SINGLE COPY =Rs. 3/-

RMS SENTINEL

Editor : D. THEAGARAJAN Vol. XXII No. 10 OCTOBER 2012

DETAILED COMMENTS ON "THE DRAFT NATIONAL POSTAL POLICY 2012"

(i) What does the "Legal" Indian Postal Service Stand for :

The draft National Postal Policy 2012 has to be first read and understood in the context of what the "Legal" Postal Service of India stands for and what it does over more than 155 years of its existence. Without under standing this context, it will not be possible to fully appreciate the plus and minus points of the proposed policy in this draft. Hence, a brief mention of what the "legal" Indian Postal Service is, what it does and its contribution to the National economy is attempted below, shorn of jargons and heavy statistics :

(i) Indian Postal service started in 1854 had served as the only means of communication for decades, even after telegraph and telephones emerged. Even today, in the internet-age also, it is the only major, cost effective and easy-to-access medium of communication to all in India - poorest rural/ urban folks, business community, Govern ment or industry - as the growing volume of Business Post indicates and the continued patronage to Postcards is indicating. In short, it is the most important effective communication system India fortunately has, meeting the universal service obligations as propounded by UN body UPU .

(ii) With its spread of vast network of Post offices, 1,54,000 plus – all over the Country, from the snow clad Ladhak, Arunachal Pradesh, Himachal Pradesh etc to the sea-coast states (in the North-South dimensions) and from the sandy Rajasthan to green hills of North eastern states (in the West-East dimension), it is the only institution of the Union of India which effectively represents the Nation-hood of India. In short, it is a symbol of National Integrity.

(iii) As a Government –Institution, it employs 5.5 Lakhs plus people who run the machinery with clockwork precision, every day, 365 days, day and night with no let or closure for the common man and economy of India. As a civil employer, it is next only to Railways in number. More than 60% of its work force are

Please visit our website : www.fnpo.org for day-to-day news.
E-mail : theagarajannachi@hotmail.com

JOURNAL OF THE NATIONAL UNION OF RMS & MMS EMPLOYEES, GROUP 'C'
CH 17-1-18, ATUL GROVE ROAD, NEW DELHI - 110 001, PHONE : 23321378

ANNUAL SUBSCRIPTION RS. 30/-

from rural areas, poor and the middle class, with just 10th class or 10+2 class qualification but it has never come in the way of their skillful running of this communication system uninterrupted, with loyalty and dedication and at the least cost; In short, it is an organisation of people of extraordinary calibre.

(iv) India Post is much more than a mere Postal Service. It is managing in a way effective resource mobilization to the receipt area of our Capital budget. It's role in mobilizing National Savings is unparalleled in the history of banking and finance. It is their silent effects, which has been the main stay of consistent nature for financial mobilization – both for Centre and States. If fiscal deficit is to be kept at bay, its role cannot be underestimated. In the last fiscal year, the small savings outstanding's were Rs. 582833 crores which means the amount mobilized thereby helping the Governments (Central & States) in their investment needs. It's collections (net) on an ongoing basis can be lost with only at Government's peril. It is a low cost fund constantly made available to Government by the Postal network and by its dedicated work force. The further point to note is Postal Savings network has rarely witnessed any financial hot-spots, unlike the Nationalized banks with growing NPAs. In short, India Post is a major economic instrumentation available to government of India as well as States, at the lowest cost;

(v) India Post owns the Nation's second largest Life Insurance Institution, namely Postal Life Insurance and rural Postal Life Insurance. It has consistently bet the LIC and the so called efficient private Life Insurance Companies, by charging lower premium and by giving higher bonus, every year. Thanks to Malhotra Committee recommendations, by entering into the rural postal life insurance area, India Post is the only and real life insurer to the rural population. It is the only Life Insurer which waives premia from rural folk when a calamity like draught or flood strikes them. Though it is outside IRDA,. The running of this institution is more than what IRDA stipulations call for. The fact that the annual accretions of postal and rural postal Insurance are invested in the market shows its dexterity, modernity and competence. The fact that it is highly computerised is another fact to be noted. In short, India Post through its Postal Life Insurance and Rural Postal Life Insurance is actually and effectively serving the People and particularly the rural poor and through its investments in the market is an economic force in the hands of the Government.

(vi) India Post, without much of fanfare, and the so-called elite consultants and economic and management expert advise, has been in the forefront in creating Brands and products of modern relevance is a truth no one can ignore:

SPEED POST : A Brand of international recognition, created and maintained with least advertisement serving the business as well as the public at lowest price beating All the couriers, in coverage and volume;

EXPRESS PARCEL POST: A brand, which has institutionalised the safe delivery of goods and merchandise, posing effective competition to all couriers;

LOGISTICS POST: A brand, which has effectively repositioned itself, in the Cargo segment, with least cost, taking the challenges of multi-national couriers, head on

RETAIL POST : A brand which leverages the network advantages of Department of Posts, serving as a means for retailing - a whole lot of products and services, magazines, books, tea, gold, aluvera products, prasads and you mention any;

MEDIA POST: A brand which leverages its stationery as a resource generator as well as a collector's item;

BUSINESS POST: A brand, which has effectively replaced the mail-processing units and costs of major business houses, while simultaneously generating thousands of jobs for the poor and semi-educated men and women all over the country.

In short, India Post has effectively modernised itself at least cost and without much hype, serving poor, business, industry and nation as a whole.

(vii) India Post, though its network has effectively carried out money transfer function even to the remote corners of this Nation, through money order, Speed post money order, International money transfer (in alliance), Postal Order etc at even the remote corners of the country reliably, at least cost unlike the banks, who have not reached the poor and rural sector even after 43 years after the Nationalsation.

In short, India Post has generated modern products/brands , with least cost.

(viii) In the ICT era, India Post has already recorded its preface effectively:

e-Post : A brand/Product which effectively brings the benefits of Information technology to the common man;

e-bill : A brand/Product which effectively has served the business and people through Information Technology. India Post has produced, soft wares of international quality and even is exposing some of them to other countries.

