

Frequently asked questions on Draft Proposal on Indian Post Office (Amendment Bill), 2006

Sl. No	Probable Questions	Response of Department
1.	Why is the Indian Post Office Act, 1898 proposed to be amended?	<p>The Indian Post Office Act, 1898 is more than a century old one. New Communication developments have to be taken note of. Competition has to be allowed where needed and possible. The techno-economic developments taking place require a more dynamic Act.</p> <p>The amendment is also required to omit obsolete or redundant references like 'United Kingdom' and 'Her Majesty's Government' etc. available in Indian Post office Act, 1898.</p>
2.	Were there earlier attempts to amend the Act?	<p>There have been endeavors in the past on the part of this Department to carry out amendments in the Indian Post Office Act, 1898. For this purpose a Bill was also introduced in the Parliament during May, 2002. But due to dissolution of the Lok Sabha the Bill lapsed. The Department is again in the process of finalization of proposal for amendment of the Act. The proposal is yet to be finalized.</p>
3.	What are the main features of this amendment proposal?	<p>(1) At present Section 4 of the Indian Post Office Act, 1898 empowers only and exclusively the Central Government to convey all letters (with some specified exceptions). This proposed amendment</p>

		<p>empowers the Central Government to liberalize this exclusive privilege permitting the couriers also to carry letters within defined limits.</p> <p>(2) A precise definition of “Letter” is proposed.</p> <p>(3) Accountability of private entrepreneurs, widely known as “couriers”, proposed through registration.</p> <p>(4) Establishment of an independent Mail Regulatory and Development Authority for creating a level-playing field for all service providers in the mail sector including the Department of Posts and for safeguarding the interests of consumers;</p> <p>(5) Setting up of a Mail Disputes Settlement Tribunal for adjudication of disputes between registering authority and registered service providers amongst service providers and between service providers and a group of consumers;</p> <p>(6) Provision for contributions to universal obligation fund to maintain the universal service throughout the country by the large couriers.</p> <p>(7) Empowering the Central Government to introduce e-enabled services, bridging the digital divide in the country; introduce</p>
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		<p>customized new services and products to generate adequate resources.</p> <p>(8) Inclusion of more effective provisions to tackle contravention of any of the provisions of the Act;</p>
4.	When couriers are operating in this country for last more than two decades, why suddenly the need to regulate them?	<p>At present, the Couriers are under no proper regulatory framework. This leads to lack of legality, responsibility, transparency or concern for community. Non-regulation also leads to irregular pricing practices and cherry picking business tactics.</p>
5.	How the proposed amendment will alter the present monopoly of carrying letters?	<p>Section 4 of the Indian Post office Act, 1898 vests with the Central Government the exclusive privilege of conveying letters and other incidental services of receiving, collecting, sending, despatching and delivery all letters.</p> <p>The proposal empowers the Central government to liberalize and open up this exclusive privilege to enable couriers to operate in a legal, regulated and accountable manner. Any relaxation in the exclusive privilege would infact amount to be opening up of the mail sector in India. While introducing reforms in postal sector, the provision of keeping exclusive privilege in form of weight, tariff and dimension is in practice in the most of the countries. Weight based exclusive privilege is common amongst postal administrations.</p>

		<p>The monopoly over a specific part of the letter mail of all descriptions up to a specified weight limit is essential as the Department of Posts is required to fulfill the Universal Service Obligation (USO) which involves postal coverage to financially non-viable areas also at affordable rates for the common man.</p> <p>The requirement of keeping a small segment of postal business with Central Government as its exclusive privilege is essential as the courier companies are operating only in creamy areas and big business centers with sole motive of profit without corresponding responsibility towards deprived class of people residing in rural, remote, hilly, tribal and inaccessible areas of the country.</p>
6.	By defining 'letter' what is proposed to be achieved?	<p>Section 4 of Indian Post office Act, 1898 vests exclusive privilege of conveying letter and to provide other incidental services relating thereto upon the Central government. Infact, the proposal provides for bringing down the exclusive privilege. In other words proposal paves way for opening up of mail sector including the conveyance of letters beyond certain fixed weight with clarity as what are letters.</p>
7.	What is the main thrust of the proposed amendment?	<p>The main thrust of the proposal of carrying out amendments in the IPO Act, 1898 is to enable the Department to work in a liberal and competitive environment with</p>

