

Critical Analysis Evaluation and Assessment of the Indian Postal Network System Using Competitive Benchmarking

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Abstract: India has the largest postal network in the world with 155,000 post offices, a trusted network of physical locations spread across the country. Competitive benchmarking is a Continuous process of comparing a firm's practices and performance measures with that of its most successful competitors. Competitive benchmarking is evaluating best practices from others to improve organization. This paper presents competitive benchmarking study of Indian postal network system (IPNS) helps to compare Indian postal service to other country services.

Keywords: Competitive Benchmarking, Indian Postal Network System.

I. INTRODUCTION

In an era of globalization, the role of the post office and as well as the services it provides has changed significantly. Today, postal services consist of pick-up, transport and delivery services of letters and printed matter (newspapers, journals, periodicals, brochures, leaflets, etc.); parcels for domestic or foreign destinations; post office counter services rendered at counters (sales of stamps, etc); and other postal services such as mailbox rental. The universal postal system is not only used to send and receive letters and parcels, but is now being used to send bank documents, pay utility bills, and deliver goods ordered through the Internet in addition to financial services. The industry is deeply engaged in the supply chains that have become an integral part of consumer and industrial product manufacturing and marketing. Consumers benefit not only from speed of delivery, but also from lower costs as a result of efficiencies of operation. Innovations such as overnight deliveries and time-definite deliveries have spurred global competition both by private carriers and by traditional national postal administrations. Competitive benchmarking is a Continuous process of comparing a firm's practices and performance measures with that of its most successful competitors. Benchmarking is the process of comparing one's business processes and performance metrics to industry bests or best practices from other industries. Dimensions typically measured are quality, time and cost. In the process of best practice benchmarking, management identifies the best firms in their industry, or in another industry where similar processes exist, and compares the results and processes of

those studied (the "targets") to one's own results and processes. In this way, they learn how well the targets perform and, more importantly, the business processes that explain why these firms are successful. Benchmarking is used to measure performance using a specific indicator (cost per unit of measure, productivity per unit of measure, cycle time of x per unit of measure or defects per unit of measure) resulting in a metric of performance that is then compared to others.

Also referred to as "best practice benchmarking" or "process benchmarking", this process is used in management and particularly strategic management, in which organizations evaluate various aspects of their processes in relation to best practice companies' processes, usually within a peer group defined for the purposes of comparison. This then allows organizations to develop plans on how to make improvements or adapt specific best practices, usually with the aim of increasing some aspect of performance. Benchmarking may be a one-off event, but is often treated as a continuous process in which organizations continually seek to improve their practices.

CURRENT STATUS OF THE INDIAN POSTAL NETWORK SYSTEM

India possesses the largest postal network in the world with 155,000 post offices spread all over the country as on March 31, 2001, of which 89 per cent are in the rural sector. Post offices in India play a vital role in the rural areas. They connect these rural areas with the rest of the country and also provide banking facilities in the absence of banks in the rural areas as of 31 March 2011, the Indian Postal Service has 1, 54,866 post offices, of which 1, 39,040 (89.78%) are in rural areas and 15,826 (10.22%) are in urban areas. It has 25,464 departmental POs and 1, 29,402 ED BPOs. The Post Office network of around 11,500 branches plays a unique and valued role in communities up and down the country. Post Offices are vitally important for the future of communities, both rural and urban. The Government is committed to the long term future of the Post Office. We have carried out a fundamental rethink of Government policy towards the Post Office, designed to break the cycle of decline into which the network has been allowed to fall.

II. OBJECTIVES OF STUDY

The main objectives of the paper study are:-

- ✓ To conducted competitive benchmarking study of Indian postal network system (IPNS).
- ✓ To improve service level to the customers, increase productivity of the employees and inter-Alia raise revenues of the Department.

III. LITERATURE REVIEW

The postal department has emerged as a key institution with immense potential towards the ongoing financial inclusion drive in an emerging economy, such as India. With its vast network of offices and array of financial services it enjoys familiarity of rural residents. The results reveal that although there has been improvement, significant progress has not been observed in postal savings penetration and its usage as reflected by accounts per capita and savings per capita trend, respectively, in the study spanning over a period from 1990 to 2008 across eighteen major states of India [1].

K. Rajeswari [2] Reported comparative study of the customers' perceptions of service quality of post offices in Virudhunagar district and Madurai district. Indian postal service provides many services like general, registered mail, parcel post, speed post, express post, e-post and special courier service known as EMS speed post. In view of heavy competition from private couriers, alternative modes of communication, measurement and management of service quality was the motto.

