

Impact of Modern Communication Technology on Indian Postal System

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Abstract

India Post has touched the lives of every citizen for more than 150 years, be it through mails, banking, insurance money transfer or retail services. It has enjoyed the trust and support of its customers and stakeholders from the very beginning. With the growth of telephone, internet and modernised banking services, customers are now exposed to new level of speed, transparency and quality. In India, customers of the postal service expect Department of Posts to provide a service level similar to industry standards maintained by banks, insurance, express industry, etc or other private agencies. In this era of globalization, lots of challenges are imposed on Indian Post office. This paper analyses the impact of Internet on Indian Post along with SWOT analysis of this sector.

Keywords: postal, globalization, system

1. Introduction

Since time immemorial the Kings have maintained channels of Communications for their exclusive use, for receiving and sending the news of political and economic importance. The earliest references to transmission of messages are found in the sacred lore in the ancient scriptures of India. The earliest of these is in the Atharva Veda, one of the four Vedas, the supreme and the first scripture. Later Ramayana and Mahabharata, two of the greatest epics, mention the transmission of messages.

A large establishment for the transmission of messages is recorded for Mauryan Emperor Chandragupta in 322 BC. Ibn Batuta, the Moroccan traveler to India in 1310 AD had detailed the mail system of Sultan Mohammed bin Tughlaq. Massive reorganization of this system took place under Sher Shah Suri. It was developed and maintained under the Mogul and later rulers.

The traders, whom the rulers allowed the use of royal mail at times, felt the need for regular message service as the first priority of royal mail could be for the rulers only. Big traders have known to operate postal services from 14th century AD that also accepted mail from others for a fee. During 17th century AD several postal systems under the patronage of various rulers and traders were in vogue. The East India Company first used these services for exchange of mail between their trading centres in India.

The Company decided to setup their own postal service-company Dawk in view of the increasing trade activity and their requirement of intelligence of military nature. In 1688 the first post office of the Company Post was established at Bombay/

Madras. Lord Robert Clive, the Governor of Bengal in his second term, ordered for better regulations of the dawks in 1766. Warren Hastings, the first Governor General of Bengal with supervisory powers over Bombay and Madras, reorganized the system and opened the service to public in 1774. A Postmaster General was appointed and metal tickets or tokens were issued to pay for the postal charges. The presidencies of Bombay and Madras followed suit. In 1835 a Committee was set up for unification of customs and postal system of all the presidencies. The result was the first Indian Post Office Act of 1837. It not only provided for uniform rates and routes but for the uniform designs and other specifications of the postmarks for each category of post office. A Commission was setup in 1850 and submitted its report in 1851 that resulted in the post office act of 1854. It took three years primarily due to one of the recommendations of the Commission for introduction of adhesive postage stamps as the Company insisted on producing the stamps in India and Indian authorities wanted it printed in England. Under the provisions of this act the monopoly of carrying mail in entire area of British possessions in India were granted to Indian Post office and office of the Director General of Post Offices of India was established. Mr. H P A B Riddle, till then the Postmaster General of North West Presidency, was appointed the first Director General in May 1854. The adhesive stamps were introduced on October 1, 1854 on all India basis. Meanwhile in 1852 adhesive postage stamps were issued for use within the province of Sind, now in Pakistan. These were the first adhesive postage stamps in Asia. In 1866 the postage stamps for government mail were introduced. Now Indian post office has a diversified portfolio as shown below-

2. Challenges Posed on Indian Postal System

In 1995 the new information technology, posed lots of challenges to Indian Postal system [Table-1]. Need for change is driven by the following external forces:

2.1 Globalization

Threatened the monopoly of post office. High pace of economic growth opens opportunities for expansion by multinationals. It

also opens up India Post’s formerly protected internal market to competition from multi-national providers with international brand images, deep pockets and experience in modern and technologically driven methods of doing business.

