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Government of India
Ministry of Communications
RB & Planning Division

Dak Bhawan, New Delhi
Dated: 12 October.2021

To,
All Heads of Circles,
CGM (Vig)/CGM (Parcel)/CGM (CEPT)

Subject: Dak Mitra - Proposal for Revamping of Franchisee scheme

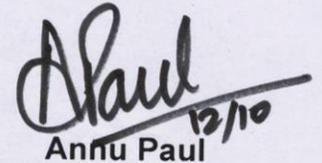
Sir / Madam,

The current Franchise model has shown downward trend in terms of business and transactions. The model is restrictive in nature, due to limited products, limitations of bulk booking etc. Further there is dependency on link Post Office marred by wait at PO counters, no technology-based interface for real time data flow with delays in payment of commission, to the franchise as the process is manual and demotivates the franchise.

In addition to this less amount of incentive payment, non-distinctive of weight and distance also impairs booking of long-distance articles as well as parcels. It further does not facilitate institutions & co-operate franchise to participate.

As a policy matter, it is proposed that all the schemes Franchisee outlet, Postal Agent, OPA & PSSK needs to get subsumed into one. At this stage, proposal document for the Revised Franchisee Scheme as **DAK-MITRA** is attached herewith for your parawise comments/suggestions before finalization. Your comments may kindly be forwarded to this office by 25/10/2021.

This issues with the approval of competent authority


Annu Paul

ADG(DBT/DARPAN)

Copy to: -

1. DDG Mails/ DDG PMU/GM CEPT, Mysuru in addition to the comments for developing a platform to support DAK Mitra and for providing approval for any technology development for Dak Mitra in CSI Platform.
2. Other DDGs: This may be taken up as agenda item vide circulation for development of a platform on these lines to support this SOP

Revamping of Franchise Outlets

1.1 Introduction

The Department of Posts is entrusted with providing access to basic postal facilities throughout the country. Even though India has the largest postal network in the world, with about 1.55 lakh Post Offices, there continues to be a demand for Post Offices. In order to effectively meet such demand, the Department of Posts provides postal services through Franchise Scheme.

1.2 Limitations

The current franchise model is however restrictive in nature due to overt dependency on link PO, no technology based interface for real time data flow. In addition to this less amount of incentive payment non-distinctive of weight and distance also mars booking of long distance articles as well as parcels. Further delays in payment of commission from D.O. Theses multiple human interactions are ultimately demotivating the Franchisee holder and has thus shown downward trend in terms of business and transactions.

1.3 Purpose

In order to address above issues and with an intention to expand the service base by leveraging our vast postal network and indomitable trust of customers in India Post as a brand, a revamped franchisee scheme is desirable at this stage. This would not only help expand the post offices foot-print without increasing establishment cost, but would also be a big employment generator in urban and rural areas. It is expected that a strong post office franchisee network can generate more than 5 lakh self-employed people.

To carry out stake-holder consultation for bringing up Policy on Revamping of Franchise Outlets, this document is conceived.

2. Basic Features

Broadly the revamping shall work under following premises

- In principle, all services rendered from Post Offices will be available from Franchise Outlet.
- Appropriate nomenclature of 'Dak Mitra' in place of Franchise to be used.
- All outsourced postal activities such as OSA, OPA, PSSK will get subsumed under the new scheme of 'Dak Mitra'.
- Acting as an aggregator for all, this hassle free approach with major branding overhauling is to emerge as suitable alternative amongst all market competitors.

2.1 Categories

2.1.1. Category 1: INDIVIDUAL DAK MITRA

These 'Dak Mitras' can be individuals with preference to location of outlet offered having high footfall.

2.1.2 Category 2: INSTITUTIONAL

Institutions like RWA, Shopping Associations, Merchant Associations with an idea to encourage community participation and build-up of sense of belonging.

2.1.3 Category 3: CORPORATE

Co-locating with corporates having multiple chains and at least regional footprint for e.g. gas station outlets, 24x7 Departmental Stores etc., where Department gets hands on best practices of big companies and provides last mile to corporate bookings. As well as courier companies – DHL, Bluedart etc. with whom the Department can both collaborate and compete posing as suitable alternative option for customers.

