digital India program of Government of India. As a result, post office savings account has stepped up to Core Banking Solutions (CBS) which enables it to use net banking,

send and receive money through NEFT and RTGS. As per the Annual Report on Analysis of Trends of Small Savings Collections, 2017 – 2018, out of the collections mobilized in the year 2017 – 18 under Small Savings in the country, Department of Posts contributed a share of 81.80% in the gross collections and 45.50% to the total net collections. The remaining share of 18.20% in case of gross collections and 54.50% in case of net collections has been contributed by the Authorized Commercial Banks.

4.10.3 It appears that post office savings account is ready to take banks head on, and that too with minimal service charges. Of late, we have seen banks hiking average quarterly balances required to maintain the account. Further, they are introducing charges for each and every service offered by them namely, SMS Alerts, Check book issuing, number of transactions and more. In the wake of these charges applied by banks, Post Office Saving Schemes are proving to be exiting than ever before.

Some of the advantages of the Post Office Saving Accounts are:

- Account opening charge is just Rs.20
- Minimum account balance is just Rs. 50
- Minimum balance for issuing cheques Rs 500
- Money withdrawal from any ATM
- No annual fee for ATM Card
- No fee for SMS
- Six working days per week including Second Saturdays
- No limit for number of transactions
- No fee for additional cheque books
- Money can be deposited and withdrawn from any post office
- NEFT and RTGS enabled



- Core banking solutions (CBS) Enabled
- Account can be transferred from one post office to other
- Intra Operable Netbanking/Mobile Banking facility is available
- Online Fund transfer between Post Office Savings Accounts/Stop Cheque/Transaction View facility is available through Intra Operable Netbanking/Mobile Banking
- Facility to link with IPPB Saving Account is available
- Funds Transfer (Sweep in/Sweep out) facility is available with IPPB Saving Account.

It can be seen that post office saving schemes carry minimal service charges with them. With the advantage of having a post office around the corner combined with CBS and IPPB technologies, it would not be wrong to say that post office saving schemes are turning out to be a better options than banks accounts for mostly the rural and unbanked people of the country.

**Figure 4.17**

**Features of Post Office Saving Accounts**



4.11 Postal system played a very important part during the Indian Independence movement. During those times, communication related to organizing of protest used to done through postal system. The postal system even helped a lot in bringing India closer. In the recent years, India Post has stood up to face emerging challenges and has revamped itself to meet the new business opportunities. It would not be wrong to state that most parts of the country communicate through Indian Postal System. The age old system of communication will never lose its sheen, no matter how tech-savvy we might become in this digital age.

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## CHAPTER – 5

### CONCLUSION AND RECOMMENDATIONS

- 5.1 “India Post losses touch Rs 15,000 crore in FY 19; Replaces Air India, BSNL as biggest loss-making PSU” was in the headlines of major newspapers of the country. It is important to mention that India Post is a Department of the Government of India, whereas, such articles incorrectly labeled it as a Public Sector Undertaking (PSU) (*Source: Article published on [www.financialexpress.com](http://www.financialexpress.com)*). India Post is required to fulfill the Universal Service Obligation (USO) which means postal facilities to financial non-viable areas at affordable rates. Moreover, through post office Government is providing affordable services to the residents of the country which cannot be evaluated with the concept of profit or loss since the Government in this case is not conducting any kind of business. However, to say that the 90% cost of the Department is on human resources would not be wrong, since the Department maintains the biggest postal network in the world and provides door to door delivery of postal and financial services through a system of 1,55,531 Post Offices, out of which 1,39,882 (89.94%) are in rural areas and employs 1,84,477 departmental employees and 2,37,341 Gramin Dak Sewaks. It is also interesting to notice that there are 571 Group A officers, which shows the limited officialdom of the Indian Post in comparison of its mammoth size of network and operations (*Source: Indipost Annual Report 2018-19*).
- 5.2 On an average, 8770 people are served by a Post Office in the country. In urban areas, a Post Office serves 29458 people rural areas, whereas in rural areas a post office serves 6455 people. Moreover, the average area served by a Post Office is 21.14 sq. km. (*Source: Indipost Annual Report 2018-19*). These figures indicate the

commitment of the India Post towards the people of this country, which motivates its staff to deliver 634.61 crores articles across the country (*Source: Indiapost Annual Report 2018-19*). Now, if we consider a scenario where people residing in the urban and rural areas are asked to collect their mails from the nearest post office, then this would lead to one of the biggest movement of the people, considering the size of India's population, which is estimated at 1.38 billion.

