



Federation of National Postal Organisations

T-24, Atul Grove Road, New Delhi-110 001

Mob.: 9959538622, e-mail: sivaivasireddy@gmail.com, Web : fnpo.org



SIVAJI VASIREDDY

Secretary General

dated 10.03.2026

No: FNPO/DoP/Revenue Loss/Suggestions

To
Ms Vandita Kaul, IPoS
Secretary Posts & Chairman Postal Services Board,
Dak Bhawan,
New Delhi – 110001.

Respected Madam,

Subject: Strategic Recommendations to Enhance Revenue and Strengthen Profitability of the
Department of Posts –regd.

Ref:- My federation letter even number dated 11.02.2026

I write in my capacity as Secretary General of FNPO representing stakeholders across India to submit a comprehensive set of policy suggestions aimed at enhancing revenue generation and transforming the Department of Posts into a sustainable profit centre while continuing its vital social service mandate.

India Post possesses unparalleled reach, infrastructure, trust capital, and workforce strength. With strategic reforms and focused execution, the Department can significantly increase profitability. I respectfully present the following sector-wise recommendations:

1. Insurance (PLI & RPLI Strengthening): Urgent Reforms Required in Postal Insurance for Revenue Enhancement

Postal Life Insurance introduced in 1884 and Rural Postal Life Insurance launched in 1995 reflect the visionary legacy of India Post in providing life insurance services. However, despite steady annual growth in premium collection, our insurance business has not reached its full potential when compared with the vast postal network and growing market demand. Private insurers offer diverse products such as term plans, health insurance, limited premium options, and high-value guaranteed return policies without restrictive ceilings on sum assured, whereas PLI currently has a ₹50 lakh cap and eligibility-linked limitations. Modern customers seek higher coverage and flexible products based on financial capacity rather than employment category or educational qualification.

In view of changing market dynamics, there is an urgent need to reform and redesign our insurance products to compete effectively. It is proposed to enhance or remove the sum assured ceiling, introduce market-oriented policies, allow universal eligibility based on financial assessment, and digitize the entire insurance lifecycle. Further, instead of depending on collaborations through India Post Payments Bank with private insurers, strengthening our own Postal Insurance portfolio and merging PLI and RPLI under a unified brand will expand coverage from rural workers to high-income individuals. Such structural reforms will transform Postal Insurance into a strong profit centre and significantly enhance revenue for the Department.

Contd...2

With appropriate reforms, Postal Insurance can become a major profit centre for the Department while maintaining its social commitment. The need of the hour is modernization, market-aligned product design, and expansion beyond traditional limitations.

Given India Post's unmatched reach and public trust, even a moderate increase in insurance penetration across our network can generate substantial premium inflows and long-term revenue stability.

2. Accounts & Small Savings.

India Post's POSB has historically emphasized quantity of accounts (e.g., number of accounts per year) as its primary performance metric. However, this incentivizes staff to open multiple accounts for the same customer rather than bringing in new customers with higher deposits and long-term engagement.

To transform POSB into a growth-oriented, competitive, and customer-friendly financial institution, we propose strategic reforms in products, aligning them with modern banking standards while preserving the strengths of the postal network.

Reforms in the Postal Savings Bank (POSB) of India Post should focus on quality growth rather than merely increasing the number of accounts. At present, annual targets emphasize the number of accounts opened, which encourages staff to promote multiple accounts for the same customer instead of attracting new depositors or mobilizing higher balances. The performance framework should be shifted to balance-oriented targets such as incremental deposit growth and average balance per account. Additionally, POSB products must be redesigned on par with commercial banks by introducing flexible Recurring Deposit (RD) tenures of 1, 2, 3, or 5 years instead of the traditional 5-year ceiling.

Further, customer-friendly reforms are essential to improve trust and competitiveness. In schemes like MIS, Time Deposit, and SCSS, premature closure should not result in deduction of principal; instead, a lower rate of interest may be applied for the completed period. Such measures will enhance customer confidence, align POSB practices with banking standards, and promote higher deposit mobilization. By modernizing products and improving service flexibility, POSB can transition from a quantity-driven model to a sustainable, balance-oriented growth strategy.

