Cabinet approves continuation of Postal Operations Scheme with an outlay of Rs. 1,141 Crore for 16th Finance Commission Cycle (FY 2026-27 to FY 2030-31)

The scheme aims to modernize postal network, strengthen parcel and mail operations, enhance rural connectivity and improve citizen-centric services

Focus on e-commerce logistics, financial inclusion, international mail operations and digital transformation of India Post services

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The Union Cabinet, chaired by the Prime Minister Shri Narendra Modi, has approved the continuation of the Central Sector Scheme “Postal Operations” during the 16th Finance Commission Cycle from FY 2026-27 to FY 2030-31 with a proposed outlay of Rs. 1,141 Crore. The scheme seeks to strengthen postal infrastructure, improve operational efficiency and support the growing requirements of logistics, e-commerce and digital service delivery across the country.

With one of the world’s largest postal networks comprising 1.65 lakh post offices, including 1,49,655 post offices in rural areas, India Post continues to serve as an important platform for delivery of mail, parcels, banking, insurance and other citizen-centric services, particularly in remote and underserved regions.

Apart from its core postal operations, India Post provides a wide range of public services through initiatives such as Post Office Savings Bank (POSB), India Post Payments Bank (IPPB), Postal Life Insurance (PLI), Aadhaar enrolment and updation, Passport Services through Post Office Passport Seva Kendras, KYC verification services and support to rural artisans through Dakghar Niryat Kendras (DNKs).

The scheme would support modernization of postal infrastructure, strengthen last-mile delivery, improve logistics efficiency, promote financial inclusion and enhance customer-centric service delivery across the country. The proposal also aligns with the broader objectives of Digital India, Atmanirbhar Bharat and Viksit Bharat.

The scheme is intended to be implemented over a period of five years from FY 2026-27 to FY 2030-31.

The Postal Operations Scheme comprises the following six sub-schemes:

1. Rural Business and Access to Postal Network – Rs. 120 crore – Focused on infrastructure upgrades, standardized branding and better resource utilization to transform post offices, particularly in rural areas, into efficient and citizen-centric service hubs. The component aims to strengthen financial inclusion, digital connectivity and local economic development while improving last-mile delivery and enhancing access to postal and citizen-centric services in underserved regions.
2. Mail Network Optimization – Rs. 575 crore – Envisages modernization of mail operations through centralized delivery systems, mechanization, advanced IT solutions under Advanced Postal Technology (APT 2.0), GIS-based services and upgraded infrastructure. The initiative also includes strengthening delivery post offices, mail handling systems, Mail Motor Service (MMS) workshops, Road Transport Network and modern smart 24x7 letter boxes to improve operational efficiency, transparency, service quality and logistical reliability across the network.
3. Parcel Network Optimization – Rs. 278 crore – Includes construction of Parcel Hubs and expansion of Parcel Packaging Units (PPUs) aligned with the redesigned sorting framework to streamline parcel movement, reduce handling points, ease capacity constraints and improve transit times. The component also aims to support growing parcel volumes from e-commerce and rural markets through purpose-built facilities, standardized secure packaging and enhanced operational flexibility while improving customer trust and strengthening India Post's competitiveness in the logistics sector.
4. Infrastructure Upgrade and Augmentation of Infrastructure for International Mails – Rs. 8 crore – Aims to strengthen international mail services by upgrading Foreign Post Offices (FPOs) and Sub Foreign Post Offices (SFPOs) to improve infrastructure and expedite processing of international consignments. The initiative also includes marketing and Advertisement through Postal / RMS Division and position India Post as a reliable international logistics provider while improving compliance, technology integration and export logistics support.
5. Marketing Functions including Quality of Service – Rs. 100 crore – Focused on promotion, branding, outreach and customer engagement through multi-channel campaigns across television, digital, radio, print and outdoor platforms. The component also includes participation in events and exhibitions, social media campaigns, direct marketing and expansion of Dak Chaupal activities to deepen grassroots engagement, especially in rural and underserved areas. In addition, it envisages infrastructure upgrades, studio facilities, ICT enhancements, market research, influencer engagement and third-party evaluation mechanisms to improve quality of service and strengthen a customer-centric approach.
6. Philately Operations – Rs. 60 crore – Proposes initiatives to promote philately through exhibitions, seminars, quizzes, school philatelic clubs and innovative stamp designs including scented, holographic and 3D stamps. The component also includes digital outreach activities, programmes such as the Dhai Akhar letter-writing competition and SPARSH scholarship, modernization of production and fulfillment centres, market research and international collaboration with the objective of revitalizing philately as an

engaging educational and cultural activity while also improving operational efficiency and revenue potential.

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