PROJECT ARROW *REDESIGNING INDIA POST*

DOCUMENTATION OF BEST PRACTICE

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EXECUTIVE SUMMARY

Today, a post office (PO) is not limited to simple mail transactions; the range of services has expanded to a multitude of postal and financial related services including e-post, e-billing, retail post, logistic post, media post, mutual funds, and money transfers. In a time when technology is rapidly changing the landscape of these services, customers are approaching competitors of traditional post such as internet service providers, courier companies, private sector banks, insurance companies, and mutual funds; it is in this context that traditional post needed to change its age-old working procedures. Conceived in April 2008 as a pilot, Project Arrow, used an integrated approach with select POs to enhance the quality of service in core areas and upgrade the look and feel of POs. Core areas include mail delivery, remittances, savings bank and office service levels. The focus on updating the frontend is in terms of branding, IT, human resource and infrastructure.

The project underwent three phases and is currently in the fourth. Phase one included upgradation of 50 POs from 10 selected Circles. In phase two, 450 POs from 12 Circles were revamped and 500 POs under phase three. At present, 525 POs are being renovated and an additional 8700[1] POs will be reached.

The project aims to make POs, especially in the rural areas, a convenient platform for availing a number of public services. It will enable POs to play a larger role in the social and economic transformation of the country by taking up new roles and challenges and transforming the large level of manpower into a committed and professional human resource. Project Arrow will provide IT enabled services through state-of-the-art technology to change the image of the postal service and give it a distinct identity of its own, so as to ensure a return on investment necessary for self-sustained growth and development. The initiative has also won the Prime Minister's award for Excellence in Public Administration for the year 2008-09.

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[1] No government expenditure is incurred on these 8700 POs as of now. The project is first upgrading its core functions such as technology and infrastructure and at a later stage, will enhance the 'look and feel' of these POs.

BACKGROUND

Project Arrow was conceptualised and implemented by the Department of Posts, under the Ministry of Telecommunications to make postal services 'sharp, straight and sure'. The project aims to improve the quality of postal services through ICT.

It is also a green initiative because it aims to minimise the use of paper, helping to preserve trees and green cover, by making all internal correspondence through email.

Another important aspect of Project Arrow is that it allows for independent assessment of the quality of the programme. For this purpose, an independent rating agency has been authorised to rate the services of the Project Arrow using a five star rating formula. Highest achievers under the programme will be rewarded suitably and their services will be recognised. The final aim of Project arrow is to become a working model for integration of post office services.

OBJECTIVE

The Department of Posts launched Project Arrow with the objective of making a tangible difference in postal operations that impact the common man. To verify and certify progress on an ongoing basis using clearly defined Key Performance Indicators (KPIs) for each area of improvement and set the foundation for a comprehensive transformation of India post. The project aims at providing fast, reliable and efficient postal services to all customers.

WORKING DESIGN

Prior to the implementation of Project Arrow, the Indian Postal Service faced shortcomings in four core areas – mail delivery, banking operations and saving services, remittances and customer satisfaction. In the pre-operative stage, timelines and strategies to address each area of concern were discussed and Key Performance Indicators (KPIs) were formulated. This included training of all the staff of the project office, completion of basic documentation in each post office,

POSTAL FACTS

- With 1,55,035 POs, 1,39,173 rural and 15,862 urban (as on 31/3/2008), India Post is the largest postal network in the world

- One Post Office serves approximately 7,174 people

- DOP has spent Rs 235 Crore (through phase IV) to modernise and upgrade POs

- 23% rise in the revenue of POs in 3rd quarter of the current financial year

- 49% revenue comes from mail operations, 47% from banking operations and the rest from retail and insurance services

- There are 24 crore PO savings bank account holders at present; largest in the country

improvement of infrastructure, public area and supply of hardware within a given timeframe. To enhance the core areas, action areas were identified including process mapping, fixing weak points, using remedial strategies, retraining of staff and constant watching of performance.

In the post-operative stage, monitoring is carried out through data extraction from day-to-day-operations. These will be discussed in further detail under the Monitoring section of this document.

The key problems experienced in each core area and the respective solutions are outlined below:

Mail delivery: Mail operations suffered due to improper mail arrangement, lack of supervision and inefficient sorting processes. Mail was not delivered on the day of arrival and letter boxes were not cleared every day. Mis-sorting made for dispatch delays. A lack of monitoring of mail arrival resulted in late, unrecorded and unreported mail. Electronic management of mails and strict monitoring of mail collection and dispatch has mitigated these problems.