Maghdoot Software: An indigenously produced software meeting the Postal Counter needs;

V 2 Software : A banking reconciliation software produced at least cost (only three people developed it, which served for 15 years to the departmental needs).

CC Bridge Software: A banking reconciliation software for cash certificates produced at least cost [only one person developed it] which has effectively saved millions of man-hours;

Life Insurance record keeping software: An insurance software for retrieval and safe keeping of policy documents, developed at least cost [only one person developed it].

Records Keeping software : Enabling management of old records, MIS software etc. etc.

The important point to note here is all of the software were developed, tested and implemented successfully by just ordinary clerks with no extra recommendations or incentive. A network of software development centers employing few people effectively is the department's achieve ment. The Department of Posts is a pioneer in developing the concepts of multi-purpose Counter machine, saving the people their waiting time (Again the concept developed indigenously).

In short, India Post has been a pioneer in bringing to Indian People – Poor and rural - the benefits of ICT at least cost and with least fanfare.

(ix) India Post has been serving silently in many front line areas like giving identity certificate at least cost, helping poor self-help groups (Through micro-credit) etc.

In short, India Post, is the best vehicle available for Government of India in reaching the needs of poor and needy at least cost.

(x) India Post had been silently helping the defense needs of the Nation. Army Postal Service is fully manned by trained postal manpower and officers meeting the needs of the defense forces. The fact that most of the men and officers return to postal service, after active defense service, shows how the Department of Post is cross subsidising the defense establishment;

(xi) Last but not the least, India Post renders almost all services with highest quality. In fact, by six sigma yard stick, if its performance is measured, in every area, it is a six sigma institution, which most management pundits do not know or all ignorant of.

II. In spite of the cost escalations due to pay-commission implementations, in-put costs etc the subsidy which the government gives to Department of Posts gives is far lower than the subsidy which the Govt. of India doles out to other sectors like oil industry, health care. (with all the subsidy of crores to produce doctors they migrate and manage health care in UK, USA etc), education (With all the subsidy of crores to IIMS/IITS, largest contribution of these products are to migrate to Multinationals abroad) etc. By reinventing newer sources of income, India Post had always kept its cost low to Nation. By deploying its work force effectively and by training India Post had built itself into our Economic force multiplier at least cost. By skilfully deployingICT technology it has served the business and people alike at least cost.

III. Therefore, There is a need to study the proposed postal policy-draft critically, lest it harms this finest socio-economic institution of government of India and thereby harms the nation and the poor and the needy.

IV. Another effect of utmost importance to take note is that the Department of Posts itself has started initiatives listed below (which this policy draft overlooks and fails to take note of) which if passed will serve all the intended benefits, this policy-draft suggest:-

(i) Post Office Act 1898 (Amendment) bill (unfortunately withdrawn) :

This bill takes into account almost all the suggestions/ areas for improvement touched by this policy – draft and goes much farther. That draft bill looked at the sector as a whole (As this policy-draft does). It tried to develop a level playing ground between the incumbent, India Post and the mush rooming couriers (With no control and responsibility, dominated by multi-Nationals. It envisaged a regulator for the sector as a whole, not necessarily from incumbent, India Post. It suggested an universal service obligation fund (USO fund) to which all will contribute and draw from it as per their performance to rural, poor and remote areas (As envisaged inter nationally). It clearly referred to ICT technologies and their use; it tried to bring accountability and responsibility into a sector where couriers violated account ability and were siphoning the creamy business and pushing India Post to carry the burden of USO and there by Government of India to carry the subsidy –burden,

Many of the ills, now alluded , in the policy draft could be avoided if that bill is enacted. This policy draft is half hearted, focus lacking and does not look at the real role of India Post in the Postal sector;

(ii) The Proposal to convert the 300 high yielding, sophisticated Postal finance marts into a Bank held by Department of Posts of Government of India;

300 Postal finance marts, created at the lowest cost using mostly the existing infrastructure, computerised and doing many financial transactions like banking (Deposit taking), Insurance (Life by PLI and RPLI), General Insurance in alliance with Oriient Life Insurance, a Govt.undertaking Mutual Funds (UTI, SBI, ICICI Prudential etc) Govt.Bonds (in alliance with IDBI), Money transfer (Money order, international Money transfer etc) etc are envisaged to be converted into a fully owned Government Postal Bank using central server technology, core banking etc. The work is underway. A detailed tier-I, Tier-II capital structure etc were worked out and submitted in great detail by the Department Officers only (no great multinational consultant employed!). This bank in no way will affect the network's pre-occupation with small savings but will augment it. The old adage 'credit begets deposits' shows if the lending dimension is

added, the result can be dramatic to the benefit of India.

This bank will be a great instrument, by which the subsidy given by government can be phased out. Government will actually get back its capital invested, when the bank is listed .These were the main features. This is in line with the model followed by Germany in creating Deuche Post Bank.

Can we not learn and implement it? By removing the government subsidy and placing India Post on level-playing-ground, the sought after purpose of this policy-draft can also be achieved.

(iii) Postal infrastructure corporation proposal :

Postal Department has prime lands in major cities/towns. By creating a special purpose vehicle in bringing public-private partnership, the Department will benefit, without losing land-control and getting buildings with no investments, Private business will prosper along with Postal Department and public will benefit. This proposal, again prepared by Department officers themselves with no great consultant helping, is available. (When we say Private-Public partnership in Postal Sector, for land-use, 'Private' need not necessarily be confined to Couriers)

Can we not implement it? The Policy-draft refers to private-public partnership without even studying this proposal

(iv) This policy-draft talks about ICT initiatives repeatedly are we aware about the software/development centres, functioning successfully producing softwares already under use success fully? Why not strengthen them? Does it call for a separate policy?