5.3 In 2015, the Comptroller and Auditor General of India (CAG) carried out a study of courier services in India and found that while private couriers delivered 90% of letters, Speed Post delivered 99% letters entrusted to it. Moreover, in major cities, the Speed Post delivered 99% of letters in 1-9 days, while the private couriers delivered up to 92% in the same period. The report was tabled in the Parliament, in which the official auditor had stated that the performance of Speed Post was better not only at local and major city levels but also at the village and tehsil levels (*Source: Article published on [www.financialexpress.com](http://www.financialexpress.com) and [www.cag.gov.in](http://www.cag.gov.in)*)

5.4 Post offices especially those in rural areas, have always been at the forefront in the implementation of the social welfare schemes. Rural post offices have played a major role in giving widespread publicity to the government schemes, from selling contraceptives in 1969 to support smaller families (*Source: [www.wikipedia.com](http://www.wikipedia.com)*) or disbursal of quinine to fight malaria in 2006 (*Source: [www.telegraphindia.com](http://www.telegraphindia.com)*) or providing LED bulbs under UJALA scheme (*Source: [www.economictimes.indiatimes.com](http://www.economictimes.indiatimes.com)*). This highlights the importance of the Gramin Dak Sevak System, which constitutes the bulk of the India Post. This significant role played by the Gramin Dak Sevaks has also prompted the Department to launch world's biggest postbank to provide door step banking to the each and every individual person of the country.

- 5.5 Nowadays, Gramin Dak Sevak System has evolved from supplying basic postal services such as delivering letters and money orders etc. to the advanced Aadhaar Enabled Payment Service (AePS), based on biometric authentication under Direct Benefit Transfer (DBT). The Branch Offices in Postal Circles have also been supplied with latest IT platform consisting of Master Computing Devices / Micro ATMs, Smart Card Readers, Solar Panels etc. under RICT (Rural Information and Communication Technology) for online business transactions. This transformation has caused a major shift in the functioning of Branch Offices and placed them on the digital platform.
- 5.6 With large scale induction of IT in Branch Offices, Gramin Dak Sevaks now require better education i.e. computer knowledge and higher skills to perform the functions by using IT devices and solutions. Branch Offices shall not simply be acting as mere post offices but Access Points for Payment Bank which would be handling several technology-centric touch points such as ATMs, POs, Mobile Banking, Internet Banking, mPOS-Mobile Point of Sale, Digital Wallet etc. (*Source: GDS Committee Report, 2016*). Since, Gramin Dak Sevaks have performed the function of spreading ‘financial literacy’ in the rural areas, with such changes in their functioning, this role will also acquire prominence. Considering the changed role, the Department has revised the eligibility criteria for engagement of Gramin Dak Sevaks by enhancing minimum educational qualification and making computer knowledge mandatory to induct talented youths as Gramin Dak Sevaks.
- 5.7 The existing educational qualification for GDSs is common for all categories of Gramin Dak Sevaks. As envisaged in Department’s letter number 17-39/6/2012-GDS dated 14th January 2015 (*Source: www.indiapost.gov.in*), the Secondary School Examination pass certificate of 10th Standard conducted by any recognized

board of school education in India shall be mandatory educational qualification for all approved categories of Gramin Dak Sevaks. As far as handling of technology is concerned, it can be foreseen that all categories of Gramin Dak Sevaks may have to use handheld devices or computers in future and a higher educational qualification for Branch Postmaster alone is not justified. Moreover, the work in place of absentee Branch Postmaster is required to be managed by the other categories. In view of such a scenario also, there could not be any difference in the educational qualification among Branch Postmasters and other than Gramin Dak Sevak categories. In view of the new engagement policy, the candidates for all approved categories of Gramin Dak Sevaks is required to furnish Basic Computer Training Course Certificate of at least 60 days duration from any Computer Training Institute run by Central Government/State Government/ Universities/ Boards/ Private Institutions Organizations. This requirement of basic computer knowledge certificate shall be relaxable in cases where a candidate has studied computer as a subject in Matriculation or class XII or any other higher educational level and in such cases, a separate certificate will not be required.