		<p>the prime focus on safeguarding the interests of consumers and to bring more responsibility, accountability, transparency in the mail sector in India. Voluntarily giving up its exclusive privilege to a great extent is indicative of its liberal stance.</p>
8.	<p>The registration and renewal fees – are they excessive?</p>	<p>It may be noted that for small and medium couriers working within India the impact of registration is kept very low at Rs. 25000/- for registration and renewal fee at Rs. 10000/- only. Only for the large couriers operating both nationally and internationally the registration fee is Rs. 10 lakhs and renewal fee is Rs. 5 lakhs.</p>
9.	<p>Why should Couriers pay Universal Service Obligation fee @ 10% on their revenue to the postal Department?.</p>	<p>The proposal involves levying this fee only on big service provider having Annual Revenue of rupees twenty-five lakhs or more. Small couriers will not be affected. India is a vast geographical region comprising of remote, hilly, tribal and backward areas mostly inhabited by poor people. The world over, Universal Postal Service Obligation (USO) normally rests with the historic service provider which is usually controlled by the government. The Department of Posts provides postal services on highly subsidized rates to ensure affordable and guaranteed services to all its citizens. Contrary to this, private couriers operate in profitable areas only like big urban and business centers with the sole motive of profit. Hence, the large couriers only are expected to share at least</p>

		to some extent the Universal Service Obligation.
10.	Either Department of Posts to be brought under Consumer Protection Act or couriers also to be given exemption from the C.P.A.	There is no comparison between the universal service provided by the Department and the services provided in limited, profitable segments of business by the private agencies. The Department fulfils the universal service obligation through a vast network irrespective of terrain, quantum of business and level of infrastructure and transportation facilities available for transmission of articles. The difficulties and challenges faced by the department in maintaining such services do not lend itself to regulation under the Consumer Protection Act. Law Commission (1968) has held that post office is not a common carrier or an involuntary or contractual bailee and therefore it would be impracticable to impose on post, liability for liquidated damages for negligence in delivery of letters. The judicial pronouncements in India and U.K. have also supported the fact that relationship between the Post and the public is not contractual.
11.	The couriers claim that they handle only express segment and have no competition with ordinary mail, then why to regulate?	The fact however is that all courier companies are accepting even ordinary mail with other incidental services related to letter like collection, carriage and delivery etc. which falls within the monopoly of the government. While the monopoly is greatly diluted in the proposal, a level playing

		ground is sought to be established also.
12.	Who will Regulate the sector with what safe guards?	A provision for establishment of a multi-member <u>independent</u> Mail Regulatory and Development Authority is proposed. The role of this Authority would be to create a level playing field, regulate and Develop the mail sector in the interests of consumers as well as service providers providing mail services – which will include couriers
13.	What is the mechanism of dispute resolution?	A provision has been made for setting up of multi-member Mail Dispute Settlement Tribunal. Chairperson, to be appointed by the Central Government from amongst person who is, or has been, or is qualified to be, a Judge of a High Court.
14.	Why have enhanced penalties been proposed?	The existing penal provisions prescribed a century before were specified long back and have become ineffective with passage of time.
15.	Apprehension of loss of jobs in private courier sector due to proposed regulation of the sector.	The apprehension of losing job by people engaged in courier business is unfounded. On the contrary, once a statutory law is framed all the courier companies may have to pay at least fair wages. Thus, the new law would actually stop exploitation of manpower and guarantee fair wages to the people engaged in the courier business. With the legal opening of the letter mail market to a great extent, in fact the courier industry expected to grow and employ more people.