

26

**STANDING COMMITTEE
ON COMMUNICATIONS
(1995-96)**

TENTH LOK SABHA

**MINISTRY OF COMMUNICATIONS
(DEPARTMENT OF POST)**

*[Action Taken by Government on the Recommendations contained
in the Fifteenth Report of Standing Committee on Communications
on Demands for Grants (1995-96)]*

TWENTY SIXTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 1995/Agrahayana, 1917 (Saka)

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(1995-96)

(TENTH LOK SABHA)

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(DEPARTMENT OF POST)

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Fifteenth Report of Standing Committee on Communications
on Demands for Grants (1995-96)]*

Presented to Lok Sabha on 22. 12. 1995

Laid in Rajya Sabha on 22. 12. 1995



LOK SABHA SECRETARIAT
NEW DELHI

December, 1995/Agrahayana, 1917 (Saka)

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COMPOSITION OF STANDING COMMITTEE ON COMMUNICATIONS
(1995-96)

*Shri Pawan Kumar Bansal — *Chairman*

MEMBERS

Lok Sabha

2. Shri R. Jeevarathinam
3. Shri Sharavan Kumar Patel
4. Shri Laeta Umbrey
5. Shri Surajbhanu Solanki
6. Shri Dennis
7. Shri Jagmeet Singh Brar
8. Shri Kodikkumnil Suresh
9. Shri B. Devarajan
10. Shri R. Anbarasu
11. Dr. B.G. Jawali
12. Shri Somjibhai Damor
13. Shri Mohan Lal Jhikram
14. Shri Mahesh Kumar Kanodia
15. Smt. Dipika H. Topiwala
16. Dr. Sakshiji Maharaj Swami
17. Shri Lalit Oraon
18. Shri Lal Krishna Advani
19. Shri Sharad Yadav
20. Shri Ram Pujan Patel
21. Shri Shivsharan Verma
22. Shri Rupchand Pal
23. Shri Satyagopal Misra
24. Shri A. Asokaraj
25. Shri G.M.C. Balayogi

* Appointed Chairman w.e.f. 22.9.1995 *Vice* Kumari Vinla Verma who ceased to be Member and Chairperson of the Committee on her appointment as Minister.

25. Shri G.M.C. Balayogi
26. Shri Raj Kishore Mahato
27. Shri Sanat Kumar Mandal
28. Shri Shri Sultan Salahuddin Qwaisi
29. Shri Chandrajeet Yadav

Rajya Sabha

30. Shri Prakash Yashwant Ambedkar
31. Shri Jalaludin Ansari
32. Shri M.A. Baby
33. Shri Virendra Kataria
34. Shri Aas Mohammad
35. Shri O. Rajagopal
36. Shri Mohammed Afzal
37. Smt. Jayanthi Natarajan
38. Shri Anandiben J. Patel
39. Shri G. Prathapa Reddy
40. Smt. Sushma Swaraj
41. Shri Vizol
42. Shri V. Kishore Chandra Deo
43. Shri Janeshwar Mishra
44. Smt. Veena Verma

SECRETARIAL

1. Shri S.N. Mishra — *Additional Secretary*
2. Shri G.C. Malhotra — *Joint Secretary*
3. Shri O.P. Ghai — *Deputy Secretary*
Under Secretary
4. **Shri S.K. Sharma**

INTRODUCTION

I, the Chairman of the Standing Committee on Communications (1995-96) having been authorised by the Committee to submit the Report on their behalf, present this Twenty-Sixth Report on Action Taken by Government on the recommendations of the Committee contained in its Fifteenth Report (Tenth Lok Sabha)—Demands for Grants (1995-96) on the Ministry of Communications (Department of Post).

2. The Fifteenth Report was presented to Lok Sabha on 9 May, 1995 and was also laid in Rajya Sabha the same day. The Government furnished their replies indicating Action Taken on the Recommendations contained in the Report on 6 September, 1995.

3. The Report was considered and adopted by the Committee at its sitting held on 20 December, 1995.

4. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in the body of the Report.

5. An Analysis of Action Taken by Government on the Recommendations contained in the Fifteenth Report of Standing Committee on Communications (Tenth Lok Sabha) is given in Appendix II.

NEW DELHI;
21 December, 1995

30 Agrahayana, 1917 (Saka)

PAWAN KUMAR BANSAL
Chairman,
Standing Committee on Communications.

CHAPTER I

REPORT

1. This Report of the Standing Committee on Communications deals with the action taken by Government on the recommendations contained in its Fifteenth Report (Tenth Lok Sabha) on Ministry of Communications (Department of Post).

2. The Fifteenth Report was presented to Lok Sabha on 9th May, 1995 and was also laid on the Table of Rajya Sabha the same day. It contained 13 observations/recommendations.

Action Taken Notes in respect of all the observations/recommendations contained in the Report have been received and have been categorised as follows :—

- (i) Recommendations/observations which have been accepted by the Government.

Sl. Nos. 2 (Para 13), 8 (Para 24), 10 (Para 28), 11 (Para 31), 12 (Para 32) & 13 (Para 36)

Total : 6

Chapter II

- (ii) Recommendations/observations which the Committee does not desire to pursue in view of the reply of the Government.

Sl. Nos : 1 (Para 6), 3 (Para 14), 4 (Para 15), 5 (Para 16) & 9 (Para 27)

Total 5

Chapter III

- (iii) Recommendations/observations in respect of which replies of Government have not been accepted by the Committee and which require reiteration.

Sl.Nos : 6 (Para 17) & 7 (Para 22)

Total 2

Chapter IV

- (iv) Recommendations/observations in respect of which replies are of interim nature :

NIL

3. The Committee will now deal with action taken by Government on some of their recommendations.

Non Plan Expenditure

Recommendation Sl. No. 1 (Para 6)

4. The Committee in its Fifteenth Report took a serious view of the fact that the non-plan expenditure has shown a rising trend while the plan budget estimates have actually decreased. The Committee also observed that the Department of Post would take note of this fact and devise steps to control the rising trend in the non-plan expenditure while the plan schemes will be suitably augmented with a view to expand the postal services.