R Jain, et.al [3] Studied Indian postal sector in light of reforms that have been occurring in the postal infrastructure across the world and try to come up with certain recommendations focusing on making the department self-financing. The perspective of this project is primarily from that of the (department of post) DOP.

O. E. Agazzi, et.al. [4] Studied Indian postal automation based on the recognition of pin-code and city name of the postal document. In the proposed system, at first, non-text blocks (postal stamp, postal seal etc.) are detected and Destination Address Block (DAB) is identified from the document.

Lianwen Jin [5] Recognized comparative study of real-time processing of machine-printed Chinese postage envelopes in an automated postal system. Their system uses a high-speed camera to capture images of envelopes running on a conveying device and then automatically recognizing the postal address and postcode on each envelope. A laser sensor is used to trigger the camera to capture the images.

IV. BENCHMARKING AS A TOOL FOR QUALITY IMPROVEMENT

“Benchmarking is a measurement of the quality of an organization's policies, products, programs, strategies, etc., their comparison with standard measurements, or similar measurements of its peers”.

Benchmarking is a continuous process of evaluation of products, services and practices with respect to those of the strongest competitors or of the enterprises recognized as leaders. Either the enterprise adopts these practices, or it adapts them with the aim of improving its performance. In adirect way, the benchmarking is a process of evaluation and improvement of performance.

TYPES OF BENCHMARKING

Benchmarking can be internal (comparing performance between different groups or teams within an organization) or external (comparing performance with companies in a specific industry or across industries). Within these broader categories, there are three specific types of benchmarking:

- 1) Process benchmarking,
- 2) Performance benchmarking and
- 3) Strategic benchmarking.

These can be further detailed as follows:

- **Process benchmarking** - the initiating firm focuses its observation and investigation of business processes with a goal of identifying and observing the best practices from one or more benchmark firms. Activity analysis will be required where the objective is to benchmark cost and efficiency; increasingly applied to back-office processes where outsourcing may be a consideration.
- **Financial benchmarking** - performing a financial analysis and comparing the results in an effort to assess your overall competitiveness and productivity.
- **Benchmarking from an investor perspective**- extending the benchmarking universe to also compare to peer companies that can be considered alternative investment opportunities from the perspective of an investor.
- **Benchmarking in the public sector** - functions as a tool for improvement and innovation in public administration, where state organizations invest efforts and resources to achieve quality, efficiency and effectiveness of the services they provide.
- **Performance benchmarking** - allows the initiator firm to assess their competitive position by comparing products and services with those of target firms.
- **Product benchmarking** - the process of designing new products or upgrades to current ones. This process can

sometimes involve reverse engineering which is taking apart competitors products to find strengths and weaknesses.

- **Strategic benchmarking** - involves observing how others compete. This type is usually not industry specific, meaning it is best to look at other industries.
- **Functional benchmarking** - a company will focus its benchmarking on a single function to improve the operation of that particular function. Complex functions such as Human Resources, Finance and Accounting and Information and Communication Technology are unlikely to be directly comparable in cost and efficiency terms and may need to be disaggregated into processes to make valid comparison.
- **Best-in-class benchmarking** - involves studying the leading competitor or the company that best carries out a specific function.
- **Operational benchmarking** - embraces everything from staffing and productivity to office flow and analysis of procedures performed.
- **Energy benchmarking** - process of collecting, analysing and relating energy performance data of comparable activities with the purpose of evaluating and comparing performance between or within entities. Entities can include processes, buildings or companies. Benchmarking may be internal between entities within a single organization, or - subject to confidentiality restrictions - external between competing entities.
- **Competitive benchmarking**- it is a continuous process of comparing a firm's practices and performance measures with that of its most successful competitors.

V. BENEFITS AND USES OF BENCHMARKING

In 2008, a comprehensive survey on benchmarking was commissioned by the Global Benchmarking Network, a network of benchmarking centers representing 22 countries. Over 450 organizations responded from over 40 countries.

The results showed that:

1. Mission and Vision Statements and Customer (Client) Surveys are the most used (by 77% of organizations) of 20 improvement tools, followed by SWOT analysis (72%), and Informal Benchmarking (68%). Performance Benchmarking was used by 49% and Best Practice Benchmarking by 39%.
2. The tools that are likely to increase in popularity the most over the next three years are Performance Benchmarking, Informal Benchmarking, SWOT,

and Best Practice Benchmarking. Over 60% of organizations that are not currently using these tools indicated they are likely to use them in the next three years.

VI. STEPS COMPETITIVE BENCHMARKING

The Juran 7-Step Benchmarking Process has been developed over many years by the Juran Institute and has formed the basis of numerous annual benchmarking consortia since 1995. I'll describe it here in terms of external consortium benchmarking, but the process is generic and equally applicable in principle to all types of benchmarking as shown in figure.

