

Postal Policy: Draft Agenda for Roundtable

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1. Vision, Mission and Policy goals of the Postal Sector in India.

Vision

- ❖ The postal sector/ industry as a whole should evolve a common vision, which is in sync with the overall economic goals of the country and the national development agenda.
- ❖ The Postal Sector needs to be defined, so that the Sectoral Vision and Mission can be evolved. In broad terms, the Postal Sector is coterminous with the Courier, Express, Parcel and Logistics (CEP&L) industry.
- ❖ The Vision of the sector/ industry should be aimed at facilitating its own growth and development on the one hand and enabling it to contribute to its full potential to the national mainstream on the other.
- ❖ The sector should aim to be the common man's window to the world. The vision for the sector should therefore capture the objective of being a facilitator to the residents of the country participating in the mainstream socio-economic theatre.
- ❖ The vision should also take note of the three dimensional mandate of the sector i.e., being a channel for moving information, goods and money.
- ❖ The sector should aim to be sustainable, non-exploitative, open to competition, and self-sustaining.

Mission

- ❖ The Mission for the postal sector will delineate who is the user (or customer) of postal services, what services will be provided to that user and what would make these services unique or essential to the user.
- ❖ The sector should aim to cater to the entire population, across all ages, classes and geographies
- ❖ Reliability, efficiency and security of the services will be its principal objectives
- ❖ Postal services will seek to integrate technological innovations to maximize its objective of ensuring the economic and social connectivity to all residents of the country.
- ❖ Introduction of innovative services like hybrid mail and electronic documentation services.

- ❖ Postal services should be viewed as a tool of development, enabler of commerce and facilitator of achieving the aspirations of the people.

National Goals for Postal Services

It would be worthwhile to frame a set of national goals for provision of basic postal services to the residents of the country. These goals will be set from a national perspective, and not the industry perspective. They can form the foundation of the National Postal Policy. The issues which the national goals can address are:-

- Right to access to a specified range of services to be available to all residents with specified quality parameters and at affordable prices.
- Non-discriminatory prices and policies.
- Evolving common standards for the industry/ sector.
- Development of the sector as an enabler of socio-economic progress.
- Protecting the interest of the users (customers).
- Protecting the interests of the employees and to ensure that the practices followed by the operators are non-exploitative.
- Promoting investment, private enterprise and fair competition in the sector.
- Promoting creativity, innovation and entrepreneurship, while promoting micro, small and medium enterprises in the sector.
- Developing a national address system; to be recognized as a national asset.

Policy

- ❖ The Sectoral Policy should recognize the right of every citizen to access to basic postal services at all locations and covering all sections of the people. Solutions to meet the special needs of the under-served groups and areas should be a major sectoral policy objective.
- ❖ Universal postal service should be recognized not as an unwanted 'obligation' but as a legitimate vehicle to further the country's development needs on the one hand and popular aspirations on the other.
- ❖ Protection of interests of customers in the Postal Sector: It should be examined whether any dedicated mechanism is needed or existing systems like those under the Consumer Protection Act, 1986 are sufficient.

- ❖ To see if existing legal frameworks and safeguards adequate for ensuring fair and sufficient wages, and just and humane working conditions for the protection of employees.
- ❖ Improvement of quality of services and provision of new services to meet emerging demand.
- ❖ Evolving uniform standards and adopting new technologies.
- ❖ Acceptance of the principle that tariffs should be non-discriminatory and related to costs.
- ❖ Prescribing implementation mechanism for the National Postal Policy.

2. USO of the Postal Sector

- ❖ The challenge of providing efficient and effective basic postal services at affordable price to all sections of the population over all geographies.
- ❖ The essentiality of basic postal services – the growing socio-economic needs of the country.
- ❖ Defining universal postal service as a legitimate vehicle to further the country's development needs and popular aspirations.
- ❖ The definition of USO not to blindly follow developed countries' prescriptions, but to take note of the Indian reality.
- ❖ The universal service provider(s) to be identified based on relevant criteria to be developed from the outcome of discussions.
- ❖ Financing of the universal services to be transparent.
- ❖ Options for financing the USO – state funding, reserved area (monopoly), creation of contributory USO Fund.

3. Organization and Market Research , environmental concerns and social responsibilities in the Postal Sector

❖ Collection and Dissemination of Information on Industry Methodology for Market Research

- A coordinating body which carries out functions like market survey and market research on behalf of the different players in the Postal sector and readily accessible to all. The body should draw on expertise from representative stakeholders of the Postal sector and its findings, research reports, data, studies etc. should not be interest-driven but should be able to be reliably depended upon for their factual content and impartial perspectives. It should also be the repository of database of best industry practices. A major challenge would be funding such a body.