(v) This-Draft talks about Postal Research work

Are we aware that the Postal Research centre was created as early as 1984, to become Asia's premier R& D Centre? Are we aware that it was not given adequate manpower? It was slowly merged with Postal Directorate? With all these limitations, that R & D Centre created the concept of Multipurpose Counter Machines (Now used all over the Country); created the proposal for computerized money order pairing and Accounting (Now used in all postal accounts organizations); suggested for re-vamping of statistics collection and processing; suggested introduction of GIRO BANK (as in Europe) etc. Can not the R & D centre by revived, at least cost and supported?

V These back ground information are required to be studied very carefully before the draft-policy, under discussion, is evaluated. By talking about Postal "Sector", the draft-policy appears to ignore the unique nature of the socio-economic role played by India post for the nation as a whole. In the name of in creating the competition, if this institution is weakened it will be an irreparable loss to the country. By taking a narrow view of the "Postal Sector", unique multi level contributions made by India Post should not be compromised, thereby making the common man and Indian business-competitiveness poster. A legislative frame work, as envisaged in the amendment bill (Refer supra) should come first. Policy should follow it and not vice-versa. By putting the policy-first and removing the legislation to back-benches, We are putting the cart before the horse. The Country will suffer.

VI ANALYSIS OF THE PROPOSED POLICY DRAFT:

(A) INTRODUCTION: Given the above background, the draft is discussed below. However, there are certain broad issues to be kept in view:-

(i) The Draft National Postal Policy, 2012 is seeking to cover the Postal sector, without looking at the special Indian context and the role of the exiting Principle player, viz India Post, as a socio- economic development institution and seeks to take an overly simplistic view. The special points discussed at pre-sections (I to V) are to facilitate to understand the reality.

(ii) The department of Posts is NOT only a Postal player, but also an economic institution, incomparable with the couriers, While laying the rules of level-playing ground, one must not weaken Department of Posts;

(iii) The draft has some good points and many weak points. They are analyzed below para by para:

PARA ON COMMENTS

A. Postal services originated out of the need for conveying the written word. They evolved over the ages, and grew in scope, spread and complexity. The post, today, is a ubiquitous network which serves the world by connecting individuals and communities, promoting trade and commerce, and reaching financial services to the common man?

COMMENT (1) The first para itself makes a wrong assumption when it says"……….and reaching financial services to the common man" · This is not factually correct. As the discussions at pre-para show, it reaches not only financial services but also lot other services. Department of Posts not only reaches financial services to common man, but also to business community (i MO, Financmats, mutual funds, International Money transfer etc), to the business community(Investment business), to affluent sectors(Government bonds etc).

B. The current postal environment is complex and dynamic. Based on international experience, the status and direction of the postal sector can be summarized as under: Declining letter mail volumes, increasing electronic substitution, and growing competition.

COMMENT (2) It abruptly jumps from National Context to International Context by talking about "declining bulk mail volumes". In Indian context, the situation is very complex. Letter mail volume has not gone down but is partly now taken over by Courier, though under Sec-4 of PO Act, they are prohibited to carry letters. The couriers call them 'Documents' and carry. We all know that even government banks/insurance companies, PSUs are sending their mail through Couriers (for several reasons which need to be studied). Many of them are not even aware that they are violating the act. Prima facie there is no decline in the letter mail volume but only diversion to Couriers illegally. An illegal behavior of a player can not be legitimated by a policy. It calls for an amendment to Act. That was what was attempted in a well crafted Post Office Act. Amendment bill (Since withdrawn for no good reason). That bill suggests in consistent with the international practice weight slab of 500gms for monopoly of Department of Posts).

C. Though the principle of separation of regulator and operator is widely discussed, it is yet to find universal acceptance.

COMMENT (3) The Statement "Though the Principle of separation of regulator and operator is widely discussed, it is yet to find universal acceptance".It is not known how the draft came to a conclusion 'that it is yet to find the acceptance'. At least in the Indian context, it is already well accepted: Examples are IRDA, TRAI, SEBI etc. Precisely, This type of regulator was suggested in the now withdrawn, Post Office Act amendment bill. By passing that bill, the sectors reform can start.

D. Postal markets in emerging economies continue to be fragmented and unorganised

COMMENT (4) The draft assumes "Postal Markets in emerging economies continue to be fragmented and unorganized". The author appears to be confused. There is a difference between ‘Market’ and Player’ in the market. Postal Market is a sector. Indian Post is a principle player. Despite other players (Couriers) in that market before 30+ years, India Post is still the dominant player. There is no fragmentation of the market. This market in India is well organized, even though there are small marginal players here and there. But in the last few years, the numbers of couriers are also getting consolidated.

E. New business models are evolving from emerging economies, with increased level of resource sharing and cooperation among various service providers

COMMENT (5) The draft statement “over business models are evolving from emerging economics, with increased level of resource sharing and cooperation among various service providers”.This is a bland statement, with no evidence cited. In which emerging economy which new business model has emerged? – Let the draft clarify. Then only a fruitful and meaningful analysis of facts Possible! This policy draft when it says “With increased level of resource sharing and cooperation among various services providers appears to be confused”. The problem is there. The couriers, having failed to develop effective delivery mechanisms, want to capitalize the network advantage of India Post, without making any commitment to legality or to universal service obligations. This draft indirectly tries to achieve this goal. This will affect the economy of the country with no reciprocal benefits to the nation.(6)

The draft correctly recognizes opportunities in the Internet based Commerce. Let each player show the innovativeness on his own. The courier Industry much bolstered by multinationals, want to have the cake and eat it too. They are not sufficiently investing in proper delivery and booking models. They are not brining in capital and resources innovatively. They do not serve the sector. But they want cleverly, without accepting any legal (act based) Control, in the name of “ increased level of resource showing “,the delivery network from India Post. The policy draft does not show. What these resources which are supposed to the shared. Do all players have resources? If not, why? As far as taking advantage of Internet opportunities, India Post has already done its best (..) E-Post,E-Bills, iMO etc.