In India, the general rule is that current accounts are non-interest-bearing demand deposits. However, there are specific mechanisms and "pipeline" arrangements that allow government-owned firms and departments to manage surplus funds more efficiently.

According to the RBI Master Direction on Interest Rates on Deposits (2025-2026) Banks are strictly prohibited from paying interest on current accounts. This applies to all entities, including government departments and public sector undertakings (PSUs), unless a specific exemption exists. To avoid losing out on interest for large idle balances, government-owned firms typically use a Sweep-In / Auto-Sweep facility.

Funds above a certain "threshold" in the current account are automatically moved (swept) into a Term Deposit (Fixed Deposit) or a Short-Term Deposit. These swept funds earn interest at the prevailing term deposit rates (e.g., 3.00% to 7.00% depending on the tenure). If the current account balance falls below a limit, the funds "sweep back" from the deposit to the current account to cover payments, ensuring the pipeline remains liquid.

While standard current accounts don't earn interest, certain government-related accounts have unique rules. Sponsor banks are allowed to pay interest on current accounts maintained by RRBs. Personal Deposit (PD) Accounts are Used by state governments (e.g., in Tamil Nadu or Uttar Pradesh) to park funds for specific projects. These are maintained in treasuries and function like banking accounts but follow state-specific financial codes rather than commercial bank interest rules. Some government schemes and specific agencies (like those implementing rural development or literary/scientific programs) are permitted to open Savings Bank Accounts, which *do* earn interest (typically 3.00%-4.00%), unlike standard corporate current accounts.

The RBI has tightened rules on where government firms can open Current & Collection accounts. If a firm has a banking exposure of ₹10 Crore or more, they can generally only open a current account with a bank that holds at least 10% of their total credit exposure. Similarly Banks with less than 10% exposure can only maintain "Collection Accounts," where funds must be regularly remitted to the main designated current account.

3. Proposal for Revenue Growth in the Parcel & International Mail Category

To effectively capture the local parcel market and transition towards a more competitive business model, the Department must move away from a rigid "one India, one rate" tariff for short-distance logistics. Private couriers currently hold a competitive edge by offering lower, tiered rates for intra-city and intra-district deliveries. By introducing a revised, distance-based tariff structure that incentivizes local and regional traffic, India Post can reclaim significant market share. Furthermore, to secure large-scale corporate accounts, the power to negotiate and sanction volume-based discounts and attractive incentives should be decentralized and delegated to Regional or Circle Heads. This flexibility would allow for real-time, market-driven decision-making, ensuring that the Department remains the preferred partner for "giant" business customers.

In the international segment, the Department should capitalize on its unmatched rural reach by deploying GDS resources to conduct a comprehensive PAN-India export-import survey. This initiative would map local industries, MSMEs, and families with relatives abroad to create a high-precision database of cross-border postal needs. To convert this data into revenue, a specialized doorstep collection and packing service should be launched, supported by a dedicated incentive structure for GDS staff who successfully book and process foreign parcels. By providing these staff members with professional training on international customs and documentation queries, India Post can transform the GDS network into a sophisticated, proactive sales force that simplifies the export process for the common citizen and local entrepreneur alike.

4. Proposal for Asset Monetization and Expenditure Control

To bridge the substantial deficit reflected in recent annual reports, the Department must prioritize the strategic monetization of its vast real estate portfolio. India Post owns premium land and buildings in prime urban centers that currently remain underutilized or vacant. By transitioning these assets into the Public-Private Partnership (PPP) model, the Department can generate consistent, long-term revenue through commercial leasing or rental agreements at prevailing market rates. This shift from "idle holdings" to "income-generating assets" would create a permanent and substantial revenue stream, significantly offsetting the current operational losses and strengthening the Department's overall financial health.