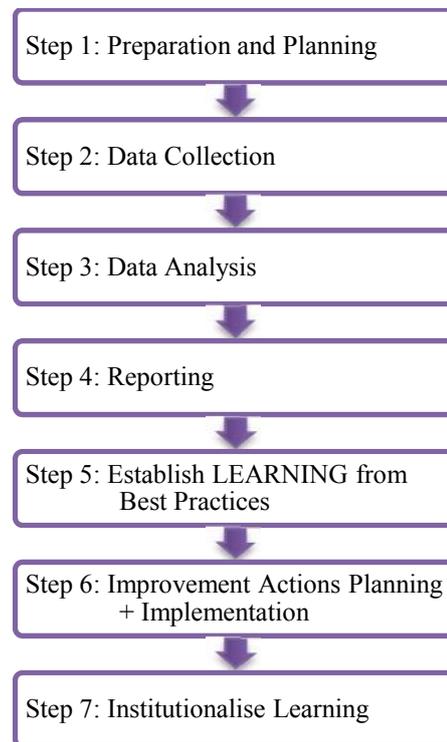


Fig.1Steps of Benchmarking

Step 1: Preparation and planning. As in any standard benchmarking process thorough preparation and planning are essential at the outset. Recognize the need for benchmarking study in this paper a comparison of postal services with the other country postal services is identified as the target.

Step 2: Data collection. This stage involves deciding what the measures are and how these measures are used. In this paper study data has been collected from the post offices, and published reports accessed through internet search. Since this exercise is a competitive benchmarking, the measure used is revenue and financial status of the different postal in the world.

Step 3: Data analysis. After the data collection, data analysis, it's essential that all data be validated to establish its accuracy and completeness. Data analysis tools are graphical virtualisation of information. In this paper competitive benchmarking study for comparing Indian postal services to other country postal services.

Step 4: Reporting. After the data analysis must then be reported in a clear, concise, and easily understood format via an appropriate medium. In our paper study is reported about the Indian postal network services (IPNS).

Step 5: Learning from best practices. In this step, the top-performing organizations share their best practices, to the mutual benefit of all of the bench markers. The top government organizations are banking, life insurance cooperation and healthcare etc all this organisation providing good services comparing to postal services. Courier service is the main competitor of the Indian postal network services.

Step 6: Planning and implementing improvement actions. Once the learning points have been ascertained, each organization should develop and communicate an action plan for the changes that it will need to make in order to realize improvements. This paper plan is to comparing Indian postal network service with other country postal service.

Step 7: Institutionalizing learning: after the planning and implementing the improvement action in the Indian postal network system. Benchmarking can take place at the corporate, operational, or functional levels of the organization.

SYSTEM COMPETITIVE ANALYSIS OF IPNS WITH OTHER GLOBAL POSTAL NETWORK

Perhaps the most surprising discovery is that volume decline does not necessarily affect a postal operator's ability to achieve high performance as shown in figure.

- Paste Italians registered a 9.9 percent drop in its postal product volume (which translated into a 5 percent decline in postal services segment revenue), but overall revenues increased by 13 percent. This is due to its growth in financial and insurance services.
- Australia Post saw a 5 percent decline in mail volumes with the impact cushioned by price increases and growth in parcel and logistics and retail and other agencies revenue.
- Singapore Post saw mail volume decline in its public mail category, yet it retained its high performance by sustaining revenues and profits, largely through a 5 to 6 percent growth in logistics and the retail business. The severity of the volume decline clearly made it more difficult to run a

profitable business and will make it even more difficult in the future, even with revenues from diversified businesses helping to soften the fall.

By benchmarking the IPNS competitively can be concluded that India got positive percentage with 2.3% compared to other countries such as Austria with 2.4% , Swiss with -0.9% , TNT with -4.7% , Finland with -7.0% , Norway with -12.1% , Royal Mail with -5.5% , Spain with -9.6% , DPWN-DHL with -5.9% , USPS with -12.7% , Canada with -8.2% , New Zealand with -7.4% , Japan with -3.5% , Singapore with 2.2% and Australia with -5.1% .