F. The environment, thus, poses over whelming challenges to the postal sector. However, it has also thrown up many opportunities. Potential exists today for an overarching role for the postal sector in facilitating internet based commerce, as a trusted third party who provides a secured space for transactions. ‘Cash on delivery services’, fulfillment services for lightweight packets and just-in-time shipment of goods are some of the services for which demand is growing. The postal sector needs to be creative and innovative to capitalize on these opportunities.

COMMENT (7) The next para makes explicit that it is the country wide distribution system of Indian Post that is sought to be exploited by private countries, Why for the past 35 years, private couriers failed to creat an effective distributive system? How much investment they have made in infrastructure creation? Why they do not have stable work force? Why wage laws and employment laws are not strictly followed?It is the anti-labour policies of the private cuuriers that they do not have a wage policy, do not have a recruitment policy, do not have a reservation policy , do not have an investment policy etc. which has hampered their successful competition with the India Post on merit. The draft policy makes it to appear that it is the bounden duty of India Post to surrender its competitive advantage of distribution network to these couriers, who will slowly then kill India Post.

The National Postal Administration forms the core of the postal sector. A strong and self-sufficient National Postal Administration is essential for the survival of the sector, as this alone has a countrywide distribution network, which can be leveraged for profitable partnerships involving the private sector or other government agencies.

COMMENT (8) The point about the need for clearly saying what a 'Letter' is , necessity to have the authentic data regarding the number of operators and the volume of mails they handle etc are well taken. The passing of the proposed amendment Act will help.

COMMENT (9) The draft policy is using the high sounding terms like Governance, standardization and quality of service. But, Can a mere policy do it? What comes first – a legal frame work (which would have happened if post office Act amendment bill now withdrawn has been passed) or a policy which cannot be enforced? World ever a proper legal basis is first put in place.

COMMENT (10) The draft policy is full of hyperboles (i) "Attention at the policy level is fragmented. ICT environment of the postal service, which is contributing to under utilization of resources on many fronts". Again it is a generalized statement .ICT environment for each player is different and will be structured to meet their business requirement. In a competitive environment ICT is a competitive advantage creating mechanization .Why should it be shared? If any courier in India has an ICT advantage over India Post, Why he is still hankering after the distribution network of India Post? If he does not have,w hat ICT advantage he can share with India Post? World over how many postal administrations, even in developed countries, share their ICT advantage with competitor?

(ii) Again the statement "…… the absence of organized efforts in HRD as planning and non-adoption modern practices ….." etc., made in the permeable are well taken. Department of Post is an organized Human resource organization. It has clearly laid down policies, practices etc. of training, recruitment and advancement, wages etc. It is the couriers who are anti-labor. They have not got clearly articulated HR policies and practices. Their investment in training is next to nothing. For whom, the draft is crying?

COMMENT 11. "The postal sector in India is in urgent need of legislative and institutional reforms". Well said. That is the purpose of the now withdrawn Post Office Act amendment bill? Why did we withdraw it even without a debate? Even now, It is not late. Let the bill be again debated and passed. All the evils now the policy- draft cries about can be corrected.

COMMENT 12. "The claim that National Postal Policy has been developed to address Systemic Challenges … " etc. is erroneous in logic (a) A policy is no substitute to an Act. P.O Act amendment bill (now withdrawn) addressed this issue.(b) The policy draft does not talk about any concrete "'Systemic Challenges'. Every competitor – here, couriers-has his systemic challenge .Each has his customer audience. Let each face their challenge. Let the best win. However, well intentioned, Policy cannot replace the need for Act- amendment. Without accepting responsibility the couriers only want to take the advantages from India Post. This policy – draft attempts only that.

COMMENT 13 (a) Everyone will agree that there should be an organized and well governed postal sector. But, how there can be "well governed "postal sector, when there is no law to back it? Why then, the only attempt to do this in the form of Post Office Act Amendment bill was not followed up? (b) "Provision of universal Postal services country wide". The author of the policy appears to be confused! There cannot be a "universal postal services country wide", there is a UPU recognized "Universal (Postal) services obligation". Again the PO Act (Amendment) Bill (Now withdrawn) tried to do this? (c) Promotion of partnership between private and public sectors is a cliché. Partnership is possible and necessary when two partners bring to the table advantages by which both parties will be benefited. On the one side is India Post, with well established systems, man power, quality control, nationwide network, innovative product and kinds, ICT initiatives etc. The other side is the highly exploitative couriers(private sector), led by Multi nationals like DHL, BlueDart etc., who have not invested in infrastructure building (Even in distribution network), in Human Resources (no stable work force, HRD etc.,) in universal service obligation (serving the rural and remote areas etc)., What sort of partnership, this policy draft wants? It should first reform the couriers, make them accountable and then talk about partnership. (d) "Adoption of inclusive transparent processes for policy formulation, implementation and monitoring" Well said. India Post, the largest postal player , as a government institution follows all these. Who then lacks it? The couriers, Can we make them to follow these good points? .We cannot, because we have no legal machinery to do so!Couriers come under no law. They dodge any legal obligation, In fact, are doing illegal Act. of carrying letters under the garb of 'documents' Everyone knows it.The policy draft- preaches well. Let the policy say that the proposed P.O Act amendment bill should be passed to enable this. Then one can accept the neutrality of this policy- draft!