Simultaneously, the Department must implement stringent fiscal discipline regarding internal infrastructure spending. Currently, significant departmental funds are diverted toward frequent repairs and luxury upgrades of official quarters and offices whenever senior bureaucrats transition to new postings. To curb this drain on the treasury, the Department should establish a standardized cap on renovation expenses and enforce a "need-based" rather than "tenure-based" maintenance policy. By controlling these recurring internal costs while simultaneously maximizing the rental value of departmental properties, India Post can move toward a more sustainable and transparent financial model.

5. Proposal for the Strategic Rationalization and Relocation of Post Offices

The current trend of "rationalization" has drifted toward a policy of widespread mergers, with approximately 90% of cases resulting in the closure of branches rather than their relocation. This contraction of the postal network is counterproductive at a time when Tier 1 and Tier 2 cities are expanding rapidly and private logistics companies are aggressively pushing into rural markets. Instead of closing branches—which damages our presence and negatively impacts the ECR and ICR metrics—the Department must prioritize effective relocation. By shifting underutilized post offices from saturated zones to burgeoning residential hubs and newly developed commercial corridors, India Post can capture fresh business volume and maintain its status as the nation's most accessible service provider.

Furthermore, the Department must recognize that its physical network is its greatest competitive advantage. Closing a branch is not merely a cost-cutting measure; it is a surrender of market share to private competitors who are eager to fill the vacuum. To ensure long-term revenue growth, the "Rationalization Policy" discussed in federation meetings must be redefined to focus on geographic optimization. A data-driven approach should be used to identify high-growth areas where a branch can be "readily available" to the public, ensuring that every departmental building serves as a profit-generating hub rather than being merged into obsolescence.

To ensure a balanced and sustainable organizational structure, the current rationalization process must move beyond its narrow focus on Post Office (PO) closures and instead be implemented holistically across all levels—from Branch Offices (BO) to Circle Offices (CO), including Regional Offices (RO), DAP, and PAP. Rather than the current trend where 90% of cases result in mergers that damage our ECR and ICR metrics, the Department should prioritize the strategic relocation of underutilized units to rapidly growing Tier 1 and Tier 2 urban hubs to capture emerging business. By extending this optimization to high-cost administrative tiers like the Circle and Accounts offices, the Department can eliminate systemic redundancies and curb the loss deficit while maintaining a "readily available" physical network that prevents private competitors from encroaching on our rural and urban market share.

6. Proposal for the Transition of IPPB to a Full-Fledged Universal Bank : India Post Payments Bank (IPPB) has emerged as a global leader in financial inclusion, yet its potential is currently capped by its restrictive Payments Bank license. To truly compete and address the credit needs of rural India, it is requested that the Department aggressively pursue a Full-Fledged Universal Banking License. This transition would allow IPPB to move beyond simple deposits and offer comprehensive credit, loans, and investment products. By leveraging the existing trust and "last-mile" reach of the postal network, a full-service India Post Bank could become the primary financial engine for the nation's rural economy, turning the department's reach into a massive revenue generator.

To ensure the success of this transition, the Department must rely on its most experienced asset: its own employees. It is proposed that 100% of IPPB's operational and managerial roles be filled by India Post staff through a rigorous, internal skill-based selection process. Our employees are already the "champions of business" on the ground and possess an unmatched understanding of the local landscape. By integrating Post Masters as Branch Managers and utilizing our existing infrastructure, the Department can drastically reduce bank maintenance costs. This "Postal-First" recruitment model will not only boost employee morale but also ensure that the bank is run by experts who are already deeply committed to the Department's legacy and success.

7. Marketing strategies :

In the present competitive business environment, marketing plays a vital role in the growth, sustainability, and financial performance of any organization. Most successful private sector companies maintain separate and professionally trained marketing teams that focus exclusively on promoting their products and services, developing market strategies, identifying business opportunities, and strengthening customer relationships.

The Department of Posts in India has a vast network and offers a wide range of services including mail, parcel, logistics, financial services, insurance products, and retail services. Despite this strong infrastructure and the public trust associated with India Post, the marketing potential of these services is not being fully realized in the competitive market.