2.1.A Category 1 & 2 will be under control of Postal Division like franchise outlet i.e. allotment, accounting and link Post Office be all under the unit under which the link Post office falls.

2.1.B Category 3 will be Regional with Circle office of Delhi, Mumbai and Chennai to look after the corporates having footprints in respective regions.

2.2 Criteria for Selection

A) Individual DM

- i) Minimum age 25 year
- ii) Graduate, preferably self employed

B) Institutional DM

- i) Registered society as per state rules under society registration act
- ii) Single or Multiple outlets can be permitted

C) Corporate DM

- i) Minimum 1cr annual turnover
- ii) Regional presence with at least 30 outlets available for roll-out

Front end service provider with sound footing in technology, who are interested in supply chain management and customer friendly approach should be preferred while allotting the Dak Mitra Franchise.

2.3 Minimum Investment required from DM

- i) Suitable location/Premises
- ii) Hardware
 - 1. Computer and peripherals and/or Hand held android device
 - 2. Multifunctional printer
 - 3. Barcode Printer
- iii) Packing facility for parcels
- iv) Bank guarantee as per below specifications be deposited at Respective Controlling office

Category	Rural		Urban	
	Mailing	Savings & Insurance	Mailing	Savings & Insurance
Individual Dak Mitra	10,000/-	50,000/-	50,000/-	1,00,000/-
Institutional	10,000/-	50,000/-	50,000/-	1,00,000/-
Corporate	50,000/-	1,00,000/-	1,00,000/-	5,00,000/-

- v) Marketing
The onus of marketing products of DOP is on the DM, suitable strategy along with investment shall be put in place

2.4 Requirements from DOP

- i) Online application system, with flexible model as in applicant can custom-chose what all services of DOP he/she wants to apply for.
- ii) Territorial restrictions in previous models be done away with.
- iii) While allocating the DM franchise preference to be given to individual/institutions who are keen on earning through technology incorporation by partnering with DOP. If necessary, an interview at application level for accessing these as well as marketing ability along with business plan proposed by applicant must be taken into consideration.

- iv) Branding of the outlets shall be undertaken by controlling units so as to ensure uniformity and standardisation. Promotion as well as information about location of outlets be also ensured by postal units.
- v) For standard accounting purposes a Senior accounts officer at SMHO will do concurrent audit of amounts in wallets, transactions done and consolidate the work rendered in terms of revenue

2.5 Training

2.5.1 Stage 1

- A) A training module to be developed by PTC Mysore for giving hands on training to DM, which is comprehensive enough to be imparted by System Managers of all Postal division.
- B) One system Manager of each postal unit to be trained by PTC Mysore to act as Master Trainer.
- C) Module to be restricted as 2 days with each day dedicated to Mailing and Banking cum Insurance respectively.

2.5.2 Stage 2

- A) One SPOC of ASP/IP rank to oversee the training at divisional level.
- B) At the end of training a certificate to be issued by respective division office, that they are authorised partners of Department of Posts.

2.6 Stages of Implementation

2.6.1 Stage1

In initial rollout of only Insurance and mailing services with special emphasis on parcels and e-commerce platform vendors

2.6.2 Stage 2

After successful roll out of Stage 1 and feedback on technological integration, subject to subsequent approval of MOF, banking portion of the DM scheme will be brought into effect.