COMMENT 14. Leave aside the jargons like 'Vision', the 'mission' and the 'objectives' which in a sectoral context must be precise, let us analyze the objectives and strategies. (a) Developing an organized and well governed postal sector- Need is well recognized. India post fits this description fully. How do you make the other players wiz couriers to be well governed? "Governance 'calls for ability to enforce. Can a policy enforce? Only an Act can. That was what was attempted by introducing 'Post office' Act (amendment bill) which has been withdrawn. Why? "The objective of providing efficient and effective basic postal services at affordable prices to all sections of Population over all geography"- well said India Post Does it. Can this postal policy enforce this on couriers? Will they carry letters for the farthest corner of the India, at the same rate? Do they have fixed rates for all parts of the nation? Who will tell them to have a universal pricing structure? Only an independent regulator can. The post office act (amendment) bill, Which provided for such a regulator, stands withdrawn! "Leverage the network............ for the growth the development of the postal sector" Which network or infrastructure or expertise, Can India post access from the couriers? The whole aim of the policy draft appears to be one way traffic for the benefit of couriers. "Develop postal statistical indicates and include relevant Postal indicators, among broader infrastructure development indicators" Well said, All players in the postal sector – India Post and all couriers – Should abide by this. How does one enforce it? , With a policy? No way. The emotional appeal "to provide holistic support to micro, small and medium postal service providers and encourage. Entrepreneurship in the sector" sounds well. But, it contradicts the preamble in this policy draft of not encouraging "fragmentation" What a micro postal service provider will do in respect of delivery? Let us assume, he specializes entrepreneurially in delivery work alone. Can he ever get a break – even amount? That means, he will have to work even at a wage lower than the market wage. That means,another poor employee (Extra departmental delivery agent of India Post) will lose job. It is anti-labor. It is indirect downsizing. The same logic applies to other categories. What does the Policy – draft want? Downsizing of India Post? establish unifair wage practice? make the sector more unorganized? "Integrate progress of development of postal sector with national

ITC policy network and national development plans"- India post does it. Planning commission ensures it. Then, how do we make couriers, micro, small, medium couriers, (for whom tears shed in the last para) to adhere to this ? Can policy – draft do this? On achieving millennium goals, India Post side is clear: how does one make this courier to do this, Can a policy enforces this? Only a clear amendment Act can.

"Ensuring basic postal services at affordable prices" that is what India Post Does and incur loss. It tries to make up the loss in value added services like speed post, registration and parcel etc. But precisely in those businesses, the couriers enter and milk the creame business. How to make them to serve at affordable prices? No policy can. Universal services/obligations Fund can. But it's provision in the Post office Act amendment Bill died, when the bill was withdrawn, why? " Upgrade both capacities and capabilities of the weaker link in the Postal Network to improve their effectiveness" The draft policy, tacitly and indirectly acknowledged that the weak link for Couriers is their distribution network. They should upgrade this by investments both in funds and in personnel. They do not. Why? because they are not accountable to any. May be now, couriers will be doubly happy that this policy – draft will give them access to India Post's distribution network, without any investment! How will this policy prevent that? Rest of the points are well said, should be so.

Well said – Should be so – But who enforces these Quality standards? Only a neutral regulator can. Without the support of a legislation it is a pipe-dream. Bring back the P.O. Act amendment bill (Now withdrawn) and pass it.

Well said – To achieve these obligations two steps are necessary1. Make by Law, Couriers also spend on infrastructure a portion of their earnings.2. Make the access of Couriers to the National Postal administrations' legal repository of addresses a fee – based one.

Well said – Let us do so –For India Post , to take advantage of it, recreate "Postal R & D Center" with adequate manpower funds, infrastructure and mandateLet access to the "Postal, ICT and R&D fund" – be propositional to the total activity category wise and coverage wise – rural, urban and semi urban – Make it obligatory to all players to contribute a percentage of their revenue to this fund.Let the independent regulator control this fund and amend the act to this extent.

Well said – Let us do so – Good human resourse development is not the first step – It follows good human resourse – practice of recruitment, reservation, appointments, promotions, legal wages, redressal mechanisam etc. Such good human resource practices are being followed by India Post. Couriers have no mandatory rule to follow – When they do not follow – good HR practices, how do you make them to do HR development and for which propose?. The policy – draft is good in prescribing but good wishes alone are not good enough.

Joint Venture – For what? If it is international, India Post has UPU and the link is enough, What a Multinational courier can give to a Govt. organization like India Post? What are their track records? There are already established rules in Govt. on joint venture with private sector. They are equally applicable to Postal Sector.

The thin end of the wedge is in this para: 1.First of all a "Postal Dept. Board" is a wasteful exercise – Define the law clearly and enforce it. Let the competitive forces act. The best result will come. The replication of another tie of Govt. hierarchy is a waste and independent regulator can do that work. 2. The statement "Amend the India Post office Act 1898 to meet the objectives of National Postal Policy" is unrealistic. First prepare the ground rules by amending the PO Act and stipulate the rules of the game for the Govt. Player, Couriers and Regulator. Let everyone become responsible. That was what was attempted in the last, now withdrawn, PO Act amendment bill.

VII CONCLUSION: In summary, the following actions are needed:

1. Bring back the well drafted equitable Post office act amendment Bill 2005-2006 (Now dropped);

2. Debate it in public first and in parliament next and pass it to give the postal sector for progress, creating ground rules for each player to behave responsibly, with a regulator and USO fund in place.

3. Govt should frame policies, thereafter, to enforce the act ;

4. Present attempt to put policy first and amend the act based on it, is wrong unacceptable.

In Contn. P.No. 15

(Pension) Rules, 1972. It is payable in terms of CCS (Leave) Rules which will continue to be applicable to the government servants who join the government service on after 1-1-2004. Therefore, the benefit of encashment of leave salary payable to the governments/to their families on account of retirement/death will be admissible.

32. Why is it mandatory to use 40% of pension wealth to purchase the annuity at the time of the exit (i.e. after the age of 60 years) from NPS?

This provision has been made in the New Pension Scheme with an intention that the retired government servants should get regular monthly income during their retired life.

33. Whether any minimum age or minimum service is required to quit from Tier-I?

Exit from Tier-I can only take place when an inpidual leaves Government service.

34. Whether Dearness Pay is counted as basic pay for recovery of 10% for Tier-I?

As per the New Pension Scheme, the total Dearness Allowance is to be taken into account for working out the contributions to Tier-I. Subsequently, a part of the "Dearness Allowance" has been treated as Dearness Pay. Therefore, this should also be reckoned for the purpose of contributions.

