

BUSINESS OBJECTIVES

Vision: A socially committed organization connecting individuals and businesses.

Goal:

1. Post within easy reach of all by year 2013-14.
2. To be a focal point for delivery of all social security schemes of the State by the year 2011-12.
3. To be a self-sustaining organization by the year 2013-14.
4. To increase financial inclusion of the unbanked population by at least 10% by the year 2013-14.

Objectives:

1. To provide basic postal facilities, i.e., collection and delivery of mails, within easy reach (1.5 kms) of all people and businesses. This is to be achieved through opening of more post offices, relocation of existing post offices, giving out franchisees to individuals, shops, institutions, self-help groups, etc. By March 2012, 3000 post offices and 10,000 franchisee outlets are proposed to be opened.
2. To : (i) seek out aggressively MOU with State / Central Governments for delivery of **all** social security schemes through post office by the year 2010-11; (ii) Computerize and network all post offices by the year 2011-12 so that information regarding delivery of social security schemes can flow on real time basis.
3. To be a self-sustaining organization by :
 - (a) Increasing the growth in revenue from the existing CAGR of 6% per annum to more than 12% per annum, so as to more than double the revenue from the existing Rs.5500 crore in the year 2007-08 to Rs.12,000 crores in the year 2013-14. The increase in total revenue in the year 2009-

10 is targeted to be Rs.890 crores, Rs.1350 in 2010-11, Rs.1350 crores in 2011-12, Rs.1400 in 2012-13 and Rs.1400 crores in 2013-14. The major components of the increase in revenue are the following:

- i) To increase the growth in traffic of mail volumes from the existing declining and near stagnating state by 50 crores in the year 2009-10 and thereafter increase of 100 crores in each of the subsequent years 2010-11, 2011-12, 2012-13, 2013-14. Thus the total mail volume in the year 2013-14 would be approximately 1100 crores. As the focus would be mainly on increasing the mail volume through bulk mails such as financial statements pertaining to credit cards, mobile services, insurance, etc., the average revenue per article can be taken as at least Rs.3/-. Consequently, the incremental revenue on account of growth in mail volume would be Rs.150 crores in the year 2009-10, and Rs.300 crores in each of the subsequent years 2010-11, 2011-12, 2012-13, 2013-14.
- ii) To increase the growth in traffic of registered articles from the existing near stagnating state (20 crores) by 10% so as to increase the traffic by 50% in five years time. This would mean an incremental traffic of 2 crores in each of the subsequent years, i.e., 2009-10, 2010-11, 2011-12, 2012-13, 2013-14 so that the total traffic in the year 2013-14 would be 30 crores. Consequently, the increase in revenue would be Rs.50 crores in each of these years.
- iii) To maintain the growth in traffic of Speed Post articles at the existing 15% to 20% and continue to be a market leader in express segment. The increase in revenue on account of Speed Post is targeted to increase from the existing Rs.455 crores by Rs.100 crores in 2009-10, and by Rs.150 crores in each of the remaining years 2010-11, 2011-12, 2012-13, 2013-14. Consequently, the revenue on account of Speed Post is projected to be Rs.1155 crores in 2013-14.
- iv) To have a focussed approach on parcel products including e-commerce and logistics by devising customized products including the facilities of tracking the movement of these products. The revenue on account of parcel products including e-commerce and logistics is

targeted to increase by Rs.100 crores in 2009-10, and by Rs.200 crores in each of the remaining years 2010-11, 2011-12, 2012-13, 2013-14. Consequently, the revenue on account of parcel products including e-commerce is projected to be Rs.940 crores in 2013-14.

- v) To have a focussed approach on the global business comprising of international mails, parcels and financial remittances so as to generate an incremental revenue of Rs.10 crores in 2009-10 and Rs.50 crores in each of the years 2010-11, 2011-12 and Rs.100 crores in each of the years 2012-13 and 2013-14. Consequently, the revenue on account of global business is projected to be Rs.310 crores in 2013-14.
- vi) To increase the growth in traffic of financial remittance from the existing near stagnating trend so as to more than double the revenue from financial remittance in five years time. The existing revenue on account of financial remittances (Money Orders) is targeted to increase from the existing amount of Rs. 375 crores by Rs.50 crores in 2009-10 and Rs.100 crores in each of the remaining years 2010-11, 2011-12, 2012-13, 2013-14. Consequently, the revenue on account of financial remittances including Money Orders is projected to be Rs.825 crores in 2013-14.
- vii) To increase the number of savings accounts of all types by 1 – 1.5 crores additional accounts in each year so as to increase the number of accounts from the existing 17.3 crore to 22 crore, i.e., an increase of 30% by 2011-12. Assuming a modest increase in remuneration per savings account, the increase in revenue on account of Savings Bank is targeted at Rs.180 crores in 2009-10 and Rs.200 crores in each of the remaining years 2010-11, 2011-12, 2012-13, 2013-14. Consequently, the revenue on account of savings accounts is projected to increase from the existing Rs.2170 crores to Rs.3150 crores in 2013-14.
- viii) To increase the revenue on account of Cash Certificates from the existing Rs.430 crores by Rs.50 crores in each of the subsequent

years 2009-10, 2010-11, 2011-12, 2012-13, 2013-14 so as to achieve a target of Rs.700 crores in 2013-14.