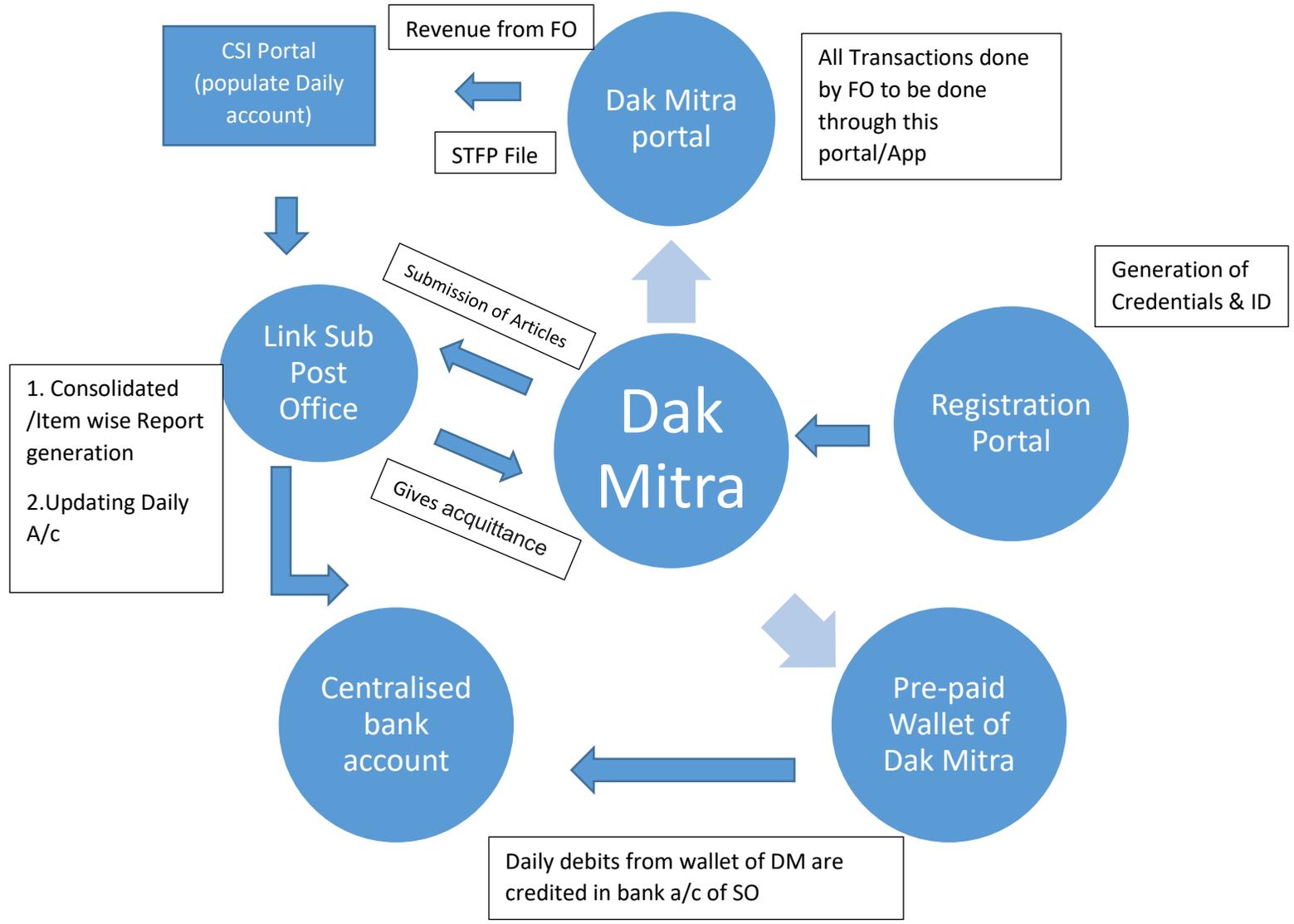
3. Operations

3.1 Brief Workflow

- The 'Dak Mitra' App can be accessed by the operator using his credentials and system generated IDs by linking his address, mobile and email for the purpose of Identity Management.