At present, marketing responsibilities are largely entrusted to Postal Assistants (PAs) and other operational staff who were primarily recruited for clerical and operational duties. In many cases, they are designated as Marketing Executives and assigned marketing targets without being provided with specialized training, professional marketing exposure, or structured support systems. As a result, despite their sincere efforts, it becomes difficult to compete effectively with private courier and logistics companies that invest heavily in professional marketing strategies and dedicated business development teams.

In today's rapidly evolving and competitive market environment, effective marketing requires specialized skills, structured strategies, market research, digital promotion methods, and customer engagement techniques. Without a dedicated and professionally trained marketing team, it is challenging for the Department to project its products and services effectively in the open market.

In view of the above, it is respectfully proposed that the Department of Posts may consider the following measures:

- Establishment of a Dedicated Marketing Wing at appropriate administrative levels within the Department.
- Deployment of specially trained personnel who can focus exclusively on marketing, business development, and customer relationship management.
- Regular professional training programs in modern marketing techniques, digital marketing, market analysis, and customer engagement.
- Strategic promotion of India Post products and services among corporate clients, institutions, e-commerce companies, and government organizations.
- Market research and business development initiatives to identify new revenue opportunities and strengthen the Department's presence in emerging service sectors.

A dedicated marketing team would be able to focus on expanding parcel and logistics services, increasing the reach of financial products, promoting premium postal services, and strengthening partnerships with corporate and institutional customers.

If such a policy initiative is implemented, the Department of Posts can significantly improve its market visibility, business performance, and revenue generation, while effectively utilizing its unparalleled national network and trusted brand image.

The above suggestion is submitted with the intention of strengthening the Department's competitive position and contributing to its long-term growth and sustainability.

8. Introduction of IDC/NDC – Practical difficulties and need for reconsideration:

The recent introduction of Independent Delivery Centers (IDCs) / National Delivery Centres (NDCs) for monitoring the delivery system is creating several operational challenges in the field.

In the present competitive environment, most private courier companies and delivery service providers are moving towards decentralized delivery mechanisms to ensure quick, efficient, and time-bound delivery. Decentralization enables them to maintain close proximity to delivery areas, reduce transit time within delivery beats, and provide faster service to customers.

However, the present move towards centralization of delivery through IDC/NDC structures in Department of Posts appears to be contrary to this practical trend. Particularly in metropolitan and large urban areas, traffic congestion and long travel distances pose serious challenges to the effective functioning of a centralized delivery system.

Under the IDC model, delivery staff is often required to travel long distances from the centralised location to their respective delivery beats. As a result, a considerable portion of their working time is spent merely on travel, which reduces the effective time available for actual delivery work. This not only affects the speed and efficiency of delivery but also places additional physical and operational strain on the delivery staff.

The existing decentralized delivery system, which functions through local post offices and delivery units, has proven to be more practical and effective. It allows delivery staff to operate closer to their assigned beats, thereby ensuring prompt, safe, and time-bound delivery of mail articles. Monitoring of delivery performance can also be effectively carried out within this decentralised structure, particularly considering the large volume and diversity of postal traffic handled by the Department.

Further, in several IDCs where multiple PIN codes have been merged, delivery staff has been accumulated at a single location without the creation of adequate infrastructure, workspace, sorting facilities, or logistical support. This situation is leading to unforeseen operational difficulties, congestion within the delivery centers, and confusion in mail handling and sorting processes.

Such challenges ultimately affect the overall efficiency of the delivery system, which is the core service of the Department of Posts. If these operational issues continue, it may adversely impact the Department's ability to maintain timely and reliable delivery standards, especially in highly competitive urban markets.

In view of the above practical difficulties, it is humbly requested that the Department may kindly review the implementation of the IDC/NDC model, particularly in metropolitan and high-traffic urban areas, and consider strengthening the existing decentralized delivery mechanism, which has historically ensured efficient and reliable service.

This submission is made with the objective of safeguarding the efficiency of the delivery system and ensuring that the Department continues to provide prompt and dependable service to the public.