5. The Department of Post in their Action Taken Notes have stated that non plan expenditure in the Department of Post covers items which contribute towards maintenance of postal services and include expenditure on salaries, wages and allowances of employees (67% in 1995-96) recurring, operational costs including printing of postal stationery, subsidy for unremunerative services as well as post offices and expenditure on welfare emenities for the staff, etc. The Department have further stated that efforts are being made continuously to contain this non-plan expenditure by streamlining and eliminating non-essential items and also through rationalisation of work-process. The Department was not able to fully utilise its allocations for some crucial plan schemes in the past resulting in the outlays provided under Plan being underutilised. The Department has also set up a Corporate Plan and Technology Division headed by a senior officer to bring about greater coordination and monitoring in the implementation of plan schemes with a view to fulfilling physical and financial targets.

6. The Committee note that Department of Post is making efforts continuously to contain the non-plan expenditure by streamlining and elimination of non-essential items and also through rationalisation of work process. The Committee is distressed to note that Department was not able to fully utilise its allocations for some crucial plan schemes. The Department of Post should have apprised the Committee of the constraints felt in the full utilisation of allocations on crucial, plan schemes. The Committee may also be apprised of the policy initiatives taken on modernisation.

Post Offices to cater areas within a State

Sl. No. 4 (Para 15)

7. The Committee in its Fifteenth Report had pointed out that certain inter-State border Post Offices and Sub-Post Offices which are situated in one State are having villages falling in adjoining states attached to them. This causes a lot of confusion in the address as the addressee and the post office are located in different States. The Committee had, therefore, desired that this lacuna be removed and post offices should cater to areas within one State only. The Committee had also pointed out that in certain areas in monsoon season where rivers fall in-between the post offices and the villages served by them are flooded, communication becomes impossible. In view of these difficulties, Committee had desired that a post office and the villages served by it should be on the same side of a river, if any.

8. The Department of Post in their Action Taken Note has stated that the Postal Administration of the country is divided into Circles. Though the Circles by and large correspond to the States, there are some exceptions also. These Circles were formed keeping in mind the operational requirements of the Department. In rarest of rare cases, it is found that one Post Office is situated in one State, whereas the villages attached to it are situated in the other State. However, a review in this regard is under way.

9. The Department has further stated that in very few cases, it is found that rivers of a considerable size come between a Post Office and village attached to it. However, sometimes in Monsoon season, postmen and delivery agents are required to cross the rivulets or small streams for delivery of letters. Such situation is not completely unavoidable. However, a thorough review is being undertaken based on the suggestion of the Standing Committee.

10. The Committee note that the Department has undertaken a review on the basis of its recommendation to see that the attached villages and the serving post offices are located in the same State and also that there is no river/rivulets between a post office and the villages served by it which can cause communication problems during monsoon season. The Committee would like to be apprised of the outcome of these reviews.

Postal Services in Coastal Areas

Recommendation Serial No. 6 (Para 17)

11. The Committee, in its Fifteenth Report had viewed that isolated coastal areas of the country also faced peculiar difficulties and they

deserve better treatment in expansion of postal network. Increased operational subsidy in their case extending upto 85 percent as was made available in the case of hilly and tribal areas might therefore be considered.

12. In their Action Taken Note the Department of Post has stated that the present norms for opening EDBOs, including the relaxed norms for hilly, tribal and inaccessible areas have been fixed on the basis of a study conducted by NIRD, Hyderabad. However, under the proposal to introduce Panchayat Sanchar Sewa Kendras which will provide all basic communication facilities to villages on a contractual basis using the Panchayat network, these norms would not be applicable. The Kendras will be opened in each Gram Panchayat village without a Post Office on a voluntary basis. Hence, it will now be possible to provide basic communication facilities to any village including those in isolated coastal areas, without reference to the departmental norms provided the Panchayats in these areas agree to participate in the Panchayat Sanchar Sewa Yojana.

13. The Committee is not satisfied with the reply given by the Department of Post for opening Post Offices in the isolated coastal areas. The people in the coastal areas live in a disadvantageous atmosphere and have to be considered for providing postal services on a different footing as there may not be any Gram Panchayat to provide infrastructure for basic postal facilities on contractual basis. The Committee, therefore, recommends that opening of Post Offices in the isolated coastal areas may not be combined with the Panchayat Dak Sewa Yojana. The Government should take suitable steps for opening Post Offices in the isolated coastal areas even if it means making certain relaxation in the departmental norms.

Deficit on Revenue Account because of large amount of subsidy on Postal Stationery and Services.

Recommendation No. 7 (Para 22)

14. The Committee, in its Fifteenth Report, had viewed that Post Cards, inland letters, registration of postal articles are the three main items that account for loss and in the year 1992-93 this loss was Rs. 218.29 crores. The Committee did not find any justification in subsidising services like registration. Post Cards used for commercial purposes like T.V. quiz etc. could also bear higher tariff and need not, therefore, be subsidised. The Committee had desired that the required amendment to India Post Office Act, 1898 might therefore be expedited with a view to curtail losses on this account. There was no justification for subsidising registered mail as it was used mainly for business

purposes and by more affluent sections of the society. The Committee had desired an upward revision of rates on these items. Enormous loss had been incurred to the exchequer by not taking prompt action on this suggestion of the Committee made in their Fourth Report presented in Lok Sabha on 21st December, 1993. The Committee, had therefore, taken a serious view of this costly lapse on the part of Department of Post.