Savings banking operations[2]: Delays occurred in opening accounts at the Savings Banks. The average transaction time was very high for regular transactions. Savings bank is an important function for India Post as it provides financial inclusion for the un-banked masses. Previously, savings bank processes were manual and the service was dissatisfactory. To address this problem and ensure cash availability on demand at any given PO, all operations in the savings bank were re-engineered and an electronic savings bank database was created.

Remittances: Customers found it difficult to transfer money because there was no existing efficient mechanism to deliver it instantaneously. Today, remittances can be completed electronically.

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[2] Post Office Savings Bank provides all conventional banking services expect for loans. Rural Postal Life Insurance provides services for all employees in Central and State Government Departments, Nationalised Banks, Public Sector Undertakings, Financial Institutions, Local Bodies like Municipalities, Zila Parisads and Educational Institutions.

Key Performance Indicators:

For Mail and Money Order Delivery
Per cent mail not sent for delivery (Money Order)
Per cent mail not sent for delivery (Registration)
Per cent mail not sent for delivery (Speed Post)
Per cent mail not sent for delivery (Money Order)
Per cent mail not sent for delivery (electronic Money Order)
Per cent mail not sent for delivery (Registered Parcel)
Per cent mail not delivered same day (Money Order)
Per cent mail not delivered same day (Registration)
Per cent mail not delivered same day (Speed Post)
Per cent MO not delivered same day (Money Order)
Per cent MO not delivered same day (electronic Money Order)
Per cent MO not delivered same day (Registered Parcel)
Percent of eMO booked (out of total Money Order booked)

For Mail booked and dispatched
Percent of mail booked and dispatched (Registration)
Percent of mail booked and dispatched (Speed Post)
Percent of mail booked and dispatched (Express Parcel Post)

For Saving Bank performance
Number of Pending deceased claim cases
Number Of account Transfer Request
Percent of Savings Bank account where signature scanning is completed

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New Mail Paradigm

The profile of India Post has changed substantially with the increase in mail volume in business-to-customer (B2C) and business-to-business (B2B) segments. In line with this, India Post has designed a new mail paradigm whereby technology is leveraged to create focal points for expedited delivery of mail. Mail Business Centres (MBCs) with state-of-the-art technology/modern mailing tools are being designed as an integrated mail business hub for collection, processing and delivery of (bulk) mail. By March 2009, 161 Business Posts [3] had been

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[3] Business Post provides 'total mailing solutions' to businesses from mail preparation to delivery. It is a one-stop shop service that manages entire mail-out processes for small businesses as well as large companies. Customers can choose from a range of cost-effective and professional mailing services, including printing, collating, inserting, sealing, and addressing to meet their specific business needs.

built across the country. To setup automatic mail processing in Delhi and Kolkata a global tender was drafted to invite installation and maintenance operators for bidding. The dedicated freighter aircraft (of India Post), wet leased[4] in August 2007, for carriage of mail to and from the Northeastern region (Kolkata -Guwahati-Imphal-Agartala-Kolkata), is now carrying a payload of approximately 14 tonnes. The proposal to wet lease two more freighter aircrafts has been approved.

Computerisation and networking

 From 2008 to 2010, a total of 10,000 POs were computerised. One thousand two hundred and thirty three offices have been networked with the National Data Centre. A range of services have been e-enabled. The online domestic money transmission service, iMO[5], launched in 2006, that enables customers to receive money in minutes from the PO, was made functional in over 1,000 locations. Electronic Clearance Service (ECS)[6] is offered in all 15 locations of RBI and 21 locations of the SBI for payment of monthly interest under Monthly Income Scheme. The electronic money order (eMO), launched in October 2008, facilitates transmission of ordinary money orders through electronic media in the same tariff structure as the existing money order service. e-Payment, under which different bills are paid by customers in post offices and are then electronically consolidated and paid to the service provider is now available in about 5,700 POs and will soon be extended to all 9,693 computerised POs.

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[4] A wet lease is a leasing arrangement whereby one airline (lessor) provides an aircraft, complete crew, maintenance, and insurance (ACMI) to another airline (lessee), which pays by hours operated. The lessee provides fuel and covers airport fees, and any other duties, taxes, etc. The flight uses the flight number of the lessee.

[5] iMO is an instant web based money order service through which an applicant can send money electronically from one PO to another. He has to convey a 16 digit secret code, given to him by the PO, to the recipient over the phone. Only the recipient knows the code and can claim the money within less than 10 minutes from his PO. eMO is a money order system that performs similar functions as iMO, but there is no receipt guarantee that the money will be delivered on the same day.