35. Whether contribution towards Tier-I from arrears of DA is to be deducted?

Yes. Since the contribution is to be worked out at 10% of (Pay+ DP+DA), it needs to be revised whenever there is any change in these elements.

36. Who will calculate the interest PAO or CPAO?

The PAO should calculate the interest.

37. What happens if an employee gets transferred during the month? Which office will make deduction of Contribution?

As in the case of other recoveries, the recovery of contributions towards New Pension Scheme for the full month (both inpidual and government) will be made by the office who will draw salary for the maximum period.

38. Whether NPA payable to medical officers will count towards 'Pay' for the purpose of working out contributions to NPS?

Yes. Ministry of Health & Family Welfare has clarified vide their O.M. no. A45012/11/97-CHS.V dated 7-4-98 that the Non-Practicing Allowance shall count as 'pay' for all service benefits. Therefore, this will be taken into account for working out the contribution towards the New Pension Scheme.

39. Whether a government servant who was already in service prior to 1.1.2004, if appointed in a different post under the Government of India, will be governed by the CCS (Pension) Rules or NPS?

In cases where Government servants apply for posts in the same or other departments and on selection they are asked to render technical resignation, the past services are counted towards pension under CCS (Pension) Rules, 1972. Since the Government servant had originally joined government service prior to 1-1-2004, he should be covered under the CCS (Pension) Rules, 1972.

40. Will I get a tax deduction for the investment?

Yes, under Section 80CCD of the Income Tax Act investments of up to Rs 1 lakh in the NPS can be claimed as tax deductions. Readers should remember that this Rs 1 lakh limit is not over and above the Rs 1 lakh limit available under Section 80C. In fact, the combined limit of investments made under Section 80C, 80CCD and section 80CCC (for investments made into pension plans of insurance companies) is Rs 1 lakh.

POST & LOGISTICS UNIONS CONVENE IN NYON TO DISCUSS CHALLENGES AND UPCOMING WORK

On June 25 and 26, more than 70 post and logistics trade unionists convened at UNI Global Union's headquarters in Nyon for the sector's annual world meeting. As the first P&L world meeting since the sector's quadrennial conference in Washington last fall, the delegates evaluated and updated P&L's priorities for the current cycle.

In particular, participants revisited the four main themes coming from the Washington conference: innovation in the sector, organising new workers, working with global institutions and the issues arising from liberalisation and deregulation. Regarding innovations in the sector, participants heard presentations from postal innovations and technology experts from the Ecole Polytechnique Fédérale de Lausanne and Swiss Post - which is widely recognized as the global leader in innovative and diverse postal services.

Participants also discussed the important role of postal financial services, with a focus on Correios do Brasil's expansion of postal banking through its partnership with Banco do Brasil. The unions shared ideas on how they can be more involved in pushing for diverse and innovative services in their country and the challenges that may arise from the new types of work.

Unions also discussed ways to develop UNI's relationships with global and regional institutions like the UPU and its restricted unions. Pascal Clivaz, the UPU's Director of Finance and Strategy briefed participants on the upcoming UPU Congress in Doha.

On the second day of the meeting, participants set their aim at the challenge of organizing more workers in the sector into unions. Either in new postal operators in liberalized markets or in the growing courier-expressparcel segments of the industry, unions recognized the need to grow their membership base and gain power for these unorganized workers. The discussion focused on the obstacles to organizing and how to overcome them. The final main theme of the meeting was dealing with liberalization and regulatory issues. On this topic, participants heard a number of best practices from around the world - including legally-mandated sectoral minimum conditions, ways to expand the universal service obligation, and ways to prevent trade agreements from undermining existing standards in the sector. Following the world meeting, unions from UNI-Americas convened a regional meeting where they delved into the four main themes with a regional focus. Unions in the region are particularly focused on regulatory issues, liberalization and the challenges caused by competition in a rapidly-changing industry.

UNI GENERAL SECRETARY PHILIP JENNINGS SHARES UNI'S VISION FOR POSTAL SECTOR AT 25TH UNIVERSAL POSTAL CONGRESS

UNI Global Union General Secretary Philip Jennings participated in a ministerial session 8 October at the Universal Postal Union's 25th Congress in Doha where he shared UNI's vision for the future of the postal sector. Jennings told the world's postal operators that quality postal services are a key to sustainable development in the new economic era. "As the industry changes and as markets open, for competition to be sustainable, we must avoid a race to the bottom. Companies should compete on the quality of their service and avoid wage dumping and social dumping in post," Jennings said.Despite the headwinds facing traditional letter mail in many corners of the globe, Jennings said, there is great opportunity for growth in the industry. He cited a UNI-sponsored resolution at the UPU Congress as proof that workers are engaged in shaping the future of post. "The five million postal workers worldwide are eager to contribute to the future of the sector. We want a seat at the table because it's not just the future of our jobs, but it's the role the post plays in our communities and in our societies," said Jennings. "With the UPU, we're ready to put innovation on the fast track."Joining Jennings on the stage were senior ministers from Italy, Turkey and Nigeria. The ministerial conference, with a theme of "Delivering the 2020 postal vision", was the first of its kind at the UPU Congress.

FREQUENTLY ASKED QUESTION ABOUT NEW PENSION SCHEME

1. What is the New Pension System (NPS)?

The NPS is a new contributory pension scheme introduced by the Central Government for employees joined in Government Service on or after 1.1.2004. During the year 2009, the NPS was kept open for public.

2. Who is covered by the NPS?

a. Employees who have joined central government service on or after 01 January 2004 including Railways, Posts, Tele communication or Armed Forces (Civil), Autonomous Body, Grant-in-Aid Institution, Union Territory or any other undertaking whose employees were eligible to a pension from the Consolidated Fund of India., earlier.

b. This contribution pension scheme is also open to any Indian citizen between the age of 18 and 55.

3. I am covered by the NPS. Can I contribute to the GPF?

No. The General Provident Fund (Central Service) Rules, 1960 is not applicable for employees covered by NPS.