The Department of Post, in their Action Taken Note, has stated that the deficit is mainly due to the steady rise in the operational cost and increase in the expenditure on development attributable to expansion of postal network which is not fully reflected in the postal tariff for the various services. To overcome such deficit efforts are continuously made to contain the working expenses by adopting strict economic measures and expenditure control as also by simplification of procedures wherever possible. As far as upward revision of postal tariff is concerned, revision of postal tariff of various postal services is generally a part of the annual exercise for finalisation of the General Budget. In so far as introducing a new category of Post Card called, Competition Post card, bearing a higher tariff than ordinary Post Card is concerned action has been initiated as part of the comprehensive proposal for amending the Indian Post Office Act and for which a Bill is proposed to be introduced in the Parliament shortly.

15. The Committee note that the Department of Post proposed to introduce a new category of Post Card, called 'Competition Post Card' bearing a tariff higher than the ordinary Post Card for which a Bill amending Indian Post Office Act, 1898 will be introduced in Parliament. The Committee would like to be apprised of the time frame for the introduction of this Bill.

16. The Department of Post has not stated any action proposed to be taken to offset the loss as a result of subsidy on registered mail which is to the tune of about Rs. 82 crores annually. Subsidy on the registered mail is a major drain on the exchequer. The Committee, therefore, recommends that to avoid further loss on this score, the Department of Post may take suitable measures for increasing the tariff on registered mail as it is used mainly for commercial purposes and by more affluent sections of the society.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation Sl. No. 2 (Para 13)

The Committee are distressed to find that budget provisions made during the years 1992-93 and 1993-94 on expansion of postal network could not be utilised fully—the achievement being only 83 per cent and 65 per cent respectively. In 1994-95 also the anticipated achievement is stated to be only 84 per cent. However, in physical terms the actual achievements in the case of opening of Extra Departmental Post Offices were far more than the approved targets in first two years of the Plan and in the third year (1993-94) anticipated achievement is 48 against the target of 80. Similarly in the case of opening of Departmental Post Offices the actual achievements were much higher in the years 1992-93 and 1993-94 but only 11 per cent is anticipated in 1994-95. The Committee are of the view that utmost efforts should be made to achieve the approved financial as well as the physical targets. The Committee feel that the funds provided vis-a-vis the physical targets laid down during the years 1992-93 and 1993-94 were not precisely calculated. Had the funds provided been fully utilised, the achievements in physical terms would have been still high. The Committee desire that in future requirements of funds should be calculated precisely in the light of targets laid down.

Action Taken by the Department

Every proposal for opening an EDBO, or upgrading an EDBO to DSO has to satisfy the requisite norms regarding distance, population and income. While data on the first two criteria are readily available, information in respect of the third criterion has to be compiled in the case of each proposal to satisfy the condition that the income likely to be generated from the p.o. meets 1/3rd or 15% of the outgo likely to be incurred on each of the EDBOs setup in normal or hilly/tribal areas respectively, and full expenditure in the case of DSOs. The proposals thus formulated are thereafter required to be approved by the Ministry of Finance before they can be sanctioned. Since the procedure involved in formulating the proposals for obtaining inter ministerial approvals is a time consuming one, experience shows that most approvals can be issued only at the fag end of the year while the post offices are opened thereafter, after securing suitable

accommodation, in the case of DSOs, or a suitable EDBPM, in the case of EDBOs.

Despite these lengthy procedures, the Department was able to exceed its physical targets for opening EDBOs and DSOs in the first 2 years. Last year, against anticipated achievement of 48 EDBOs out of a target of 80, only 4 EDBOs were finally sanctioned whereas 31 DSOs could be sanctioned against anticipated achievement of 17 DSOs out of a target of 150 DSOs. However if we take the overall level of achievement under opening/upgrading of post offices in the first 3 years, it may be seen that 1533 post offices have been sanctioned against a target of 1400.

It has been estimated that the recurring cost on each EDBO is approx. Rs. 20,400/- while that for a DSO is approx. Rs. 74,000/-. The budgetary provisions for this plan activity are calculated taking into consideration the annual recurring costs on post offices already opened in the previous year and the anticipated cost for opening the targetted number of post offices in the current year. In the case of the latter, the provisions are worked out taking into account the requirements for maintaining the targetted number of offices on an average for a period of 6 months and not for the full year, as sanctions are issued in the second half of the financial year. However, since most of the post offices are in reality sanctioned/opened only at the fag end of the year, the financial provisions made for post offices to be opened in the current year are not fully utilised, even though physical targets are not only achieved but even exceeded.

In order to rectify this position efforts will be made to expedite the approvals to the extent possible. Further the Department proposes to utilise the funds available under this plan scheme to open Panchayat Sanchar Sewa Kendras in the last 2 years of the Plan period in order to accelerate the pace of expanding the postal network to areas where basic postal facilities do not exist.

Recommendation Sl. No. 8 (Para 24)

Speed Post is a major profit earning activity of the Department of Post. However, it is facing stiff competition from private couriers. The Committee desire the Department to draw comprehensive plan for growth and efficiency of this service to ensure greater economic efficiency and its continuation as the dominant player in the industry which is getting more competitive.

Action Taken by Department

To ensure greater efficiency and reliability of the Speed Post Service, the Department has introduced the latest computerised systems for

tracking and tracing Speed Post articles in Bombay and Delhi, which have the largest traffic of Speed Post in the country. This system enables the Department to continuously monitor these time sensitive articles from the time of booking to the point of delivery. It is proposed to expand this facility to cover 10 more stations on the Speed Post network during 1995-96.

The system of proof of delivery (POD) has also been introduced as a value added option available to the customer for an additional sum of Rupees Ten. POD is available in the entire network which has now grown to 69 stations.

An innovative and intensive action plan has been drawn to market the Speed Post Service. This includes :

- (a) Telecast of a commercial spot on Doordarshan.
- (b) Direct contact with the mailers by using the technique of direct mailing at all levels.
- (c) Heads of Circles have been advised to make Speed Post Service more visible by resorting to newspaper advertisements and installation of hoardings at prominent places.