- 5.8 The Department recognizes the engagement of Gramin Dak Sevaks as contractual, but the present method of engagement and disciplinary proceedings, job contents, risks and responsibilities are getting closer to the regular employees of the Department. It cannot be denied that the most common demand of Gramin Dak Sevaks is the regularization of their services and giving them status at par with regular Civil Servants. This is because of the better emoluments, reliability and security of regular government service. The Department has implemented the recommendations of the Kamlesh Chandra Committee, 2016 and has provided



Gramin Dak Sevaks with certain benefits which includes new ones as well as revised older ones:

- Emergency Leave: Gramin Dak Sevaks can now avail ‘emergency’ leave for a maximum of 5 days in a complete calendar year of the engagement period or proportionate thereof (*Source: www.indiapost.gov.in*).
- Conditions of Transfer: Previously, Gramin Dak Sevaks could apply once for transfer during his entire service. However, female sevaks, have now been provided with two chances instead (*Source: www.indiapost.gov.in*).
- Combined Duty at Single Handed Branch Post Offices: As per the recommendations, Gramin Dak Sevaks of one office should be given combined duty in the same office or in the jurisdiction of the same office only. Moreover, all single handed Branch Offices should be provided with one more hand as per DG Posts instructions, so that instances of combined duty may be reduced to barest minimum (*Source: www.indiapost.gov.in*).
- Maternity Leave: Female Gramin Dak Sevaks with less than two surviving children may be granted maternity leave by an authority competent to grant leave for a period of 180 days, whenever applicable. Maternity leave not exceeding 45 days may also be granted to female Gramin Dak Sevaks (irrespective of the number of surviving children) during the entire service of that female GDSs in case of miscarriage including abortion on production of medical certificate issued by a Government Medical Practitioner (*Source: www.indiapost.gov.in*).
- Social Security Benefits for Gramin Dak Sevaks (GDS): The gratuity, severance allowance as well as Service Discharge Benefit Scheme (SDBS) contributions of the Gramin Dak Sevaks have also been revised as following (*Source: www.indiapost.gov.in*):

Sl. No.	Scheme	Existing Benefits	Revised Benefits
(a)	Gramin Dak Sevak (GDS) Gratuity (erstwhile Ex-gratia Gratuity)	Granted at the rate of half month's basic Time Related Continuity allowance (TRCA) drawn immediately before discharge of service, for each completed year of service subject to a maximum of Rs. 60,000/- or 16.5 times basic Time Related Continuity allowance (TRCA) last drawn, whichever is less. Minimum service prescribed for eligibility of Ex-gratia gratuity is 10 years.	Continuation of the existing formula for grant of Gramin Dak Sevak (GDS) Gratuity (earlier Ex-gratia Gratuity) subject to a maximum of Rupees one lakh fifty thousand (Rs. 1,50,000)/-. Revised rate of Gramin Dak Sevak (GDS) Gratuity shall be paid w.e.f. 01.07.2018
(b)	Severance Amount	Severance Amount shall be paid at the rate of Rs. 1,500 for every completed year of service subject to a maximum of Rs. 60,000, provided, a Gramin Dak Sevak (GDS) has completed	The Severance Amount shall be paid at the rate of Rs. 4,000/- for every completed year of service from 01.07.2018. Maximum ceiling on

		10 years of continuous service.	Severance Amount shall be Rupees one lakh fifty thousand (Rs. 1,50,000/-).  Severance Amount would be applicable only in case of those Gramin Dak Sevaks who have opted to remain with Severance Amount and have not shifted to service Discharge Benefit Scheme (SDBS), and have completed 10 years of continuous service
(c)	Service Discharge Benefit Scheme (SDBS)	The rate of monthly contribution is Rs. 200/- for both sides i.e. Department's contribution and the Gramin Dak Sevak.	The monthly contribution to shall be Rs. 300/- for both sides i.e. Department's contribution and the Gramin Dak Sevak.