4. I Am covered by the NPS. Am I eligible to Gratuity?

No. You will not be eligible to Gratuity.

5. How does the NPS work ?

When you join Government service, you will be allotted a unique Personal Pension Account Number (PPAN). This unique account number will remain the same for the rest of your life. You will be able to use this account from any location and also if you change your job. The PPAN will provide you with two personal accounts:

1. A mandatory Tier-I pension account, and

2. A voluntary Tier-II savings account.

6. What is the difference between Tier-I and Tier-II accounts?

1. Tier-I account: You will have to contribute 10% of your pay in pay band + grade pay + DA into your Tier-I (pension) account on a mandatory basis every month. You will not be allowed to withdraw your savings from this account till you retire at age 60. Your monthly contributions and your savings in this account, subject to a ceiling to be decided by the government, will be exempt from income tax. These savings will only be taxed when you withdraw them at retirement.

2. Tier-II account: This is simply a voluntary savings facility for you. Your contributions and savings in this account will not enjoy any tax advantages. But you will be free to withdraw your savings from this account whenever you wish.

7. How will I contribute to my Tier-I (pension) account?

Every month, the government will deduct 10% of your salary (10% of pay in pay band + grade pay + DA) and automatically transfer this amount to your Tier-I account in your name.

8. Will the Government contribute anything to my Tier-I (pension) account?

Yes. As your employer, the Government will match your contribution (10% of pay in pay band + grade pay + DA) and transfer this amount also to your Tier-I account in your name.

9. Can I contribute more than 10% into my Tier-I account?

Yes. You will be permitted to contribute more than the mandated 10% of pay in pay band + grade pay + DA into your Tier-I account – subject to any ceiling that may be decided by the Government.

10. Will the Government also contribute more than 10% into my Tier-I account?

No. The contribution of the Government will be limited to 10% of your pay in pay band + grade pay + DA.

11. What will happen if I am transferred to another city?

The PPAN number will stay the same and you will be able to use the same account.

12. If I leave Government service before I retire will the Government continue to contribute to my Tier-I account?

No. The 10% contribution by the Government will stop when you leave Government service. However, your savings in your Tier-I and Tier-II accounts will stay in your name and you will be able to continue using these accounts to save for your retirement.

13. What if I die or become permanently disabled during my service?

Additional Relief on death/disability of Government servants covered by the NPS(New Pension Scheme) recruited on or after 1.1.2004 has been discussed in this Office Memorandum No.38/41/06/P&PW(A) Dated 5th May, 2009

14. How will the money be invested?

The money you invest in NPS will be managed by professional fund managers. Currently, you have the choice of picking up one of the following six fund managers: ICICI Prudential Pension Management, IDFC Pension Fund Management, Kotak Mahindra Pension Fund, Reliance Capital Pension Fund, SBI Pension Funds, and UTI Retirement Solutions. In addition to this there are three schemes for which you have to opt.

Scheme A This scheme will invest mainly in Government bonds

Scheme B This scheme will invest mainly in corporate bonds and partly in equity and government bonds

Scheme C This scheme will invest mainly in equity and partly in government bonds and corporate bonds.

15. Can I switch fund managers if I am not happy with my current fund manager?

Yes, you can switch fund managers. PFRDA, the pension fund regulator, will declare the value of your investment every year in April. At that point of time, if you are not satisfied with the performance of your fund manager, you can switch to another fund manager between May 1 and May 15.

16. What are the charges?

This is where NPS wins hands down against all other modes of creating a corpus to generate income after retirement. The fund management charge of NPS is 0.0009% of the value of the investment, every year. In comparison, pension plans of insurance companies charge 0.75-1.75% as fund management charge, which is 800-2000 times higher. The other expenses charged are also very reasonable.

17. I am covered by the NPS. Do the old Pension Rules apply to me?

No. The Central Civil Service Pension Rules (1972) will not be applicable to you.

18. Who will be responsible for the NPS and for protecting my interests?

The Government has set up a new dedicated regulatory authority known as Pension Fund Regulatory and Development Authority (PFRDA). The PFRDA will be responsible for the NPS and for protecting your interests in the NPS in consultation with Ministry of Finance.

19. Who in the Government will issue me a PPAN account and be responsible for the deductions?

When you join Government service, your Drawing and Disbursement Officer (DDO) will instruct you to fill out a NPS form. You will be required to provide your full professional and personal details including details of your nominee in this form. The DDO will issue you the PPAN number(PRAN) and will also be responsible for all administrative matters related to your NPS accounts including deduction of your contributions, transferring your contributions and the matching contribution of the Government to your Tier-I pension account.

20. What will happen to my contributions to my Tier-I account?

Your monthly contributions, and the matching contributions by the Government into your Tier-I account, will be transferred by the Government in your name to a Pension Fund Manager (PFM). The PFM will invest your contributions on your behalf. In this way, your savings will appreciate and grow over time.

21. Will I be permitted to select more than one Pension Fund Manager to manage my savings?

Yes. If you wish, you will be able to spread your savings across multiple PFMs – where a part of your savings are managed by 2 or more PFMs.

22. Am I guaranteed a certain rate of return?

No return is guaranteed as it is in case of EPF and PPF. The amount of money you make is dependant on how well the fund managers chosen by you perform. But, the extremely low charges in NPS sure give it an edge over the the pension plans of insurance companies.

23. Can I contribute more than 10 into my Tier-I account?

Yes. You will be permitted to contribute more than the mandated 10% of Basic+DA+DP into your Tier-I account – subject to any ceiling that may be decided by the Government.

24. Can I withdraw money from the account?

The NPS offers two accounts: tier I and tier II. Currently only tier I account is available. This is a non-withdrawable account and investments in this keep accumulating till you turn 60. Withdrawal is allowed only in case of death, critical illness or if you are building or buying your first house. In case of death the nominee can get 100% of NPS wealth in a lump sum. He can however continue with the NPS in case he wishes to.