MAIL VOLUME (BILLIONS)

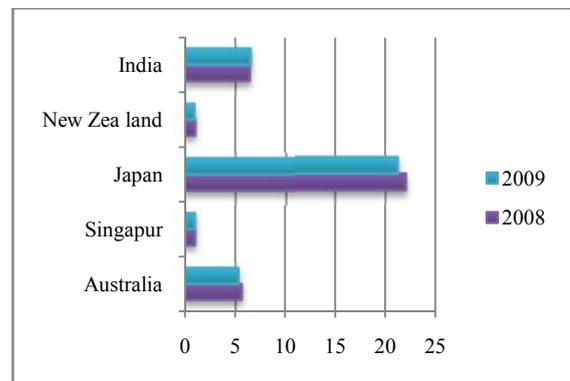
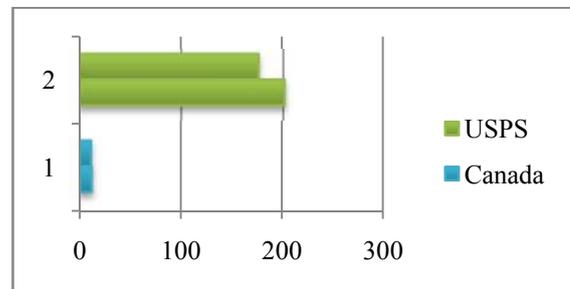
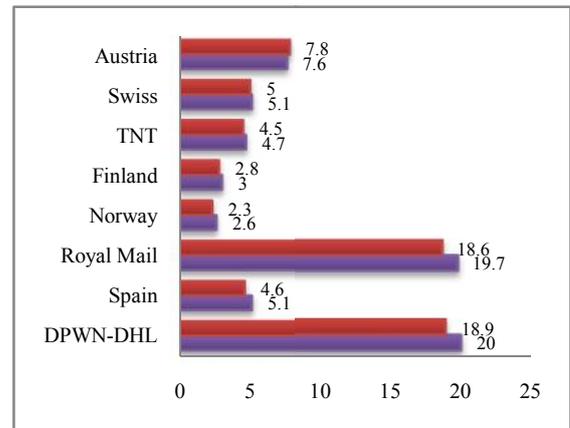


Fig. 2 Declining Trend in Mail Volumes Source: Accenture 2011 Reports

VII. RESULT AND ANALYSIS

In this paper includes the following aspect results from the competitive benchmarking study of comparing Indian postal network services to other country postal services. After the comparison the India is 2.3 and Singapore is 2.2 are positive percentages in the Asian continent and other countries are New Zealand is -7.4, Japan is -3.5 and Australia is -5.1 all are in the negative percentages as shown in figure 2. Finally this comparison shows the Indian postal network system is in the profit.

COMPARINING INDIAN POSTAL SERVICES WITH INTERNATIONAL POSTAL SERVICES

Below table compares the deportment of Indian postal services to other country postal services.By benchmarking the IPNS competitively can be concluded that India had more permanent post office with 1,55,618 compared to other countries such as China with 76,358 , Indonesia with 19,881 , Malaysia with 1,207 , Sri lanka with 4,638 , U.K with 17,243 , USA with 37,683 but Malaysia more population served per post office with 19,085 and average served area with 273.20.

Country	Perman ent post office	Populat ion served per post office	Avera ge serve d area (sq. km)	Emplo yee per 1000 populat ion
China*	76.358	16.851	125.68	0.38
India**	1,55.618	6.602	21.13	0.56
Indonesi a*	19.881	10.806	95.80	0.12
Malaysi a*	1.207	19.085	273.20	0.62
Sri Lanka*	4.638	4.158	14.15	1.17
U.K.*	17.243	3.460	14.16	3.55
USA*	37.683	7.657	248.72	2.96

Source: Dept. of Posts.
 * All figures pertain to the year 2002 and have been drawn from the UPU publication on Statistics. December. 2003.
 ** As on 31.3.2003.
 *** All figures pertain to the year 2001 and have been drawn from the UPU publication on Statistics. December. 2003.

Table : Comparin g India n Postal Servi ces With Inter nation al Postal Servi ces
VIII. ONC LUSI ON
 This paper explai ns about the concl

usion that has been drawn through the work on competitive benchmarking study in the Indian postal network system (IPNS) were comparedwith the other postal network system around the globe. By benchmarking the IPNS competitively can be concluded that India got positive percentage with 2.3% compared to other countries such as Austria with 2.4% , Swiss with -0.9% , TNT with -4.7% , Finland with -7.0% , Norway with -12.1% , Royal Mail with -5.5% , Spain with -9.6% , DPWN-DHL with -5.9% , USPS with -12.7% , Canada with -8.2% , New Zealand with -7.4% , Japan with -3.5% , Singapore with 2.2% and Australia with-5.1% . After the comparison the India is 2.3 and Singapore is 2.2 are positive percentages in the Asian continent and other countries are New Zealand is -7.4, Japan is -3.5 and Australia is -5.1 all are in the negative percentages. Finally this comparison shows the Indian postal network system is in the profit.

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