- All services will be accessed by Dak Mitra from the available Dak Mitra Portal for booking of articles including parcels. These agents will function from a pre-paid wallet through which postal transactions including those for premium collection third party services will generate a unique transaction ID and money will get instantly credited to Central Post Office Account with appropriate GL code to close the complete transaction. The commission of the agent will however remain as a part of his wallet as his income. The system will allow customer receipt of the entire amount including taxes charged from the customer. At day end a summary shall be available at both FO and linked PO level. Each 'Dak Mitra' will have link P.O. for dispatch of bags, accounting in PO Account will happen with GL credit entity through API. The linked PO will provide on-line acquittance of Parcels/Speed Post etc. booked by the 'Dak Mitra' as a parallel file will reach from 'Dak Mitra' server to link PO on real-time. Reflection in PO Daily Account will motivate Postmaster to encourage 'Dak Mitra' operations.
- Dak Mitra will do the Collection and delivery of Mail along with other selected postal services, it can own bar code printing and sticking hand held units from pre-allotted bar code series separately for all postal articles.
- The insurance premium can directly be posted to the ledger of the insurant in the digital data base once the Dak Mitra credentials is authenticated by the Registration Portal.
- For marketing of insurance products 'Dak Mitra' can have access based on credentials to the Dak-Mitra portal and the policy documents etc. will continue to be sent by CPC delivered to Dak Mitras to be hand over same to the customers.
- For Savings Bank, Operation Deposits can begin with the same way as allowed for PO Savings Bank agents from Agent App. For withdrawals, only Aadhaar Enabled Payment System will be allowed for customers, at the moment.
- The maturity payments, account closures, nominations etc. to be handled only by Post Office.
- Any third party retailing of services will only be offered by Dak Mitra based on requirements between various stake-holders.

3.2 Schematic Workflow of Dak Mitra



3.3 Mail Operations

3.3.1 Receipt of Articles from Customers

1. DM will collect the Postal Articles from customers weigh it and ensure that they contain the required postage stamps or the customer pay the required postage amount as per the existing tariff.
2. The details of the collected articles will be entered in Dak Mitra portal
3. After completing the data entry, they will generate the list of articles from the software in duplicate
4. A copy of the article list along with the article will be enclosed in a container preferably a jute/canvas bag and hand over the same to
 - a. The Post Office to which they are attached
 - b. The Mail Van/Bus/Tempo which is carrying the mail to the Post Office to which they are attached
 - c. The Mail Carrier or GDS Mail Deliverer who is carrying the mail to the Post Office to which they are attached
5. At the attached Post office these articles will be receipt scanned and processed for further transmission along with the other articles to their destination.

3.3.2 Mail Delivery

As far as Mail Delivery, these DM will work in similar way as that of a beat Postman and the mail bag will be closed by the Post Office to them.

1. They will collect the mail destined for their jurisdiction from
 - a. The Post Office to which they are attached
 - b. The Mail Van/Bus/Tempo which is carrying the mail from the Post Office to which they are attached
 - c. The Mail Carrier or GDS Mail Deliverer who is carrying the mail from the Post Office to which they are attached
2. The collected mail will be delivered to the addressees as per the DoP Delivery Norms
3. Customised PM App will be used for capturing the delivery data as done by a beat postman
4. The Undelivered articles will be kept in deposit as per the Delivery Norms of DoP
5. Refused/Returned/Unclaimed and redirected articles will be returned back to the Post Office through the same carrier which delivered the mail.

3.3.3 Transfer of Postage Collected

The postage collected will get credited to the DoP wallet from the DM Wallet which will be verified by the Post Office receiving the articles before accepting them.

3.3 Saving Bank Operations

(subject to approval from MOF)

1. Deposit and Withdrawal in POSA
2. Cash Deposit of subscription in case of RD, SSA and PPF Accounts
3. Monthly/Quarterly withdrawal of MIS/SCSS interests
4. Above three services are proposed to be made available in FO subject to cash deposit/withdrawal limit set for BOs.

3.4 PLI/RPLI operations

1. In the case of collection of premia, DM will act on par with any other BPMs.
2. They will collect the premium from the policyholder and issue prescribed receipt.
3. The amount collected will get transferred to the DoP wallet linked with wallet.
4. The details of premium collection will be entered by them in the software module being provided to them and this will update the McCamish data thereby accounting the collection.

4. Proposed Incentive Structure

4.1 Booking of articles

In view of the technology investment by DM as well as to promote heavy Parcel booking as well as long distance article booking incentive to tune of 20% is proposed. This incentive structure will in turn be motivating factor in promoting booking of these article and increase in revenue both for DM and Department.