❖ Firming up Industry Standards of Services/Products in the Postal Sector.

- Industry standards on service delivery should be drawn up. This may include service standards on delivery, provision of proof of delivery, track and trace, customer grievance redressal, compensation for below standards of service delivery
- Definitions of products and services should have uniform applicability and should be legally enforceable.

❖ Environmental Concerns

- The postal and courier industry is almost entirely dependent on paper and paper products. Consumption of paper has an adverse impact on the environment. It is advisable to use technology in a big way to minimize the use of paper. Hand held devices, SMS, emails and paperless administrative work are some of the means that can be used to reduce consumption of paper.
- Postal sector uses large amounts of packaging material like bags, trays and seals. These items are often made of plastics which have adverse impact on environment. Traditional material like jute and

other biodegradable substances should be encouraged for use by the postal and courier industry.

❖ **Corporate Social Responsibility (CSR):**

- Should corporate social responsibility include Universal Social Obligation which is now being served and funded exclusively by Government of India?
- Defining ethical practices in the Postal Sector which may include fair and equitable pricing for specified services and products, customer rights to transparency, redressal of complaints etc., protection of a basic set of employee rights and entitlements
- Other aspects of Corporate Social Responsibility like spending money to derive social benefits for the nation may be in the form of education of the consumers and bringing greater awareness about the postal sector and value added services.

4. Expansion and Modernization of Postal Network in India

Scope

- The Postal Network should be leveraged for a broad range of retailing, delivery of Government Schemes, promoting financial inclusion and socio-economic equity.
- The extensiveness of the network particularly in rural areas, which lack any other similar network capital, and rich experience of postal personnel in functional areas besides mails and parcels opens new opportunities improve in business and revenues outside the traditional postal operations.

Expansion of Network

- Consumers' needs and demands from a postal network should be central to the issues of expansion and modernization of postal network. The postal networks should be expanded and modernized in such a way that it results in the better access of postal services to consumers while also improving the revenues for the networks.
- Policy concerning postal networks for urban areas should be in tune that the expansion policy of a particular urban area.
- Efforts should also be made to link different local and community institutions such as Aanganwadis and people's collectives including SHGs with the Post Offices.

Utilization of network

- To ensure that postal networks are optimally used to the benefit of the State, Government structures at all levels viz. central, state and local may make optimal use of the postal infrastructure for the rendering of their services and may include Government to citizen cash transfers, electricity bill payments, tax collection on behalf of local/State/Central Governments, collection of license fees payment of pensions and various social security payments.

- Such mandates will not only benefit the recipients and the Government agencies concerned they will also generate revenues for postal networks thus reducing their dependence on USO subsidies for meeting the USO obligations.
- Efforts should be made to engage postal networks in all aspects of e-commerce backed by appropriate technology.

❖ **Modernization of network**

- It is inevitable that communications technology will continue to advance and those in the communication business will have to move to electronic means. The postal networks will therefore need to consider having technological partners to assist in implementing and maintaining the communication networks that will be needed.
- There should be minimum technology standards across postal industry for quality of service delivery. Areas for such standardization may *inter alia* include track and trace of letters, electronic acknowledgments, faster transmission of postal goods, and faster and wider dissemination of information.
- Rural postal networks need to be significantly strengthened by using modern technology.
- Rural postal personnel need to be adequately trained for using such technology.

5. Issues relating to Standardization of mail and National Address System.

Strategy

Standardization of mail

- Standards should be laid down with respect to size, addressing, preparation of packages, choosing a specific mail product or value addition to an existing product.
- **Size** of the letter mail should be made specific as per the requirement of the customers and processing of the same through machines.
- **The weight** of the letter mail needs to be decided vis-a-vis its size.
- **Product designing** requires attention depending on customer requirements and the type of product and service they require
- The quality of stationery use for the mail should be standardized keeping in view the ease of processing, safety of contents and handling of the same through machines.
- Use of **PIN code** should be made a part of the address.

National Postal Address

The format of Postal Address may be standardized as follows-

- Addressee name
- Premise number/ name
- Sub Locality-street/Colony
- Locality name
- City/town
- State-PIN code
- Numbering pattern of houses in old localities need to be rationalized. If numbering is not on the basis of a plan, stakeholders should be asked to revise the numbers.
- In future planning, all civic bodies/ town developers must obtain NOC from Department of Posts to plan town/colony as per standard Postal Address.
- Community Letter Boxes may be made compulsory in multi-storeyed buildings and number of house may be given to letter box concerned. Town planning agency will have to be involved in this area.
- ❖ National address database along with a digital street directory needs to be created

6. Issues relating to development of institutional framework with right and responsibility of Government regulator, operator and customer .