Recommendation Sl. No. 10 (Para 28)

The Committee also feel that number of complaints about loss of money orders being three percent of the total number of complaints is quite high. Efforts should be made to reduce it through proper supervision and timely action.

Action Taken by Department

The instances pertaining to loss of money orders is 0.006% of the total money order traffic handled in the country. While the number of cases in which loss of money order while in transit may be 3% of the total number of complaints relating to money orders, it would be observed that the percentage of such cases to the total money order traffic handled is negligible.

Instructions have been issued to the Heads of Circles and Regional PMsG time and again regarding issue of duplicate money order immediately after the loss of money order comes to notice. Instructions also exist to the effect that in case of a complaint pertaining to non-payment of money order, a search bill should be issued by the Office of Booking immediately and duplicate money order should be issued in case no response is received by the Office of booking within

10 days. Recently instructions were given to the Heads of Circles and Regional PMsG to ensure that no complaint relating to non-payment of money orders remains pending for over one month.

In view of the observations made in para 28 by the Committee, directions have again been issued to the Regional PMsG/Heads of Circles to strengthen supervision over handling of money orders at various stages and to minimise instances of loss thereof. A copy of the instructions issued is placed at Annex. 'A'.

भारत सरकार
(संचार मंत्रालय)
डाक विभाग,
डाक भवन, संसद मार्ग,
नई दिल्ली-110 001

VED KUMAR
DY. DIRECTOR GENERAL (PG)

Government of India,
(Ministry of Communications)
Department of Posts,
Dak Bhavan, Sansad Marg,
New Delhi-110 001

No. 3-21/95-P. Comp.

Dated 11.8.95

Dear Shri

In the 15th Report of Parliamentary Standing Committee on Communications, it has been pointed out that the number of complaints about loss of money orders which is 3% of the total number of complaints is quite high. The Committee has observed that efforts should be made to reduce it through proper supervision and timely action.

2. Instructions already exist regarding proper care to be taken regarding handling of money orders in the office of Booking, while in transit and in the Office of Payment. Instructions also exist for issue of duplicate money order in case of loss of Money Orders while in transit or even if reply to CPT-21 is not received by the Office of Booking of money orders within 10 days. You are requested to kindly see that supervision is strengthened over handling of money order in the Office of Booking and Payment as well as in transit, keeping in view, the observations of the Parliamentary Standing Committee on Communications. You are also requested to ensure that duplicate money orders are issued without delay in cases where loss of money order is established or when response to CPT-21 is not received by the Office of issue within 10 days. Kindly see that these orders are properly followed by all concerned.

3. Receipt of this letter may please be acknowledged to Smt. Vandita Kaul, ADG(CS).

With regards,

Yours Sincerely,
Sd/-
(VED KUMAR)

All the Heads of Circles/Regional PMsG.

Recommendation Sl. No. 11 (Para 31)

The Committee understand that Department of Post has taken a large number of private buildings on rent to house post offices particularly in rural areas. Rent of these buildings has not been revised for many years which has been causing difficulties to the owners of such buildings. These buildings are by and large not maintained properly which has affected efficiency of the staff working there. The Committee desire that such buildings should be maintained properly. Further, for maintenance of Departmental post office buildings adequate funds should be provided for their renovation and upkeep as the unsatisfactory conditions of these buildings affect quality of service provided to users of postal services.

Action Taken by Department

A vast majority of Post Offices in rural areas are Extra Departmental Branch or Sub Post Offices for which the premises are provided by the Extra-Departmental Agents running the Post Offices i.e. the Extra-Departmental Sub or Branch Postmasters. Hence maintenance of these offices are also their responsibility.

It is a fact that many departmental Post Offices are accommodated in rented private buildings in rural areas and in many instances the rent has not been revised for many years. However, the department has taken measures to ensure that in future rents are revised periodically. For instance, instructions have been circulated vide the Directorate's letter No. 31-27/89-Bldg. dated 29.5.92 that rent is to be revised every five years, w.e.f. the date of expiry of the lease deed, or, the date of request made by the house-owner for rent enhancement, whichever is later (copy placed at Annex. B for ready reference).

Besides, market rates prevalent in the area are also to be duly considered by the Fair Rent Assessment Committee to ensure that the house-owner receives a reasonable rent for his/her premises.

While renting of premises from private parties, the department executes a lease deed wherein clauses are incorporated to the effect that the house-owner would carry out the necessary repairs and maintenance of the premises. In addition, the lease deed specifically mentions that no revision of rent can be permitted if the house-owner does not honour this commitment. Therefore, in many cases where the house-owners have failed to carry out the necessary repairs/maintenance, despite the requests made to this effect by the Department, there is no way the Department can enhance the rent of the premises. However, in such cases the Department undertakes the

required repair/maintenance work at its own cost, subject to the availability of resources.

It is the endeavour of the Department to keep departmental buildings in good condition. Funds are allocated annually to the circles for repairs and maintenance of departmental buildings and depending on the resources available and the condition of the buildings, Heads of Circles priorities repair and maintenance works building-wise.

In addition to the above measures, the Department has also introduced a programme of modernisation in selected important post offices, centering around the P.C. based multipurpose counter machines (MPCMs) supplied to these offices to upgrade the capability of their counters. This programme of modernisation seeks to upgrade the work environment in post offices, particularly in the counter and front office area so as to enhance customer satisfaction and also to boost the morale of the employees and thereby forge a new relationship between them.

In addition to renovation and improvement of the upkeep of these offices this programme also provides improved operational equipments to post offices which will enhance the efficiency of these offices and better amenities to the customer. 115 post offices were modernised in this manner last year and 350 more are targetted for 1995-96.