[6] A mode of electronic funds transfer from one bank account to another using the services of a Clearing House. This is normally for bulk transfers from one account to many accounts or vice-versa. This can be used both for making payments like distribution of dividend, interest, salary, pension, etc. by institutions or for collection of amounts for purposes such as payments to utility companies like telephone, electricity, or charges such as house tax, water tax, etc or for loan installments of financial institutions/banks or regular investments of persons.

Under the e-Post service, started in 2004 to bridge the digital divide, physical messages are transmitted through an electronic system as e-mail and the message is printed and delivered anywhere in India as a letter.

Modernisation of Post Office	Upgrading the core areas
Branding - Ensure uniform brand hierarchy as well as consistency i all products and services	**Mail delivery** - ensure same day delivery of mail received and same day dispatch of mail collected
Technology - Decide on required hardware, software and connectivity to enable PO to provide all IT services including in rural areas	**Saving Bank -** Reduce transaction time at counters, account transfer/closure and settlement of deceased claim cases
Human Resources - Identify roles and job descriptions for employees and design suitable training packages to enhance operational and soft skills of staff	**Remittances** - Delivery of money orders on the day of receipt and provision of web enabled remittance services
Infrastructure - Develop standardised and consistent interior and exterior blueprint and ensure uniform implementation	**Office service level** - Improve customer satisfaction along all parameters from appearance to operations

Adapted from indiapost.gov.in

Leveraging the postal network

- The payment of wages to National Rural Employment Guarantee Scheme (NREGS) beneficiaries is **currently operational in 19 postal circles of 21 states through 90,000 post offices**. Nearly **4.75 crore NREGS accounts have been opened** since 31 March, 2009 and approximately Rs. 950 crore disbursed.

- India Post has tied up with the State Bank of India to sell its products through identified post offices. Starting in five states of Tamil Nadu, Andhra Pradesh, Karnataka, Maharashtra and Jharkhand, the scheme was later extended to 10 states on a pilot basis. Nearly **24 lakh accounts** have been opened under the liability products. The **total asset products sold so far amounts to Rs. 10.3 crore**.

- National Bank for Agriculture and Rural Development (NABARD) in collaboration with the Department of Posts is providing **micro-credit to self-help groups (SHGs)** through identified post offices.

- The DOP has signed an agreement with ICICI[7] Prudential Life Insurance Company Ltd. in September 2008 to retail their pension products through select post offices on a referral basis. The company has equipped the postal staff and identified the post offices for the scheme. To date, about **90 head offices have started distributing the pension products of ICICI**.

- **Sale of gold coins** has been launched in October 2008 by tying up with the Reliance Money Limited. The scheme is available in 262 post offices. **Revenue earned as commission up to March 2009 is 57.80 lakh**.

- **Old-age pension is being paid** through post office savings accounts in Bihar, Chhattisgarh, Jharkhand and Madhya Pradesh, and through money order in Himachal Pradesh, Gujarat, Rajasthan and Tamil Nadu.

- Posts have been assisting the Central Government public authorities in implementing the **Right to Information (RTI) Act** by providing services of its designated Central Assistant Public Information Officers (CAPIOs). For this, sub post masters at tehsil level act as the CAPIO for accepting RTI requests and appeals. The department has **designated 4,000 post offices as receipt points**. **During October-December 2008, 2,270 applications were received and forwarded.**

- A MoU was signed between India Post and the Ministry of Railways for **sale of railway tickets through post offices**. The scheme is presently operative at **34 locations**, and will be extended to rural areas also.

- Retail services: The India Post has **tied up with HDFC for sale of foreign exchange**. Due to its extensive reach and network, the State Public Service Commission (SPSC) recruitment and examination forms are collected and disbursed from POs.

- The India Post will also be **delivering Unique Identification Cards** through mail to all citizens.

The project has also focused on the 'look and feel' aspects of POs and has enhanced its image through branding, installing computers and other hardware, building infrastructure and giving training to the postal staff.

Under the branding exercise, the India Post logo was changed to indicate the free flowing spirit and flexible approach of the project. All POs, including basic infrastructure and colour scheme,

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[7] Industrial Credit and Investment Corporation of India

was standardised. The staff was trained in two areas: software application and soft skills training such as handling customers, transparency at work etc. in six training centres: Saharanpur, Mysore, Madurai, Guwahati, Darbanga and Vadodara. External training support was provided by Xavier Institute of Management (XIM) and Indian Institute of Management (IIM).