2.2 Entry of the Private Sector

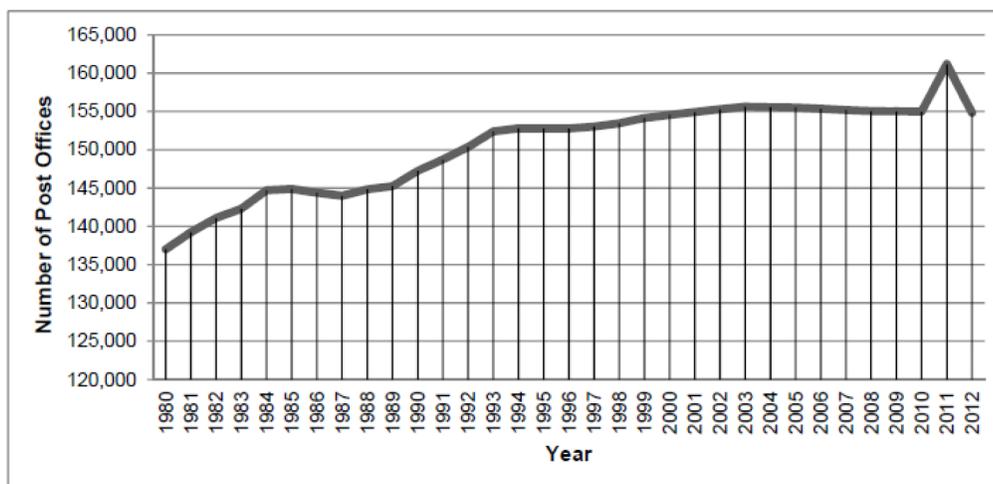
With the liberalization, the private sector have entered in this sector leading to competition. Multi-national providers are providing high priced and speedy service in mail delivery. The low priced services offered by domestic couriers are under cutting India post’s business.

Table 1. Diversified portfolio of India post

Platform	Area	Description
Non-mail Services		
Transportation	Parcel Services	Express and deferred services
	Logistics	Contract and brokerage logistics
Retail Services	Retail	Selling of consumer durables and other fast-moving-consumer-goods products
	Banking	Money transfer, bill payment, retail banking, resale of financial services (e.g., insurance and mutual-fund products) Decision to expand post offices into fully fledged banks is under consideration
	Insurance	Postal-insurance schemes
Advertising Services	Media Post	Lending space to corporations for advertising their products on letter boxes, vans, inland letters and envelopes
Emerging Services	E-commerce	Hybrid mail, provision of cyber cafes (current decision in progress)
Government Services	Survey-based Services	Collection of data for Consumer Price Index
Mail Services	Document-management Services	Logistics Post, Business Post, Mobile Post Office Service, Speed Post and EMS

Source: Adapted from Universal Postl Union 2013.

Table 2. Number of post offices in India (1980–2012)



Source: Adapted from Universal Postal Union, 2013, www.pls.upu.int/pls/ap/ssp_report.main?p_language=AN&p_choice=BROWSE, accessed March 23, 2013.

2.3 Growth of Telephony

The growth and popularity of telephone – especially mobile telephone – services has affected the traditional letter mail business. Gone are the days, when people rely on letters for commuting with each other. Only Govt organization are now using this mode.

2.4 Focus on Inclusive Growth

The financial inclusion policy of the Government is pushing banks to devise new and cost effective ways of penetrating rural population. Unless India Post moves fast to occupy this space and offer its platform to the banking system at large, it may lose the opportunity of being the best agency for providing the platform.

2.5 Higher Level of Delivery Standards

The economy is now almost entirely commercialized and the speed with which communications and other transactions need to be executed with high degree of reliability is now measured in real time. The requirement for such services and products with improved features of accessibility, transparency, reliability and speed are clearly apparent in the market place. In this context, India Post has to enhance the quality – in speed and reliability – and offer the best value for its products and services.

2.6 Developments in Other Postal Administrations

A number of postal [Table-2] administrations have successfully modernized themselves. There is a risk of losing customers of the advanced countries to other service providers in the country, if expected levels of service are not maintained by India post. These challenges have led to deficit to Indian Postal system (Table 3).