	Article with weight	Rate (Without GST)	Proposed rate slab.
		Rs.	20% of Rate
I a.	Registered letter with 20 Grams	22	4.4
b)	Register letter with AD- 20 Grams	25	5

c)	Register letter with 40 Grams	27	5.4
II a)	Register Parcel up to 500 grams	36	7.2
b)	Register Parcel with above 500 grams to 1000 grams	52	10.4
c)	Register Parcel with 1001 grams to 1500 grams.	68	13.6
III	Speed Post letter up to 50 grams- any distance	35	7
IV) a)	Speed Post letter with above 50 grams to 200 - - up to 200 Km	35	7
b)	Speed Post letter with above 50 grams to 200 - 200 to 1000 Km	40	8
c)	Speed Post letter with above 50 grams to 200 - more than 1000 km	60	12
V a)	Speed Post letter with above 200 grams to 500 -up to 200 Km	50	10
b)	Speed Post letter with above 200 grams to 500 -now)- 200 to 1000 Km	60	12
c)	Speed Post letter with above 200 grams to 500 - more than 1000 km	80	16
VI a)	Speed Post letter with above 500 grams to 1000 - up to 200 Km	65	13
b)	Speed Post letter with above 500 grams to 1000 - 200 to 1000 Km	90	18

c)	Speed Post letter with above 500 grams to 1000 - more than 1000 km	120	24
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The incentive is applicable on rates of Speed post article (without GST).

4.2 POSB operations

4.2.1 Following models are proposed for consideration

- A) Transaction base model:** - Rs. 1 per transaction (Deposit/withdrawal) subject to 1 transaction in an account in a day and Rs. 25 in an account in a year. (to avoid splitting of transaction)
- B) Percentage base model:** - 0.25% of cash transaction amount. (i.e. Rs. 2.50 for Rs. 1000 cash transaction)
- C) Fixed charges model:** - Rs. 1000 per month per FO, subject to minimum 200 monthly transactions.

4.2.2 Further down the line, On the basis of charges prescribed by few banks the following charges may be prescribed to compensate F.O. for doing POSB operation subject to budgetary provision and provisions in the rules.

- a) PO Savings Account/SSA opening: - Rs 10 to 20.
- b) RD/TD/MIS/SCSS/PPF/KVP/NSC A/c opening: -Rs.5 to 10. (Rs.25 max for 1 customer)
- c) Transaction (Cash deposit/withdrawal): - 0.10 to 0.20%

4.3 PLI / RPLI

- i) Procurement of new PLI and RPLI policies in similar way as that done by a Direct agent
- ii) Collection of premia for RPLI/PLI policies along with other selected postal services.
- iii) Dak Mitras will be paid incentive as per rates applicable to other Direct Agents.
(A) For PLI Policies other than AEA i.e. (WLA, CWLA, EA, Children Policy and Yugal Suraksha) Premium paying term Incentive Structure Up to and equal to 15 years- 4% of first year premium income, more than 15 years but less than or equal to 25

years - 10% of first year premium income, more than 25 years - 20% of first year premium income

(B) PLI Anticipated Endowment Assurance policies (AEA): - Premium paying term Incentive Structure Less than or equal to 15 years- 5% of first year premium income, with term beyond 15 years - 7% of first year premium income.

iv) For RPLI Policies will be paid incentive as per rates applicable to other Direct Agents. Presently, it is 10% of first year premium income.

v) The only difference is in the mode of payment and receipt of cash between Dak Mitra and DoP, which will happen through the wallet.

4.3.2 Payment of Incentives

In the case of payment of incentives, the incentive amount will be credited into their wallet.

5.1 Conclusion

Department of Post is too shy of a healthy partnership on mutually beneficial setup, which will be nurtured with no additional cost to the department. In this revamped model, Dak Mitra will lead to easy access of services, preventing crowd at the Post offices, which will further contribute to ease of living and business, whilst generating employment.