- ix) To increase the revenue on account of mutual funds by Rs.50 crores in 2009-10 and Rs.100 crores in each of the remaining years 2010-11, 2011-12, 2012-13, 2013-14. Consequently, the revenue on account of mutual funds is projected to be Rs.450 crores in 2013-14.
- x) To increase the revenue on account of postal life insurance and rural postal life insurance from the existing Rs.200 crores in the year 2007-08 by Rs.100 crores in each of the subsequent years 2009-10, 2010-11, 2011-12, 2012-13, 2013-14 so as to achieve a target of Rs.700 crores in the year 2013-14.
- xi) To increase the revenue on account of Retail Post/Business from the existing Rs.100 crores in the year 2007-08 by Rs.50 crores in each of the years 2009-10, 2010-11, 2011-12, 2012-13, 2013-14 so as to achieve a target of Rs. 350 crores in the year 2013-14.

Targeted Increase in Revenue Year-wise (in Rs. crores)

Activity	2009-10	2010-11	2011-12	2012-13	2013-14
Mails	150	300	300	300	300
Registered Articles	50	50	50	50	50
Speed Post	100	150	150	150	150
Parcel products including e-commerce	100	200	200	200	200
Global Business	10	50	50	100	100
Financial Remittances	50	100	100	100	100

Savings Bank	180	200	200	200	200
Cash Certificates	50	50	50	50	50
Mutual Funds	50	100	100	100	100
PLI/RPLI	100	100	100	100	100
Retail Post/Business	50	50	50	50	50
TOTAL	890	1350	1350	1400	1400

(b) Increasing Productivity : To Increase productivity defined as revenue per employee from the current productivity of Rs.1,10,000 to Rs.2,40,000 per employee in the year 2013-14. No significant reduction in man power is considered to support incremental revenues as planned. Through productivity improvement initiatives, current manpower is to be redeployed where necessary to support the revenue increase.

- The financial inclusion of the unbanked population especially in the rural areas will be increased through a combination of opening of accounts in the post office savings bank, financing of self-help groups by the post office, and collaboration with banks, etc. Apart from the objective of opening 5 crore additional savings accounts of all types by 2011-12 as mentioned in para 3 (vii) above, another 5 crore people in the rural areas is proposed to be targeted by having tie-ups with self-help groups and other financial institutions including banks.

EXPLANATORY MEMORANDUM ON GOALS/OBJECTIVES

1. **Post within easy reach of all :** The Department has a USO for providing basic services to the citizens which will be reflected in its ability to provide affordable and accessible services to all the citizens. More than 70% of the population lives in rural areas in more than 5 lakh villages. Presently, they are being provided basic postal facilities in terms of delivery of mails through an unfixed daily delivery system. Most of the villages are not covered through a point of presence by having a post office, even in the case of Gram Panchayat villages. In fact, against 2.35 lakh Gram Panchayats, only 1.15 lakh Gram Panchayats are having post offices. There is, therefore, a need to expand the postal network in the rural areas. Moreover, as the result of large-scale urbanization and industrialization there is also a need to expand the postal facilities in the urban areas.

2. **To be a focal point for delivery of all social security schemes :** The post offices are already delivering social security schemes such as old age pension scheme, National Rural Employment Guarantee Scheme, etc. This would require networking all the post offices specially in the rural areas so that information can flow on real time basis.

3. **To be a self-sustaining organization by the year 2013-14:** The revenue expenditure gap is on the increase mainly because of substantial increase in the salaries of the employees. In order to fulfill its social obligation, there is a need for the Department to be self-sufficient.

It can be seen from the table below that on an average the net increase in revenue is about Rs.200-Rs.250 crore except for one year 2005-06 when the increase by 600 crore. The increase in expenditure is around Rs.300 crore. Consequently, the deficit is in the range of Rs.1200 – RS.1400 crore. However, with the increase in salary and allowances due to the 6th Central Pay Commission, the deficit during the current year is likely to be more than 4000 crore at the existing rate of net increase in revenue. Achieving financial self-sufficiency would, therefore, require focusing on those products or group of products which are likely to generate substantial increase in revenue.

(Rs. in crores)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Revenue	4010	4257	4431	5023	5322	5495
Expenditure	5374	5632	5813	6233	6571	7006
Deficit	-1364	-1375	-1382	-1210	-1249	-1511

The main areas of focus would be the following:

- i) Mails including business mails
- ii) Speed post
- iii) Parcels including e-commerce and logistics
- iv) Savings bank
- v) Cash certificates
- vi) Financial remittance
- vii) Mutual funds
- viii) Life Insurance
- ix) Retail Business
- x) Global Business

4. **To play a significant role in ensuring financial inclusion of the unbanked population by the end of the 11th Plan:** According to the common measure of financial inclusion, i.e., percentage of adult population having bank accounts, 41% of the population is unbanked with the coverage being only 39% in rural areas. The extent of exclusion from credit market is much more with coverage in rural areas being only 9.5% against 14% in urban areas. The financially excluded sections largely comprise marginal farmers, landless labourers, self-employed in unorganized sector, urban slum dwellers, etc. There is a need to attract the financially excluded population into the structured financial systems.