GOVERNMENT OF INDIA MINISTRY OF
COMMUNICATIONS DEPARTMENT OF POSTS

Dak Bhavan,
Sansad Marg,
New Delhi - 110001.

No. 31-27/89-Bldg.

Dated : 29-5-1992.

To

All Heads of Circles/Regions.

SUBJECT : *Assessment of reasonable rent/enhancement of rent of private building taken on lease by the Department-Guidelines regarding.*

Kind reference is invited to the Directorate's letter of even number dated 25.2.92 *vide* which instructions on periodicity for reassessing the reasonable rent of private buildings taken on lease by the Department were issued. It was stated in the 1st para of this letter that guidelines for fixing enhanced/revised rent will be issued separately. The question of rationalising the principles for certifying the reasonableness of rent in respect of rented buildings under the occupation of the Department has been examined in consultation with Finance Advice (Postal) and it has been decided that assessment of revised/enhanced rent of such buildings will be treated as a fresh case of rent assessment and will be done according to the following principles:—

(i) Work out the reproduction cost of the building as on the date of reassessment on the cost index for the concerned locality;

(ii) Work out the depreciated value of the building assuming a straight line variation of depreciation depending on the age of the building;

(iii) Work out land area appurtenant to the building taking into account the local bye-laws. In case no such bye-laws exist in the locality, general practices prevailing in the locality should be followed. Any surplus land that does not enhance the utility of the building should be excluded;

(iv) The cost of appurtenant land should be ascertained from the local Revenue Authority. For this purpose; the cost of land should be divided between the number of tenants in the building, apportioned

between the tenants according to the plinth area each one is having, if the Department is not the sole tenant;

(v) Where the landlord has made additions/alterations in the building as per departmental requirements, the same will be taken into consideration in working out the capital cost of the building;

(vi) The cost of appurtenant land may be added to the depreciated value of the building to assess the reasonable return on the property. In the case of Metropolitan cities, this percentage rate of return may be taken as 10% per annum. In the case of other cities/towns, this figure may be taken as 9% per annum;

(vii) The figure arrived at thus would constitute the annual rent of the building on the basis of the principle of valuation. This is the "Core" rent, as mentioned in Directorate's letter of even number dated 25.2.92.

2. After working out the rent on the above principles of valuation, the market rate of rent current in the locality will be ascertained by the FRAC. For this purpose, rents paid by Government and semi-Government organisations, public sector undertakings and nationalised banks will be taken into account. The data collected must be authentic and the building should be comparable in specifications and amenities provided.

3. After getting the two values, i.e. rent based on the recognised principles of valuation and the current market rate, the endeavour of the competent authority should be to balance the two factors of rent worked out on the basis of the principles of valuation as well as market rent. While weightage should be given to the market rent so as to sufficiently compensate the landlord, all efforts should be made to fix the rent lower than the market rate. For this purpose, after considering the FRAC's report, the competent authority should negotiate with the landlord. Where the enhanced rent falls within the powers of the Divisional Superintendents, the negotiation will be carried out by the next higher authority.

4. Rent will not be increased if the Department has incurred any expenditure on maintenance/repairs of a particular building.

5. Enhancement of rent should be effected only after a fresh lease deed is signed by the landlord.

6. For the purpose of these orders, the constitution of FRACs at various levels will continue to be guided by the orders already in force. However, for all cases where enhancement of rent would fall

within the powers of the Divisional Superintendents, the revision of rent will be considered by a duly constituted FRAC even where the initial rent had been within the delegated powers of the Divisional Head without the assistance of the FRAC.

Hindi version will follow.

(T.K. Tochhawng)
Deputy Director General (PME)

Copy to :—

1. Chief Engineer (Civil), Postal, New Delhi/Bangalore.
2. All SE's (Civil).
3. All DDGs/Directors.
4. Director, Postal Staff College, Ghaziabad.
5. Principals, Postal Training Centres.
6. Director, PLI, Calcutta.
7. Controller, Mail Operations, New Delhi/ Bombay/ Calcutta/ Madras.
8. ADG (BP) / DO (BP-I) / DO (BP-II) / ASP (MI) with five spare copies.

(T.K. Tochhawng)
Deputy Director General (PME)

Recommendation Sl. No. 12 (Para 32)

Moreover, the procedure with regard to fair net assessment should be simplified so that the aggrieved building owners can get their grievances, redressed. The Committee desire the Department to constitute Rent Assessment Committees at district level and functions of Regional level, Rent Assessment Committees may be decentralised to that level.

Action Taken by Department

The periodicity for enhancement of rent for premises taken on rent by the Department has already been decreased from six to five years w.e.f. 1.11.1992.

Rent Assessment Committees already exist at the Divisional level. The Rent Assessment Committees at the Divisional and Regional levels discharge similar functions, except, for the fact that the one at the Regional level exercises higher financial powers.

Besides, the constitution of Fair Rent Assessment Committees at the Regional level has also been changed to facilitate early decision of Rent Assessment cases *vide* this Directorate's letter No. 18-19/92-Bldg. dated 15.10.93 (copy placed at Annex 'C'). At the Regional level instead of the Executive Engineer (Civil), the Asstt. Engineer (Civil) can be a member of the Rent Assessment Committee. As a result decision of rent revision cases at the Regional level have been expedited.

ANNEXURE 'C'

GOVERNMENT OF INDIA MINISTRY OF COMMUNICATIONS
DEPARTMENT OF POSTS BUILDING BRANCH

No. 18-19/92-Bldg.

Dated : 15-10-93.

To

All CPMsG/PMsG,
All Principals, PTCs.

SUBJECT : *Change of Composition of F.R.A.C. at Regional level.*

Attention is invited to this office letter No. 30-2/79-NB(P) dated 29-10-79 wherein structuring of the F.R.A.C. was given.