- ❖ The legislative framework for the postal sector should enable and strengthen healthy and balanced competition in products and services and facilitate multiple service operators thereby providing the customers their right to exercise a choice of operators.
- ❖ Keeping in view the unorganized nature of postal sector business existing as of now, the policy formulation and the legislative framework should not be a deterrent to the operations of small and medium couriers who should be enabled to be serve customers with greater efficiency and responsibility.
- ❖ The issues regarding universal services obligations should be clearly delineated. The USO product/services and characteristics of these products/services should be defined.
- ❖ Would there be a requirement for multiple USO operators in the sector and if so how this should be managed?
- ❖ The implementation process for unorganized sector as well as organized sector and the monitoring instrumentalities/framework will be an issue which will require a suitable monitoring mechanism.
- ❖ Need for a regulator, if any and the role and responsibilities which should take into account the nature of competition that prevails in the sector, the socio-economic concerns of the citizens of this country and the direction in which this sector should progress in the future.
- ❖ The scope for future technological developments and intra sectoral linkages should be examined and formulated to ensure excellence in customer service delivery at equitable prices with maximum transparency and responsibility.

- ❖ The pricing strategies and man power issues are to be addressed both for USO and non USO services.
- ❖ The need to bring operators under the Consumer Protection Act since they offer competitive services. Competition should drive the price of the products/services where they are not offered as part of USO or governance related programmes.
- ❖ A code of conduct should be prescribed for the sector which will prescribe ethical work practices and procedures.

7. Contours of Competition Policy in the Postal Sector

- ❖ Postal Sector can be divided into two parts – commercial sector and sovereign functions aimed at providing social service. While protection under the sovereign function is acceptable, there is no protection that can be claimed for commercial activities. The commercial activities are open to competition to all the players in operation.
- ❖ The primary focus from the point of view of implementation of competition law is that concerns of the consumers must be protected at all costs.
- ❖ No player should have monopoly and there could be level playing field for all the players in the postal sector. While there may be dominance of a particular player in the market but the dominance should not be abused.
- ❖ There should not be any cartel formation among group of players in the postal sector to the detriment of customer interests and healthy market driven competition.
- ❖ Equal treatment to all players- the commercial sector.

8. Issues of strategies relating to capacity development in the Postal Sector

Network collaboration and strengthening, developing R&D resources and modalities for shared infrastructure, intra-sectoral cooperation leading ultimately to better and wider range of services/products at affordable prices.

The Postal Policy needs to focus on the following areas relating to Capacity Development in the Sector:

Rules and Regulations

- ❖ Conditions of registration of all operators will involve adherence to quality standards, providing relief to the customers in case of any deficiency in service, commitment to ensure confidentiality and security of the article received for delivery and a grievance redress mechanism.
- ❖ A mechanism needs to be developed to ensure minimum wages and other similar legislations to be followed by all the registered operators.

Developing Human Resources

- ❖ The employees are required to be sensitized to minimum expected standards of service in the sector, focusing on the needs of the customers and need to be trained at regular intervals. The infrastructure for such training is required to be developed for the Sector as a whole.
- ❖ The sector needs to develop customized training programmes of short, medium or long duration by identifying sector specific needs as well as emerging needs.

Leveraging the Last Mile Advantage for Delivery

- ❖ There is scope for increased cooperation between the multi-national operators and India Post in the field of cross-border mails, parcels and logistics in a structured and transparent fashion, based on commercial terms agreeable to all parties. This will ensure the last mile advantage for delivery even in the remote, inaccessible and not so profitable areas.

Sharing the Infrastructure

- ❖ Need for higher cooperation among various operators of the Sector in sharing the transport & warehousing infrastructure and to reach to a win-win situation.

Access to the Customers

- ❖ The various operators of the Postal Sector can enter locally into structured arrangements with each other keeping in mind the increase in access that they need to give to the public to their services, without sacrificing the commercial considerations.

Cooperation in the State-of-The-Art Technology

- ❖ Development of Sector specific Software and its implementation is another area where cooperation between the various operators is possible in developing the capacity for the Sector as a whole.

Market Research and Development

- ❖ There is need for higher cooperation among the operators in dissemination of information relating to market research and sharing of information by all concerned.