3. SWOT Analysis of Indian Postal System

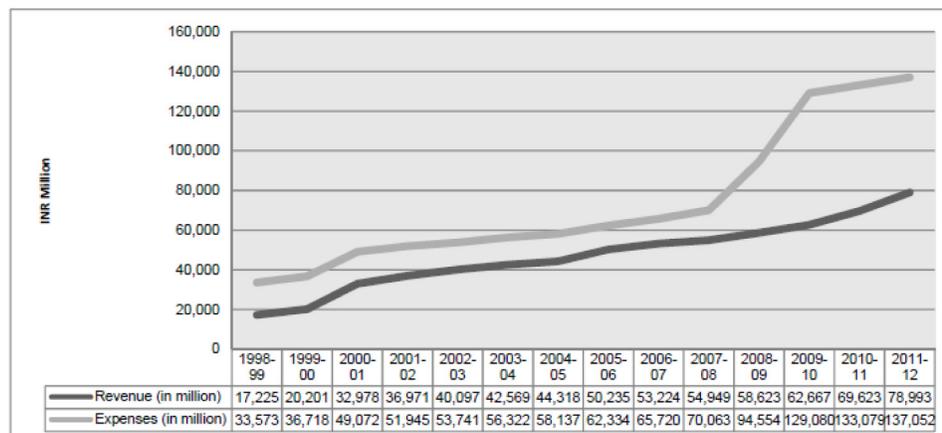
3.1 Strengths

1. Post offices are spread throughout the country.
2. It has an extraordinary goodwill among the people.
3. One of the oldest institutions of the Government of India.
4. Workforce of rural post office is mainly local and is known to local customs.
5. Large and skilled manpower.
6. Products and services which are suitable for the average citizen like daily delivery on doorstep, delivery in cash at doorstep for money orders, small transactions in Post Office Savings Bank, etc is available.
7. Operations are funded by the Public Exchequer.

3.2 Weaknesses

1. Legal issues are include in converting a 150 year old government department to deliver quality of services and products in competition with the private sector.
2. Infrastructure is inadequate to compete with private sector.
3. Due to limited use of technology, customers are unable to get full benefits of IT induction in order to track and trace the pos etc.
4. Customers have a perception of poor service.
5. Large number of private players and substitutes operate in the market where once only India Post operated.
6. Partial modernisation and automation lead to lack of standardisation.
7. Due to ban on recruitment in the last five years , ageing workforce with little knowledge of modern technology is increasing.

Table 3. Revenue less expenditure deficit of India post



Source: Adapted from Universal Postal Union, 2013, www.pls.upu.int/pls/ap/spp_report.main?p_language=AN&p_choice=BROWSE, accessed March 23, 2013.

8. Poor monitoring systems and ineffectual internal marketing lead to lackness of performance based culture.
9. Lack of scientific costing has resulted in lack of awareness of cost of products and services.

3.3 Opportunities

1. Indian Post Office can incrementally expand its network and reach by exploring the franchisee and outsourcing models in a cost effective manner and enable the inclusion of many residents currently not being served or ill served - mainly in rural areas.
2. Focus on inclusive growth by the Government provides an opportunity to leverage the network for last mile delivery.
3. Sustained growth in the economy means more business which provides opportunity for a variety of products such as Direct Mail, e-Commerce, B to C mails, parcels and logistic services etc.
4. There is untapped potential in terms of money transfer for migrant population, small businesses which cater to all India market, mail services for recruitment by organisations and transactional B to C mails.
5. India Post is presently implementing its three flagship projects - India Post 2012 for networking and IT induction in all post offices, Project Arrow for improving the look and feel of post offices and Mail Network Optimisation Project

for optimising the network from collection to delivery and standardising the processes.

3.4 Threats

1. The main threat is of an underestimation of the value , potential and the extraordinary opportunities present within extensive network of India Post.
2. The entry and expansion of private sector and other public sector operators in communications, mail, banking and insurance sectors .
3. India Post and its employees may be unwilling or unable to meet the challenges it faces and seize the opportunities presented to them.

4. Conclusion

Indian postal system is not able to catch the large opportunity in the market due to not adopting the new changing technology in a rapid rate. The Indian postal system is also facing huge competitors from private sector who are ready to change and adjust quickly. To be viable in the future this large postal network of India has to formulate strategy so that the modern communication technology can be used with the strength of the postal system along with the opportunities present in the market.