- I. As per para 2(ii) of the above mentioned letter, the Regional level F.R.A.C. shall consist of:
 - (i) Assistant Director (Postal/Telecom.);
 - (ii) Executive Engineer (Civil) of the P&T Civil Wing; and
 - (iii) Accounts Officer responsible for the drawing and disbursing functions of the Region/Area.
- II. This has been reviewed and it is now decided that henceforth Regional Level F.R.A.C. should comprise of:
 - (i) One Assistant Director (Postal);
 - (ii) Assistant Engineer of Postal Civil Wing nominated by Regional Head; and
 - (iii) Accounts Officer responsible for drawing and disbursing functions of the region.
- III. This issue with the concurrence of FA(P) *vide* their Diary No. 2721-FA/93 8-9-93.

(S.C. SHARMA)
DIRECTOR (BP)

Recommendation Sl. No. 13 (Para 36)

Since the initial problems of identification of proper technology, identification of manufacturer and the teething problems have been overcome, the Committee trust that the budgetary provisions made for the year 1995-96 will be fully utilised to upgrade the technology of the postal services to serve the people more efficiently.

Action taken by Department

During Annual Plan 1995-96 Rs. 46.82 crores have been provided under Plan Programme "Upgradation of Technology". The physical and financial targets in respect of the following Plan activities are expected to be fully achieved:

- (a) Installation of 1000 computer based counter machines.
- (b) Installation of VSAT at 75 locations.
- (c) Procurement of machinery and equipment:
 - 40 Electronic Franking Machines and
 - 20 Tying and Bundling Machines.

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT REPLIES.

Recommendation Sl. No. 1 (Para 6)

The Committee are concerned to note that the non-plan expenditure has shown a rising trend while the plan budget estimates have actually decreased. The Committee trust that the Department of Post will take note of this fact and devise steps to control the rising trend in the non-plan expenditure while the plan schemes will be suitably augmented with a view to expand the postal services.

Action taken by Department

Non-plan expenditure in the Department of Post covers items which contribute toward maintenance of postal services. These include expenditure on salaries, wages and allowances of employees (67% in 1995-96) recurring, operational costs including printing of postal stationery, subsidy for unremunerative services as well as post offices, expenditure on welfare amenities for the staff, etc.

Efforts are being made continuously to contain this non-plan expenditure by streamlining and eliminating non-essential items and also through rationalisation of work-process. There has been a complete ban on creation of new posts since 1984, and the increase in work has been mainly managed through rationalisation of procedures, redeployment of manpower to more important areas and through induction of technology. However, as a result of the increasing cost of various inputs for maintaining services, specially the salaries and wages of employees, non-plan expenditure has continued to show an increase despite the fact that the number of employees has not increased. The expenditure on payment of Dearness Allowance twice a year along with the payment of Interim Relief have added considerably to the non-plan expenditure. While induction of technology for speedier and more responsive service has helped to rationalise work and even reduce the manpower input, it also introduced a negligible element of recurring cost in terms of annual maintenance of the hardware, new stationery and other consumable for the machines and the computer systems. The increase in the non-plan expenditure was, therefore, inevitable due to the increasing tempo of implementation of various plan schemes, particularly those relating to modernisation through new technology.

However, the Department endeavours to contain this increase to the extent possible:

(1) through progressive rationalisation of its system of operations.

(2) by introducing new value added scheme using the existing infrastructure which will help to optimise utilization of the system, to increase revenues and thereby defray to a greater extent the enhanced expenditure being incurred for maintenance of services—e.g. SATMO Service, Hybrid Mail etc.; and,

(3) by introduction of new scheme to expand postal network in the country in which the recurring costs involved are negligible e.g. Panchayat Sanchar Sewa Yojana etc.

In so far as Plan schemes are concerned, the Department was not able to fully utilise its allocations for some crucial plan schemes in the past resulting in the outlays provided under Plan being underutilised. However, after the mid-term review of the 8th Plan and the crucial policy initiatives to focus on modernisation of the postal system through induction of technology, the investments under plan for Upgradation of Technology, for example, has been considerably enhanced. Consequently, it may be seen that allocation for the scheme Upgradation of Technology and the overall outlay for 1994-95 were both enhanced, as per the details given below:

(Rs. in Cr.)

Item	BE 94-95	Allocations RE 94-95	BE 95-96
Upgradation of Technology	29.84	37.28	46.82
Overall outlay for the Plan.	77	92	85

The Department has also set up a Corporate Plan and Technology Division headed by a senior officer to bring about greater coordination and monitoring in the implementation of plan schemes with a view to fulfilling physical and financial targets. This has resulted in plan targets being achieved satisfactorily, specially in critical plan activities like modernising of post offices, in 1994-95.

Comments of the Committee

Please see Para No. 6 of Chapter I

Recommendation Sl. No. 3 (Para 14)

It is also a matter of grave concern that physical targets for the last three years of the 8th Plan (1992-97) have been drastically scaled down for EDPOs to 80 per year and the anticipated achievement in 1994-95 is 48 only. In the case of opening of Departmental Sub-Post Offices, though the target has been increased to 150 from 100, the anticipated achievement is reported to be only 17. It is ridiculously very low. In the next 2 years of the Plan, 400 more DSOs are required to be opened to achieve the Plan targets. No doubt, the pace of expansion has been slowed due to limited resources available and increasing revenue deficit of the Department, yet the fact remains that post offices play a pivotal role in achieving social integration and economic development and that 52 per cent of the rural India is still lacking this basic facility. The expansion of postal network should, therefore, be accorded higher priority.

Action taken by Department

During the year 1994-95, only 31 DSOs and 4 EDBOs could be opened against the target of 150 and 80 respectively fixed by the Planning Commission and Ministry of Finance. The target was reduced due to the decision of the Committee of Secretaries, taken in the month of December 1993, that the present level of ED staff, will be maintained and no new creation of ED post will be sanctioned without the approval of Ministry of Finance. Proposals for 77 EDBOs and 57 DSOs were sent to Ministry of Finance for approval of creation of posts. But the proposals were not received back till the end of the financial year. The only post offices sanctioned last year were those proposals where the requirement of full manpower could be diverted from other post offices. Hence, the target could not be achieved fully.