25. What will happen to my savings in the Tier-I account when I retire?

You will be able to withdraw 60% of your savings as a lump sum when you retire. You will be required to use the balance 40% of your savings to purchase an annuity scheme from a life insurance company of your choice. The life insurance company will pay you a monthly pension for the rest of your life.

26. Can I use more than 40% of my savings to purchase the annuity?

Yes. You can use more than 40% of your savings to purchase annuity.

27. What will happen to my savings if I decide to retire before age 60?

You will be required to use 80% of your savings in your Tier-I account to purchase the annuity. You will be able to withdraw the balance 20% of your savings as a lumpsum. The other option is , you can continue to invest in NPS on monthly basis and then purchase annuity using 40% of your savings at the age of 60.

28. Will the annuity also provide a family (survivor) pension?

Yes. You will have an option of selecting an annuity which will pay a survivor pension to your spouse.

29. What will happen to my savings in the Tier-I account when I retire?

You will be able to withdraw 60% of your savings as a lumpsum when you retire. You will be required to use the balance 40% of your savings to purchase an annuity scheme from a life insurance company of your choice. The life insurance company will pay you a monthly pension for the rest of your life.

30. What happens at retirement?

NPS by default sets the retirement age at 60. Once you attain that age, you can use the money that has accumulated to generate a regular pension for yourself. In order to do this, you have to compulsorily buy immediate annuity from a life insurance company with 40% of the money that has accumulated. As explained at the beginning, buying an immediate annuity will assure a regular payment for you. Since a minimum of 40% needs to be used to buy an immediate annuity, a maximum of 60% of the money accumulated can be withdrawn. However, unlike other tax-saving instruments like Public Provident Fund (PPF) and Employees' Provident Fund (EPF), wherein the amount at maturity is tax-free, in case of NPS this amount is taxable.

31. Whether a retiring Government servant is entitled for leave encashment after retirement under the NPS?

The benefit of encashment of leave salary is not a part of the retirement benefits admissible under Central Civil Services

Contd. P.No. 11

RNI No. 43028/85

OCTOBER - 2012 Regd. No. DL(ND)-11/6030/2012/13-14

GENERAL SECRETARY'S LETTER

Reached Delhi on 4-9-2012.

MEETING WITH THE CHIEF PMG, MAHARASTHRA CIRCLE : On 3-9-2012, the SG FNPO met Sri A.K. Sharma, Chief PMG Maharasthra Circle along with FNPO affiliated Union Circle Secretaries and disscussed various issues of Maharasthra Circle. The Chief PMG assured that maximum issues will be settled within a month time.

Meeting with MOC : On 4-9-2012, the SG FNPO met Sri Kapil Sibal under the leadership of Hon'ble MP Sri Anantha Venkatarama Reddy. The Details of the meeting have already been published vide our editorial of RMS Sentinel, Sept. 2012.

Meeting with officers of the Directorate on 5-9-2012 : The SG FNPO met the following officers Member (O), Member (P), CGM (MB), DDG (P), DDG (Est), DDG (R & P) and Director (MB).

OUTCOME OF THE MEETING : 1. Cadre Restructuring : Decision yet to be taken by the Chairman. 2. Casual Labour Issue : JS & FA Concurred the file. Now it will be placed before the Postal Board in the next meeting for approval. 3. GDS issues : No improvement . 4. MNOP : We pointed out the delay of public mails after implementation of MNOP and we demand some offices should be upgraded as L-1. It was not agreed by the Member (O), CGM (MB) and Director (MB). However they agreed to call for report from the Circle shortly and they promised to take decision wiht an open mind.

MEETING WITH THE SECRETARY, POSTS ON 6-9-2012 : The details of the meeting have already been published vide RMS Sentinel, Sep. 2012 issue.

SUICIDE OF OFFICIAL AT PTC MADURAI : One official committed suicide at PTC Madurai during undergoing Refresher Training on 19-9-2012. Both the Federations in Tamilnadu circle orgasnised a day long dharna in front of the Circle office. The SG FNPO addressed the gathering at the dharna. Detailed letter was given to the Member (HRD). The matter is under investigation.

NATIONAL POSTAL POLICY 2012 : The Directorate conducted a meeting on 1-10-2012 on the National Postal Policy, 2012. Our Federation participated in the meeting and opposed the proposed National Postal Policy, 2012 vehemently. Our analysis on the National Postal Policy, 2012 submitted to the Directorate is published elsewhere in this issue. I request all the Circle Secretaries to translate this in their venacular language and circulate the same to all our members.

NON-RECEIPT OF QUOTA : It is reported by the Finance Secretary, Sri Pawan Kumar that out of 65 Division Branches on roll, only 30 Division Branches alone are paying the quota to the CHQ regularly. Remaining Division Branches are not remitting quota properly. The Divisional Secretaries have no right to keep the CHQ quota with them as per our constitutuion. They should remit the quota to CHQ promptly at least once in three months. The CHQ proposes to take action against the defaulting the Division Branches shortly without prior noitce. This is the last warning to the Divisional Secretaries. The Divisional Secretaries are to kindly bear with us.

With Pooja Greetings.

Yours fraternally

(D.THEAGARAJAN) ,General Secretary

SRI PAWAN KUMAR
Finance Secretary, NUR 'C'
Palam TMO (Palam Airport)
New Delhi Air Mail Stg. Dn
New Delhi - 110 037
Email : pawan_joshi_63@yahoo.com
Resi : SRI PAWAN KUMAR
C-223, Phase 2, New Palam Vihar,
Gurgaon, Haryana,
Cell : 98714 26552 / 99992 45722

Edited, Printed and published by D. THEAGARAJAN from T-24, Atul Grove Road,
New Delhi - 110 001 on behalf of NATIONAL UNION OF RMS & MMS EMPLOYEES GROUP 'C'
Composed by Vandana Print & Co. 1885, Gali Koliyan, Daryaganj, Delhi -2
and Printed at Tillak Printing Press, Bazar Sita Ram, Delhi - 110 006.