A major challenge faced during implementation was changing the staff's mindset to accept the latest IT services and training for proper use of the new technology under Project Arrow. In due course of time, staff members overcame their fears and could handle new operations efficiently.

Monitoring

Project Arrow is the first integrated approach that looks into all the operational aspects of a PO. The Department of Posts identified 16 key performance indicators (KPIs) to monitor POs' performance. These indicators are used by the management to meet operational targets. The targets are very simple. For example, received mails must be disposed off within the the same day. However, there are many factors that determine 100 percent mail delivery such as is there adequate manpower to get all mails to the PO because if not, there would be delays and more officials would be required to handle mail delivery. Thus, Project Arrow aims to mend such gaps.

With an additional 8700 POs to be revamped under phase V, a total of 10,000 POs are being monitored on a daily basis. These computerised Pos communicate their daily business transactions to Postal Training Centres in Mysore at the end of each business day. This data is then downloaded for monitoring purposes at the New Delhi Head office called Dak Bhavan. Ninety five performance indicators are monitored, of which16 are KPIs. This is followed by video conference meetings every fortnight. To date, 50 meetings have been held. The OSD to the Secretary has said that the monitoring aspect of Project Arrow is a key reason for the project's success.

An independent external audit was performed during phase I on three separate occasions in three months and all POs were visited. A detailed questionnaire was prepared for the entire management. In both cases, results revealed 95 percent of customers and staff were benefitting from Postal Services since the induction of Project Arrow.
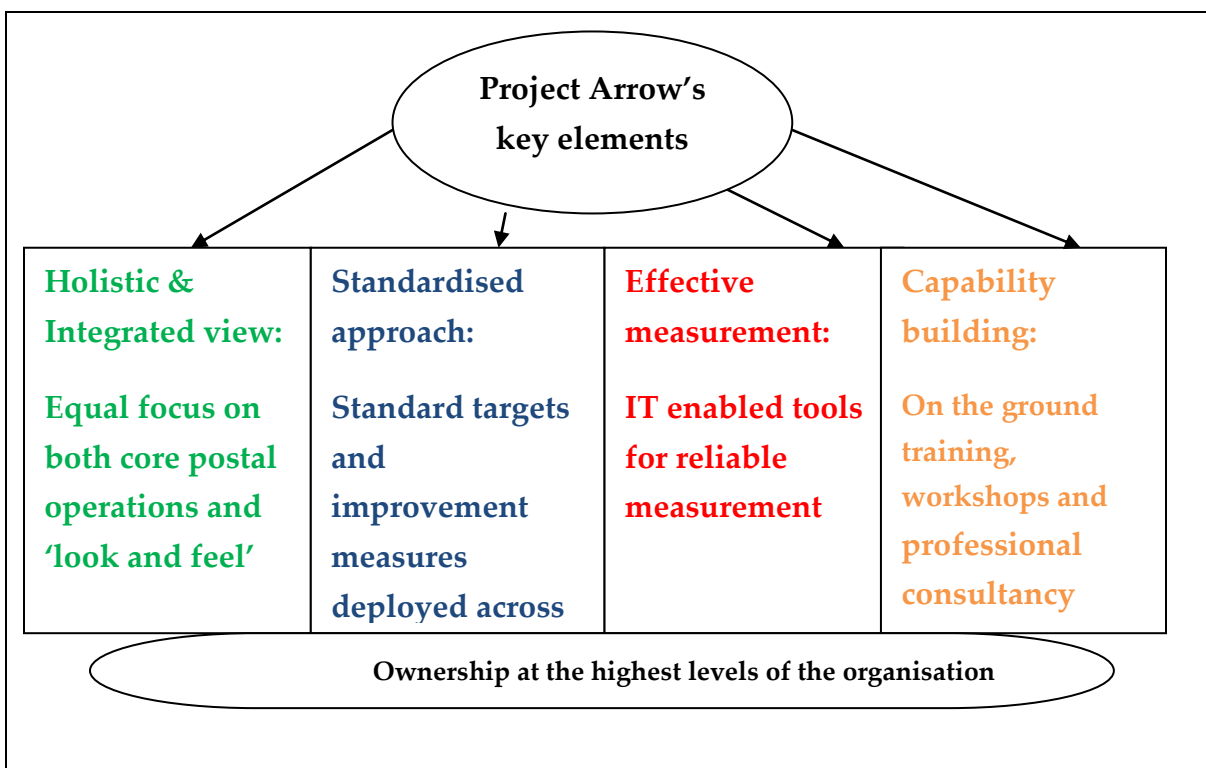
METHODOLOGY

As a winner of the Prime Minister's Award for Excellence, Project Arrow was identified for documentation. The Governance Knowledge Centre (GKC) research team gathered information on the project through online resources. Primary research was completed through an extensive interview with the Officer on Special Duty at Department of Posts head office in New Delhi.