However keeping in view the importance of this plan scheme and the need to accelerate the pace of expanding the postal network, without enhancing the revenue deficit of the Department, a new scheme, Panchayat Sanchar Seva Yojana, is being formulated which will provide basic communication facilities to those villages which are yet to obtain this facility, on a contractual basis, through the panchayat network.

Recommendation Sl. No. 4 (Para 15)

The Committee will also like to point out that in certain inter-State border post offices and sub-post offices which are situated in one State, there are villages attached to it which are geographically situated in the other State. This causes a lot of confusion as in the

address the name of the Post Office is given which is situated in one State while the village is located in the other State. This lacuna should be removed and Post Offices should cater to areas within a State.

Further, in certain areas where rivers come in between the post office and a village attached to it, in several such areas, there are no bridges and communication across the river becomes impossible throughout the monsoon months. In such cases the villages attached to a post office should be on the same side of the river. These difficulties should therefore, be eliminated by attaching such villages to the nearest post office on their side of the river, as delivery gets inordinately delayed in such cases.

Action taken by Department

The Postal Administration of the country is divided into Circles. Though the Circles by and large correspond to the States, there are some exceptions also. For example, Sikkim State comes under West Bengal Circle, Goa comes under Maharashtra Circle, Meghalaya, Tripura, Nagaland, Mizoram, Manipur and Arunachal Pradesh come under North-East Circle. These Circles were formed keeping Indian the operational requirements of the Department. In rarest of rare occasions, it is found that one Post Office is situated in one State, whereas the villages attached to it are geographically situated in the other State. However, a review in this regard is under way.

Also, only in very few cases, it is found that rivers of a considerable size come between a Post Office and village attached to it. However, sometimes in Monsoon Months, postmen and delivery agents are required to cross the rivulets or small streams for delivery of letters. Such situations is not completely unavoidable. However, a thorough review is being undertaken based on the suggestion of the Standing Committee.

Comments of the Committee

Please see Para No. 10 of Chapter I

Recommendation Sl. No. 5 (Para 16)

The scaling down of the 8th Plan target of 3600 EDPOs to 1440 EDPOs has in this context been very unfortunate. As these were to be opened in the rural areas, their development to that extent has suffered. The Department of Post should think of some innovative schemes and devise new strategy to ensure expansion of postal network at the desired pace.

Action taken by Department

As already mentioned in response to para 14, the target of 8th Plan of opening 3600 EDPOs was scaled down to 1440 EDPOs in view of the decision of COS. However keeping in view the high priority to be given to this activity for expanding the postal network, and consequently the provision of basic communication facilities where they do not presently exist without increasing the revenue deficit of the Department, a new scheme called Panchayat Sanchar Sewa Yojana has been evolved to provide basic postal facilities in all the gram panchayat villages in the country. However, the details of the schemes are yet to be finalised.

Recommendation Sl.No. 9 (Para 27)

The Committee feel that 5 per cent commission charged by the Department of Posts on Money Orders is quite high. It is more so considering the fact that Money Orders are largely used by comparatively poorer people who have migrated to urban areas to transfer money to their families and dependents in rural areas. Since technological breakthrough has been achieved in transferring funds with the help of satellite, which is cost effective and prompt, the Committee trust that Department will pass on the benefit to the common man by reducing commission charged on Money Orders. The Committee also feel that perhaps it may not be possible for the Department of Post to reduce money order commission rates for smaller amounts of money orders in view of the cost involved in transferring money. They, therefore, recommend that slab system may be introduced where initial amount of money say upto Rupees One hundred may be levied at existing rates of commission and above that amount the commission rate may be lowered for transfer of money.

Action taken by Department

As per existing rate Re. 1.00 is being charged as money order commission on a money order of Rs. 20/- or fraction thereof. The cost of money order for the year 1994-95 has been estimated to be Rs. 15.08 per unit where as the average revenue on account of this service is Rs. 13.61, resulting into a net loss of Rs. 1.47 per unit and overall deficit of Rs. 16 crores during the year 1994-95. To make it more elaborate it is stated that the average revenue on money orders upto Rs. 100/- is Rs. 3/- and loss per unit is Rs. 12.08. The average revenue on Rs. 101/- to Rs. 200/- is Rs. 8/- whereas the loss per unit is Rs. 7.08 and average revenue on Rs. 201/- to Rs. 300/- is Rs. 13/- and loss per unit is Rs. 2.08. Since the money order service having monetary value more than Rs. 300/- is cost plus, the gain on money orders for

value more than Rs. 300/- sets a side a portion of deficit and accordingly the average loss is reduced to Rs. 1.47 per unit.

It is evident from these projections that money order service upto Rs. 300/- is provided to the public at subsidised rates and the volume of such money orders is about 78%. In other words the rate of commission being charged on money orders having value of more than Rs. 300/- is cost plus. In case any attempt is made to introduce new slab for money orders having monetary value over Rs. 100/- it would result in increase in the deficit on money order service for the department. In view of the above facts, it would not be feasible for the Department to propose reduction in the existing rate of commission by introducing new slabs on money orders having value more than Rs. 100/-.

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT REPLIES HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation Sl. No. 6 (Para No. 17)

The Committee are of the view that isolated coastal areas of the country also face peculiar difficulties and they deserve better treatment in expansion of postal network. Increased operational subsidy in their case extending upto 85 per cent as is made available in the case of hilly and tribal areas may therefore be considered.