9. Certain administrative and operational issues affecting efficiency, staff welfare, and financial prudence :

Certain administrative practices presently followed in the Department are creating operational difficulties, financial inefficiencies, and unnecessary stress among field-level staff. These issues require careful review so that the Department can function in a more balanced, transparent, and productive manner.

The following points are submitted for kind consideration:

(1) Building Maintenance and Priority of Expenditure:

It has been observed that in the name of building maintenance, the chambers of officers are frequently modified whenever there is a change in the incumbent officer. Irrespective of the existing condition of the chamber, renovations and modifications are often undertaken based on the preferences of the new officer.

Such modifications sometimes involve significant expenditure amounting to several lakhs of rupees, including interior alterations, furniture replacement, and other cosmetic changes. While such expenses are incurred repeatedly, many operative post offices and working units continue to function without basic infrastructural facilities.

In several cases, requests from operative offices for essential improvements, such as repairs, furniture, proper workspace, customer facilities, and staff amenities, are often declined on the grounds of non-availability of funds or non-allocation of budget.

This imbalance in expenditure priorities creates dissatisfaction among staff and affects the working environment in operative offices where the core postal work is actually carried out. It is therefore necessary to ensure that available funds are utilized with priority for strengthening operative offices and improving basic working infrastructure.

(2) Frequent Tours and Excessive TA/DA Expenditure

Another issue observed in recent times is the increasing frequency of official tours undertaken by officers. In many instances, officers are reportedly on tour for a large number of days in a month, sometimes extending to nearly 20-25 days, resulting in substantial expenditure on Travel Allowance (TA) and Daily Allowance (DA).

While monitoring and field inspections are necessary for administrative control, excessive touring without measurable outcomes may lead to unnecessary financial burden on the Government.

Despite frequent tours being conducted in the name of monitoring, it is often felt that little tangible improvement is visible in operational performance, and the time that could otherwise be utilized for addressing administrative issues and staff welfare is not being effectively used.

There is also a growing concern among staff that adequate attention is not being given to staff welfare activities, which are essential for maintaining morale and efficiency within the workforce.

(3) Incentive Structure in Schemes such as PLI/RPLI

The present incentive structure in certain schemes, particularly Postal Life Insurance (PLI) and Rural Postal Life Insurance (RPLI), requires reconsideration.

At present, incentives are largely extended to the monitoring or supervisory staff, while the officials who actually contribute to the operational work and business generation—such as CPC staff, Postmasters, field staff, and other operational employees—receive limited recognition.

Since the operational staff is directly involved in customer interaction, processing, and servicing policyholders, it would be more appropriate to align incentives with the actual contributors to business generation and service delivery.

If the incentives presently extended to monitoring teams are partially diverted to the sales force and operational staff, it may serve as a stronger motivation for business development and significantly increase the Department's revenue.

(4) Uniform Target Fixation without Accountability at Higher Levels

The present system of target fixation follows a uniform strategy from Circle Office to Regional Office and Divisional Office levels.

However, in practice, the targets fixed at higher levels are simply passed down to the operative staff, including GDS and Group C employees, with strict monitoring to ensure that these targets are achieved.

It is observed that no specific targets or measurable responsibilities are assigned to the staff working at CO/RO/DO levels, whereas the entire pressure of target achievement ultimately falls upon the operative staff.

This creates a situation where field-level employees face constant pressure, while the accountability framework remains uneven.

A more balanced approach would involve assigning measurable responsibilities at all administrative levels, thereby ensuring shared responsibility in achieving departmental goals.

(5) Unhealthy Practices Adopted to Achieve Targets

In order to achieve assigned targets, certain practices have reportedly emerged that are causing considerable stress among employees.

Some officers follow their own strategies to achieve targets, which sometimes lead to unhealthy administrative practices, such as:

- Granting CCL based on the number of accounts opened or business generated.
- Linking administrative decisions to performance targets in an informal or indirect manner.
- Threatening officials in the name of target achievement, which has become a common concern among staff.
- Granting Dies Non/ charge sheet for not performing digital transactions or not meeting certain targets, even in situations where such targets may be impractical.