KEY STAKEHOLDERS

Department of Posts, Ministry of Communications and Information Technology, Government of India
Customers
Partner Banks (i.e. ICICI)
Partner government ministries (i.e. Ministry of Rural Development – MGNREGA)

LESSONS LEARNED

Project Arrow has transformed communication infrastructure in India. The key lessons derived from this project are listed below:

1) **Improved communication structure**: The project upgraded the core functions of POs-mail delivery, savings, remittances and overall customer service. With technical inputs, more

manpower and specific targets, the revamped POs have improved countrywide communications.

2) **Holistic implementation:** The government allotted funds for the enhancement of the department through branding exercises, provided management training from professional experts and developed infrastructure. Through these convergent efforts, POs have become self-sufficient, credible, efficient, quick and cost–effective provider of services.

3) **Better service delivery**: The Project is dedicated to understanding and fulfilling customers' needs. With improved mail service delivery and effective modes of electronic money transmission, such changes have benefited all customers. With technical inputs, India Post aims to become the fastest tool of communication.

4) **Target oriented**: The key performance indicators (KPI) are used for keeping track of all postal operations, ensuring targets are reached. There is no room for slack because all deliverables are checked as per specific targets and if they are not achieved, the management is held accountable. **Indicates high performance through effective monitoring tools**: Video conferences are used for discussing individual PO performance, address reaching of targets and redress customer complaints. They are attended by chief post master officials from 22 circles. This is followed by implementation discussions which are carried out on a continual basis.

CONCLUSION

The Department of Post launched Project Arrow to transform India Post into a vibrant and responsive organisation and make a visible and positive difference in postal operations to benefit customers across the country. The pains and pressures of bringing in a change have been felt and dealt with as strategies were successfully redefined, trainings organised and many initiatives reworked.

The project has brought the rural populace in direct communication with the outside world and has provided development benefits to their doorsteps. The department aims to act as a one-stop shop for retail products and offer a single window facility for banking, remittances and other financial products and services including social and civic initiatives such as MGNREGS and the National Old Age Pension Scheme. The project also aims at strengthening its business development and marketing division. The POs have undergone a makeover with IT-enabled upgradation of services. The Project Arrow experience is a working model for ushering in an integrated and lasting improvement in the postal system.

APPENDIX A- QUESTIONNAIRE

1. With our background work, we understand that 'modernisation of post offices' and improving the 'look and feel' of post offices were two key areas emphasised under Project Arrow- could you please elaborate on the following questions:

   i) Modernisation of Post Office – according to our research, there are four major components- re-branding, IT overhaul, training, and expansion of infrastructure. Is this correct?

   a) What kind of branding was used to promote the new image of India post?

   b) What new IT services are provided to postal customers? How does this benefit them? How has IT helped to make postal operations more efficient/ in what way has the use of IT helped postal employees?

   c) What new training has been given to postal staff under Project Arrow i.e technology, etc.? How has this enhanced their performance?

   d) What is encompassed in the expansion of postal infrastructure i.e. new post offices in rural areas etc.?

   ii) Upgrading core areas – according to our research, there are three main areas that have been upgraded- mail delivery, banking, and overall customer satisfaction- is this correct? Are there other areas?

   a) How has Project Arrow improved mail delivery services?

   b) Can you explain the banking system in post offices and how this was made more effective through this project?

      a. What is the need for installing eMO (electronic money order) & iMO (online domestic money transmission) services? How has it benefitted the customers?

   c) How was high customer satisfaction (from appearance to operations) achieved?

2. What motivated the government to adopt Project Arrow?
3. What were the challenges faced during its implementation?
4. What is the government expenditure incurred on this project?
5. How is the project monitored? Is there data to show that the project has benefited the customers? If yes, then what are the indicators used to mark the project's efficiency?
6. How has it become a single window facility for civic initiatives such as NREGA and National Old Age Pension Scheme?
7. According to our background research, Project Arrow claims to be a green initiative. Please elaborate.
8. How does effective postal service contribute to good governance?

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