Action taken by Department

The present norms for opening EDBOs, including the relaxed norms for hilly, tribal and inaccessible areas have been fixed on the basis of a study conducted by NIRD, Hyderabad. However, under the new proposal to introduce Panchayat Sanchar Sewa Kendras, which will provide all basic communication facilities to villages on a contractual basis using the panchayat network, these norms would not be applicable. These kendras will be opened in each gram panchayat village without a post office on a voluntary basis. Hence it will be now possible to provide basic communication facilities to any village, including those in isolated coastal areas, without reference to the Departmental norms, provided the panchayats in these areas agree to participate in the Panchayat Sanchar Sewa Yojana.

Comments of the Committee

Please see Para No. 13 of Chapter I

Recommendation Sl.No. 7 (Para 22)

It is a matter of concern to note that there has been large deficit on revenue account being Rs. 214.28 crores in 1991-92, Rs. 91.81 crores in 1992-93, Rs. 207 crores in 1993-94 and Rs. 146 crores in 1994-95 (BE). Post cards, inland letters and registration are the 3 main items responsible for loss and in 1992-93, the loss on this account was Rs. 218.29 crores. The Committee don't find any justification in subsidising services like registration. Post cards used for commercial purposes like TV quiz etc. can certainly bear higher tariff and need not therefore be subsidised. The required amendment to Indian Post

Office Act, 1898 should therefore, be expedited with a view to curtail losses on this account. In this context, it would be pertinent to point out that the Committee earlier in its Fourth Report (1993-94) (paras 9. 10 & 9. 11) had pointed out that subsidy on post card meant for poorer section of society is being misused and that there were no justification for subsidising registered mail as it was also used mainly for business by more affluent sections of the society. The Committee had therefore, desired upward revision of postal rates on these items. Enormous loss has been caused since then to the exchequer by not taking prompt action on this valuable suggestion of this Committee. The Committee take a serious view of this costly lapse on the part of Department of Post.

Action taken by Department

The deficit is mainly due to the steady rise in the operational cost and increase in the expenditure on development, attributable to expansion of the postal network which is not fully reflected in the postal tariff fixed for the various services. To overcome such deficit, efforts are continuously made to contain the working expenses by adopting strict economy measures and expenditure control as also by simplification of procedures wherever possible. As far as upward revision of postal tariff is concerned, revision of postal tariff of various postal services is generally a part of the annual exercise for finalisation of the General Budget. However, while fixing the rates, the interest of the common man and the need for providing affordable service and wider dissemination of information is also kept in view.

In so far as introducing a new category of post card, called Competition Post Card, bearing a tariff higher than the ordinary post card, is concerned, action has been initiated as part of the comprehensive proposal for amending the I.P.O. Act, and for which a Bill is proposed to be introduced in Parliament shortly.

Comments of the Committee

Please see Para Nos. 15 & 16 of Chapter I

(DOP Letter No. 1-3/95-CPT Dt 6-9-95)

CHAPTER V

RECOMMENDATIONS/ OBSERVATIONS IN RESPECT OF WHICH
GOVERNMENT HAVE FURNISHED INTERIM REPLIES.

—NIL—

NEW DELHI;
21 December, 1995

30 Agrahayana, 1916 (S)

PAWAN KUMAR BANSAL,
Chairman,
Standing Committee on Communications.

APPENDIX 1

MINUTES OF THE SEVENTEENTH SITTING OF THE STANDING COMMITTEE ON COMMUNICATIONS (1995-96)

The Committee sat on Wednesday, the 20 December, 1995 from 15.00 hrs. to 16.00 hrs. in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Sh. Pawan Kumar Bansal — *Chairman*

MEMBERS

Lok Sabha

2. Shri Lal Krishna Advani
3. Shri Jagmeet Singh Brar
4. Shri N. Dennis
5. Dr. B.G. Jawali
6. Shri R. Jeevarathinam,
7. Shri Mahesh Kumar Kanodia
8. Shri Sanat Kumar Mandal
9. Shri Lalit Oraon
10. Shri Shravan Kumar Patel
11. Shri Rupchand Pal

Rajya Sabha

12. Shri Mohammed Afzal
13. Shri Jalaludin Ansari
14. Shri V. Kishore Chandra Deo
15. Shri Virendra Kataria
16. Smt. Sushma Swaraj
17. Shri O. Rajagopal

SECRETARIAT

1. Shri G.C. Malhotra — *Joint Secretary*
2. Shri O.P. Ghai — *Deputy Secretary*
3. Shri S.K. Sharma — *Under Secretary*

2. The Committee took up for consideration the draft Reports on Action Taken by Government on the Recommendations contained in its Fifteenth and Sixteenth Reports on Demands for Grants (1995-96) relating to the Ministry of Communications (Department of Post) and Ministry of Information and Broadcasting respectively. The Committee adopted these Reports with some amendments/modifications.

3. Thereafter, the Committee authorised the Chairman to finalise and present/lay the Reports to both the House of Parliament.

The Committee then adjourned

APPENDIX II

(Vide : Introduction of Report)

Analysis of Action Taken by Government on the Fifteenth Report of Standing Committee on Communications (10th Lok Sabha)

I. Total Number of Recommendations . 13

II. Recommendations/observations which have been accepted by the Government

Sl. Nos : 2(Para 13), 8(Para 24), 10(Para 28)

11 (Para 31), 12(Para 32) & 13(Para 36)

Total 6
Percentage 46

III. Recommendations/observations which the Committee do not desire to pursue in view of the reply of the Government.

Sl. Nos : 1(Para 6), 3 (Para 14), 4(Para 15), 5(Para 16) & 9 (Para 27)

Total 5
Percentage 38

IV. Recommendations/observations in respect of which replies of Government have not been accepted by the Committee and which require reiteration.

Sl. Nos : 6(Para 17), 7(Para 22)

Total 2
Percentage 16

V. Recommendations/observations in respect of which replies are of interim nature :

—NIL—