Institutional arrangement for sharing of best practices

- ❖ There is a need for an institutional arrangement for sharing of best practices amongst various Government and private operators in order to be able to develop the sector of Postal communication as a strong service industry.

9. Synchronization of domestic postal policies with WTO and other international norms: Role of Postal Sector in promoting international trade and mutual benefits arising thereof, implications of WTO regime w.r.t opening of markets, re-mailing and arbitrage, MFN clauses, Free Trade Regimes. The market access and other WTO modes are to be seen in consonance with UPU conventions while formulating the legislative framework.

10. Roadmap for the Postal Sector

Trends:

Mail volumes characterized traditionally by individual communication, have witnessed progressive decline over the last decade. At the same time, more than 2000 small and big private players operate in this segment in the country. The Indian Courier, Express and Parcel (CEP) market accounts for EUR 1 billion and has been growing with a Compounded Annual Growth Rate (CAGR) of over 20% per annum. There are approximately 2 crore internet users in the country. Increased internet penetration is likely to give a major fillip to e-commerce related services in near future. Improved infrastructure in the country would propel the Logistics Sector.

Growth Strategy:

In the changed context, both public as well as private operators will have to provide a quality driven and value added proposition to the customers. The players and stakeholders will have to work on the following areas:

- ❖ Harmonious and conducive environment for all operators combined with the commitment towards universal service obligations for providing **basic communication needs** to every citizen of the country at an affordable and easy-to-reach out environment, especially in the rural areas. This may require an independent regulator in the postal sector which needs to be examined.
- ❖ **Sharing of networks:** Different operators could join hands to share each other's network to provide an extensive customer interface, line haul and delivery mechanism across the country.
- ❖ **Transportation Infrastructure:** The success of CEP players depends to a large extent on the efficacy of a robust air-cum-road-cum-rail network in the country. Service providers such as airlines, Railways, Road transport service providers have a crucial role as enablers of time-bound transportation of documents and merchandize. The role of Airport Authority of India, private players managing airports, ground handling agencies is also very important in developing a synergy between different players involved in air transportation.

❖ **IT infrastructure:** E-commerce is primarily driven by a solid IT infrastructure in terms of customer interface, inventory control and an end-to-end tracking mechanism. Creating and sustaining a robust IT backbone in terms of **internet connectivity and software solutions** is of paramount importance. Therefore, role of internet service providers and software development firms would be critical for the success of the e-commerce platform built by the CEP operators. The quality of internet/ broadband connectivity, especially in smaller towns and rural areas needs to be improved substantially. On the other hand, availability of cost effective and durable IT hardware with the operators is equally important in making the services economically viable.

❖ **Secure payment systems for online users:** Developing a secure payment system for online users will be an important factor in the growth of e-commerce in India. Online frauds and breach are the biggest barriers to online sales in the country. Therefore, enhanced cyber security mechanisms need to be put in place to safeguard against online frauds. Since use of credit/debits cards online is still limited in the country, a well developed Cash on Delivery (COD) payment system (riding on online orders) needs to be developed.

❖ **Warehousing and Inventory Control:** The ability to cater to the demands of the customers placed on the e-commerce portal would depend upon building an extensive chain of warehousing and managing the inventory.

❖ **Secure and reliable transportation and delivery mechanism:** The continued growth in the logistics and e-commerce should be complemented by a secure, reliable and time-bound delivery mechanism on part of the service providers. Secure and safe delivery of consignments is a pre requisite for efficient and reliable postal network. Proper security mechanisms to ensure safe delivery have to be developed across the industry.

❖ **Diversification and redesigning of product portfolio** and developing a new pricing strategy commensurate with competitors' pricing and the need to build in requisite flexibility for different customer segments.

❖ Department of Posts, with the largest postal network in the world, has an ideal infrastructure for **distribution of retail and e-commerce** (goods and services). Besides, the extensive network of post offices across the country is ideal for:

- ❖ Distribution of social and economic welfare programmes
- ❖ Retailing needs of SMEs
- ❖ Bulk mailing needs (documents, policies, premium notices, cards, mailers, campaign material etc.) of corporate business houses (banks, financial service providers, direct mailing companies)
- ❖ Increased role in information dissemination for farmers, health centers, schools etc. Private service providers may join hands with India Post for leveraging this distribution network.
- ❖ The growth in International business and increased inflow and outflow of goods and commodities requires simplified **processes relating to customs clearance**. An electronic interface between India Post, other players in the CEP market, airlines and Customs need to be developed to facilitate faster handling of cross border goods.