- Children Education Facilitation Allowance: It can now be claimed by the Gramin Dak Sevaks, only for the two eldest surviving children with the exception that, in case the second child birth results in twin/ multiple birth. In case of failure of sterilization operation, the Children Education Facilitation Allowance would be admissible in respect of children born out of the first instance of such failure, beyond the usual two children norm. The amount of reimbursement of Children

Education Facilitation Allowance will be Rs.6000/- per annum (fixed) per child. In case of death of Gramin Dak Sevak, the Children Education Facilitation Allowance shall be admissible till such time the Gramin Dak Sevak would have actually received the same, subject to the condition that other terms and conditions are fulfilled. However, in case of discharge, dismissal or removal from engagement, Children Education Facilitation Allowance shall be admissible till the end of the academic year in which the Gramin Dak Sevak ceases to be in engagement due to discharge, dismissal or removal from engagement in the course of an academic year (*Source: www.indiapost.gov.in*).

5.8.1 Considering the latest developments in the functioning of the Gramin Dak Sevak System, it would be appropriate to assume that it has steadily evolved to cater to the contemporary needs of the rural areas. This transformation is the combined effort of the Department and the Gramin Dak Sevaks, who have adapted themselves to the new technologies and methodologies. With the revision of pay and introduction of new benefits to the Gramin Dak Sevaks, it is turning out to be a good job opportunity for the younger generations.

## 5.9 **Recommendations**

India Post has taken a number of measures to improve their overall working. The working of the Gramin Dak Sevak System has also been overhauled by the introduction of new procedures of money remittance and mode of postal delivery. Moreover, there has been considerable improvement in the wage structure and benefits of the Gramin Dak Sevaks. However, the Department can take into consideration some other recommendations to further strengthen the Gramin Dak Sevak System:

- Any Department will not be able to function effectively if required minimum manpower is not available. During the year, 2018 there were 27,944 vacancies of Gramin Dak Sevaks all over India (*Source: <https://career.aglasem.com/gds-recruitment/>*). It is both unfortunate and unacceptable that system which serves as the backbone of the rural communications system is kept deprived of the human resources. Department should consider taking immediate steps to expedite the process of engagement of Gramin Dak Sevaks.
- Various postal services offered by the Department e.g. Post Cards, Inland Letters and Book Post hold very little relevance in the rural areas. Moreover, they are provided at nominal rates which creates revenue deficit due to high level of operational cost and expenditure in their culmination. Government should consider revamping or abolishing these services.
- The requirement of Gramin Dak Sevak being a local resident ‘before’ selection was changed to the present position of becoming a resident ‘after’ selection in compliance of order of the Central Administrative Tribunal (CAT). This has to be done before appointment. However, it is recommended that Gramin Dak Sevak be a resident ‘before’ selection. The Gramin Dak Sevak system was established by utilizing services of locals and accordingly, it has become an integral part of the rural India. Therefore, the Department should consider to engage local persons as Gramin Dak Sevaks, as they will be in a better position to capture the untapped financial rural growth as well adapt themselves to the changing working nature of the Branch Post Offices.
- The accommodation of the Branch Office is a critical issue in the Gramin Dak Sevak System. The better the accessibility and upkeep of the Branch Office, the more revenue it can earn though, is not a thumb rule. With the new guidelines

issued in pursuance of the Gramin Dak Sevak Committee, 2016 recommendations, Department has somewhat tried to lay down some consolidated rules for the accommodation of the Branch Post Office. However, neither the previous ruling nor the current ruling specifies the area for the accommodation of the Branch Offices. Government should give due consideration to the accommodation of the Branch Office.

- 5.10 The recent changes made in the educational eligibility and bestowing of new benefits indicates that the upliftment of the Gramin Dak Sevak System is the priority of the government, since, the society needs their services now, more than before, due to the shift of economic activities from urban to rural and also the priority given by Central and State Governments to rural development and financial inclusion. In a country such as India, where rural population is spread out, Gramin Dak Sevak System is a necessity for its deep roots in the rural hinterlands. The restructuring strategy of the Gramin Dak Sevak System is apt and appreciable which will yield greater good not only for the Department but for the Country.

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