These practices create an environment of fear, pressure, and mental stress among employees, which ultimately affects both staff morale and the quality of service delivered to the public. Targets should ideally function as motivational tools, not as instruments of pressure or coercion.

The Department of Posts has always been known for its dedicated workforce and strong public service tradition. In order to maintain this reputation and improve efficiency, it is important that administrative policies are implemented in a balanced, transparent, and staff-friendly manner.

The issues highlighted above are submitted with the intention of improving administrative efficiency, ensuring prudent utilization of public funds, strengthening operational infrastructure, and safeguarding staff welfare. It is therefore humbly requested that the above matters may kindly be examined and appropriate corrective measures considered in the interest of the Department and its employees.

10. Parcel Market (Domestic)

- Position India Post as a preferred logistics partner for MSMEs and e-commerce platforms.
- Establish dedicated parcel hubs with faster sorting and same-day/next-day delivery options in metro cities.
- Introduce competitive bulk pricing for business customers.
- Modernize transportation fleet and optimize routes using data analytics to reduce operational costs.

11. Foreign Parcel & International Business

- Strengthen international parcel services through bilateral postal agreements.
- Create export facilitation desks in major post offices to support small exporters.

- Promote cross-border e-commerce logistics solutions for Indian artisans and MSMEs.
- Improve tracking transparency and reduce customs clearance delays through digital integration.

12. Monetization of Postal Properties

- Identify underutilized land and buildings for commercial leasing.
- Develop properties in prime urban areas through Public-Private Partnership (PPP) models.
- Convert select large post offices into multi-service citizen service centres generating rental and service revenue.

13. Rationalization of Post Offices

- Conduct workload-based rationalization of urban post offices with overlapping service areas.
- Merge or relocate non-viable branches while strengthening high-potential locations.
- Promote franchise models in low-transaction areas to reduce fixed costs.
- Adopt performance-based evaluation for operational efficiency.

14. Strengthening IPPB

- Expand digital banking services under India Post Payments Bank with focus on micro-credit partnerships (through regulatory compliance).
- Increase DBT (Direct Benefit Transfer) penetration and transaction-based revenue.
- Promote QR-based merchant payments in rural and semi-urban areas.
- Cross-sell insurance, savings, and financial products through IPPB channels to maximize per-customer revenue.

15. Additional Strategic Measures

- Mandatory routing of selected government communications and logistics through India Post.
- Performance-linked incentives for revenue-generating divisions.
- Strong national branding campaign positioning India Post as "Trusted, Digital, and Profitable."
- Creation of a Revenue Innovation Task Force with defined financial targets and quarterly review mechanisms.

The Department of Posts stands at a transformative moment. With coordinated reforms, technology adoption, commercial orientation, and policy support from the Government, it can emerge as a self-sustaining and profitable institution while continuing to serve the nation's remotest corners.

I humbly request the Ministry to consider forming a high-level consultative committee including employee representatives and financial experts to examine these proposals and implement a structured roadmap.

16. International Best Practice :


In Germany, under the framework followed by Deutsche Post DHL Group, employee participation in management is an established and institutionalized practice. Workers' unions are represented through works councils and supervisory boards, which provide structured platforms for consultation and dialogue on operational, financial, and organizational matters. This participative model has significantly contributed to improved industrial relations, greater transparency, and a sense of shared responsibility in decision-making.

In this context, it may be beneficial for the Department of Posts to take postal employees' unions into confidence, drawing insights from successful international models followed by European postal administrations. These observations are respectfully submitted purely as an analytical perspective, based on publicly available reports and parliamentary replies.

I would be honored to present a comprehensive action plan, including projected revenue models and implementation timelines, at a suitable opportunity.

Thanking you Madam,

Yours faithfully,


(SIVAJI VASIREDDY)
Secretary General

Copy to: All the Members of Postal Services Board for information and necessary action.